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July 30, 1993

INTERSTATE COMMERCE COMMISSION

INTERSTATE COMMERCE COMMISSION

Office of the Secretary
Recordations Unit
Room 2303
Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Washington, D.C. 20423

RECORDATION NO. 18352 FILED 1425

JUL 30 1993 1-45 PM

INTERSTATE COMMERCE COMMISSION

Attention: Ms. Mildred Lee

Dear Ms. Lee:

Enclosed are two original copies of each of the documents described below, to be recorded pursuant to 49 U.S.C. § 11303.

The first document, Lease Agreement dated as of July 15, 1993, is a primary document. The names and addresses of the parties to such document are as follows:

Society National Bank *Seno*
127 Public Square
Society Center
Cleveland, Ohio 44114

Commonwealth Edison Company *Besser*
One First National Plaza
10 South Dearborn
Chicago, Illinois 60603

The second document, Indenture and Security Agreement dated as of July 15, 1993, is a primary document. The names and addresses of the parties to such document are as follows:

Candace [Signature]

Office of the Secretary

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Society National Bank
127 Public Square
Society Center
Cleveland, Ohio 44114

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

The third document, Lease and Indenture Supplement No. 1 dated July 30, 1993, is a secondary document. The names and addresses of the parties to such document are as follows:

Society National Bank
127 Public Square
Society Center
Cleveland, Ohio 44114

Commonwealth Edison Company
One First National Plaza
10 South Dearborn
Chicago, Illinois 60603

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

A description of the equipment covered by each of these documents follows: new 121-ton, aluminum-sided, rotary dump gondola "coalporter" cars. The identifying marks for this equipment are CWEX 1100-2552, inclusive.

A filing fee of \$ 16.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to the undersigned.

A short summary of the documents to appear in the index follows:

Lease Agreement dated as of July 15, 1993, between Society National Bank, as Owner Trustee, as Lessor, and Commonwealth Edison Company, as Lessee, covering 1,453 new 121-ton, aluminum-sided, rotary dump gondola "coalporter" cars identified by the Lessee in Schedule 1 to Lease and Indenture Supplement No. 1.

Office of the Secretary

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Indenture and Security agreement dated as of July 15, 1993 between Society National Bank, not in its individual capacity by solely as Owner Trustee, and Wilmington Trust Company, as Indenture Trustee, covering 1,453 new 121-ton, aluminum-sided, rotary dump gondola "coalporter" cars identified by the Lessee in Schedule 1 to Lease and Indenture Supplement No. 1.

Lease and Indenture Supplement No. 1 dated July 30, 1993 among Society National Bank, not in its individual capacity but solely as trustee, Lessor/Owner Trustee, Commonwealth Edison Company, as Lessee, and Wilmington Trust Company, not in its individual capacity, but solely as trustee, as Indenture Trustee, covering 1,453 new 121-ton, aluminum-sided, rotary dump gondola "coalporter" cars identified by the Lessee in Schedule 1 thereto.

Very truly yours,

Gary Heustman

Enclosures

LEASE AGREEMENT

Dated as of July 15, 1993

RECORDATION NO. 18352 FILED 1425

between

JUL 30 1993 1:45 PM

SOCIETY NATIONAL BANK,
as Owner Trustee,
as Lessor

INTERSTATE COMMERCE COMMISSION

and

COMMONWEALTH EDISON COMPANY,
as Lessee

NEW 121-TON, ALUMINUM-SIDED, ROTARY DUMP
GONDOLA "COALPORTER" CARS

CERTAIN RIGHTS, TITLES AND INTERESTS IN AND TO THIS LEASE AGREEMENT, THE EQUIPMENT COVERED HEREBY AND THE RENT DUE AND TO BECOME DUE HEREUNDER HAVE BEEN ASSIGNED AS COLLATERAL SECURITY TO AND ARE SUBJECT TO A LIEN AND SECURITY INTEREST IN FAVOR OF WILMINGTON TRUST COMPANY, AS INDENTURE TRUSTEE UNDER AN INDENTURE AND SECURITY AGREEMENT DATED AS OF JULY 15, 1993. TO THE EXTENT, IF ANY, THAT THIS LEASE AGREEMENT CONSTITUTES CHATTEL PAPER (AS SUCH TERM IS DEFINED IN THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS LEASE AGREEMENT MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE ORIGINAL COUNTERPART THAT CONTAINS THE RECEIPT THEREFOR EXECUTED BY WILMINGTON TRUST COMPANY, AS INDENTURE TRUSTEE, ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE THEREOF.

FILED WITH THE INTERSTATE COMMERCE COMMISSION

PURSUANT TO 49 U.S.C. 11303

ON JULY 30, 1993 AT 1145 P.M.

RECORDATION NUMBER 18352

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 EXHIBIT A Form of Lease and Indenture Supplement	

LEASE AGREEMENT dated as of July 15, 1993 between SOCIETY NATIONAL BANK, a national banking association organized under the laws of the United States of America, not in its individual capacity but solely as trustee under the Trust Agreement (as defined in Schedule X hereto) (the "Lessor"), and COMMONWEALTH EDISON COMPANY, an Illinois corporation (the "Lessee").

The Lessor and the Lessee agree as follows:

SECTION 1. Definitions. The following terms shall have the following meanings for all purposes of this Lease:

(a) unless otherwise expressly provided, all references herein to Sections or other subdivisions refer to the corresponding Sections and other subdivisions of this Lease;

(b) the terms "hereof", "herein", "hereby", "hereto", "hereunder", "hereinafter" and "herewith" refer to this Lease; and

(c) all terms used herein which are defined in or by reference in Schedule X hereto (including all terms defined by reference therein to other instruments or to Sections and other subdivisions of this Lease) shall have the respective meanings stated or referred to in said Schedule X; and

(d) the meanings given to terms defined herein, and in Schedule X shall be equally applicable to both the singular and the plural forms of such terms.

SECTION 2. Purchase and Lease. Effective on the Funding Date, if the conditions set forth in Section 5 of the Participation Agreement have been satisfied, (i) the Lessor shall purchase from the Seller the Equipment described in the Bill of Sale delivered on such date, (ii) the Lessor shall be deemed to have tendered delivery of such Equipment to the Lessee and the Lessee shall be deemed to have accepted delivery thereof, (iii) the Lessor shall lease such Equipment to the Lessee and the Lessee shall lease such Equipment from the Lessor under this Lease for the Rent and Lease Term hereinafter stipulated and upon the terms and conditions herein set forth and (iv) the Lessor and the Lessee shall conclusively evidence that such Equipment has been made subject to this Lease by executing

and delivering a Lease and Indenture Supplement substantially in the form attached as Exhibit A hereto covering the Equipment so purchased and leased. All risk of loss of an Item of Equipment shall pass to the Lessee upon such delivery of a Lease and Indenture Supplement.

SECTION 3. Rent. (a) Interim Rent. The Lessee agrees to pay, to the extent not paid by the Owner Trustee pursuant to Section 3(b)(i) of the Participation Agreement, Interim Rent for the Interim Term in one installment due on the Basic Term Commencement Date, in an amount equal to the amount agreed to be paid by the Owner Trustee pursuant to Section 3(b)(i) of the Participation Agreement and not paid. If and to the extent that the Indenture Trustee on the first day of the Basic Term shall not have received funds for the payment in full of the amounts then due, the Lessee shall pay on such date all or such portion of the Interim Rent as shall remain unpaid. The Lessee shall have the right to recover the amount, if any, of Interim Rent paid by it pursuant to this paragraph 3(a) on the terms and conditions set forth in Section 3(b)(ii) of the Participation Agreement.

(b) Basic Rent. Subject to any adjustments required by paragraphs (e) and (f) of this Section 3 and by the immediately following sentence, the Lessee hereby agrees to pay to the Lessor (i) on each Payment Date occurring after the Basic Term Commencement Date during the Basic Term, Basic Rent for each Item of Equipment, payable in semi-annual installments, each in an amount equal to the product of the Lessor's Cost for such Item of Equipment multiplied by the percentage listed in Schedule 3 to the Lease and Indenture Supplement opposite the relevant Payment Date (which is set out without regard to whether such specified date is a Business Day), (ii) for any Renewal Term pursuant to Section 18(a) of this Lease, Fixed Rate Renewal Rent or Fair Market Renewal Rent, as the case may be, payable on such dates and in such amounts as provided in such Section 18(a) and (iii) for any extension of the Lease Term contemplated by Section 5(c) or 5(d), Basic Rent, Fixed Rate Renewal Rent or Fair Market Renewal Rent, as the case may be, payable on the date such Item of Equipment shall be delivered by the Lessee to the Lessor pursuant to Section 5(a), in an amount for each day of such extension equal to 1/180th of the average of the Basic Rent, Fixed Rate Renewal Rent or Fair Market Renewal Rent, as the case may be, paid on each Payment Date in the Basic Term or the applicable Renewal Term, as the case may be, prior to such extension, subject to adjustment as provided by

Sections 5(c) and 5(d). Notwithstanding any other provisions of this Section 3 (including without limitation any adjustments made pursuant to paragraphs (e) and (f) hereof), on each Payment Date during the Basic Term the Lessee shall pay as Basic Rent (without any deductions or offsets) to the Indenture Trustee for the account of the Lessor an amount at least sufficient to pay in full any payment then required to be made on account of scheduled principal of, and interest on, the Notes then Outstanding (other than by reason of acceleration of maturity thereof). It is understood that all payments (other than Excepted Property) to be made by the Lessee under this Lease will become subject to the lien of the Indenture and to all the rights of the Indenture Trustee thereunder.

(c) Supplemental Rent. In addition to its obligation to pay Interim Rent and Basic Rent and, if applicable, Fixed Rate Renewal Rent or Fair Market Renewal Rent hereunder, the Lessee shall pay to the Lessor or such other Person entitled thereto any and all Supplemental Rent (whether provided for herein or in any other Operative Document) as and when the same shall become due and owing, including, without limitation, all amounts payable by the Lessee pursuant to Section 12 of the Participation Agreement and the Tax Indemnification Agreement and the following:

(i) The Lessee agrees to pay to the Lessor or, in the case of Supplemental Rent, to the Person entitled thereto, on demand, as Supplemental Rent, to the extent permitted by Applicable Law, interest at a rate per annum equal to the Overdue Rate on any part of any installment of Interim Rent, Basic Rent or Supplemental Rent not paid when due for any period for which the same shall be overdue.

(ii) The Lessee agrees that any Premium payable with respect to the Notes shall be payable, in accordance with the terms of the Indenture, as Supplemental Rent.

(d) Manner of Payment: Unconditional Payment. Except as otherwise provided in paragraph (g) of this Section 3, all Rent (except (i) all amounts of Supplemental Rent, indemnities and other payments of any kind which are payable directly to the Owner Participant, or which are payable directly to the Lessor for the sole benefit of the Owner Participant or the Bank and (ii) all amounts of Supplemental Rent which are payable to Persons who are not

party to the Operative Documents, which amounts shall be paid to such Persons) shall be paid by the Lessee to the Lessor, except as otherwise provided in the Indenture. All Interim Rent, Basic Rent and Supplemental Rent shall be payable in immediately available funds at the place where payment is required to be made on or before 12:00 noon (New York time) on the day when each such payment shall be due. Any payments received from the Lessee after 12:00 noon (New York time) shall bear interest at the Overdue Rate, which interest shall be payable by the Lessee as Supplemental Rent pursuant to clause (i) of Section 3.2(c). Except as specifically provided in this Lease, the Lessee's obligation to pay Interim Rent, Basic Rent and Supplemental Rent payable hereunder shall be absolute and unconditional under any and all circumstances and shall not be affected by any circumstances of any character, including, without limitation, (i) any setoff, counterclaim, recoupment, offset, defense or other right which the Lessee may have against the Lessor, the Indenture Trustee, any Participant or anyone else for any reason whatsoever, including, without limitation, any default by the Lessor or any party to the Participation Agreement or any agreement referred to therein in their respective obligations hereunder or thereunder, (ii) any unavailability of any Item of Equipment, after its delivery and acceptance by the Lessee hereunder, for any reason, including, without limitation, any lack or invalidity of title or any other defect in the title, condition, design, operation, merchantability or fitness for use of such Item of Equipment, (iii) any failure or delay on the part of the Lessor, the Indenture Trustee or any Participant or any other Person, whether with or without fault on its part, in performing or complying with any of the terms or covenants hereunder or any of the other Operative Documents, or any breach or failure of any warranty or representation made in any Operative Document by any party thereto, (iv) any loss or destruction of, or damage to, such Item of Equipment or interruption or cessation in the use or possession thereof by the Lessee for any reason whatsoever and of whatever duration, (v) to the maximum extent permitted by law, any insolvency, bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding by or against the Lessor, the Indenture Trustee, the Lessee or any other Person or any agreement referred to in the Lease or any other Operative Document, (vi) any breach of any representation or warranty of, or any act or omission of, the Lessor, the Indenture Trustee or any Participant under this Lease or any of the other Operative Documents, (vii) any claims as a result of any other busi-

ness dealings by the Lessor, the Indenture Trustee, any Participant or the Lessee, (viii) the requisitioning, seizure or other taking of title to or use of such Item of Equipment by any government or governmental authority or otherwise whether or not by reason of any act or omission of the Lessor or the Lessee or the Indenture Trustee, or any other deprivation or limitation of use of such Item of Equipment in any respect or for any length of time, whether or not resulting from accident and whether or not without fault on the part of the Lessee, (ix) the illegality, invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, the Participation Agreement or any other Operative Document, (x) the lack of right, power or authority of the Lessor or any other Person to enter into this Lease, the Participation Agreement or any other Operative Document, (xi) any ineligibility of such Item of Equipment for any particular use, whether due to any failure of the Lessor, the Lessee or any other Person to comply with any law or governmental regulation or otherwise, (xii) any event of force majeure or any frustration, (xiii) any legal requirement or (xiv) any other cause, circumstance or happening, whether similar or dissimilar to the foregoing, any present or future law (to the maximum extent permitted by law) to the contrary notwithstanding, it being the intent hereof that all Rent payable by the Lessee shall continue to be payable in all events in the manner and at the times provided herein. The Lessee hereby waives, to the extent permitted by Applicable Law, 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 this Lease except in accordance with the express terms hereof. If for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise except as specifically provided herein, the Lessee nonetheless agrees to pay to the Lessor an amount equal to each Basic Rent and Supplemental Rent payment at the time such payment would have become due and payable in accordance with the terms hereof had this Lease not been terminated in whole or in part. Except to the extent of any payment in excess of that required to be made hereunder, each payment of Interim Rent, Basic Rent and Supplemental Rent made by the Lessee shall be final, and the Lessee will not seek to recover all or any part of such payment from the Indenture Trustee, any Holder of a Note, the Lessor or any Participant for any reason whatsoever.

(e) Adjustments for Tax Loss; etc. In the event that a Tax Loss occurs (for which the Owner Participant

receives, or is receiving, indemnification under the Tax Indemnification Agreement), then the Stipulated Loss Value percentages shall be adjusted by the Owner Participant to maintain the Net Return.

(f) Other Adjustments. The Interim Rent, the Basic Rent percentages set forth in Schedule 3 to the Lease and Indenture Supplement, the Stipulated Loss Value percentages set forth in Schedule 2 to the Lease and Indenture Supplement delivered in accordance with the terms hereof and of the Participation Agreement, and, within the constraints and subject to the provisions of the Indenture, the amortization payment structures of the Notes, shall be adjusted upward or downward if:

(i) delivery and acceptance of any Item of Equipment shall not occur on the Funding Date or the Funding Date shall be other than July 30, 1993;

(ii) the interest rate on, or the amount, periodicity or amortization of the Notes varies from the interest rate, amount, periodicity or amortization assumed in calculating the Basic Rent and the Stipulated Loss Value percentages at the time of execution and delivery of the Participation Agreement;

(iii) the percentage of the Lessor's Cost of any Item of Equipment allocable to the Notes is other than 75.9687514%;

(iv) Transaction Costs are other than 1.5% of the aggregate Lessor's Cost for the Equipment; or

(v) prior to the Funding Date, there is a change in the Code (including for this purpose transition rules, effective date and grandfather provisions not otherwise contained in the Code) or the income tax regulations, relevant administrative announcements, rulings or clearly applicable judicial precedent (collectively, the "Tax Law") or there is introduced into the Ways and Means Committee of the House of Representatives or the Finance Committee of the Senate a bill, as it may be amended, which proposes to change the Tax Law (including a change relating to any tax credit) and on which hearings are held and which is enacted and becomes effective prior to January 1, 1994 and which applies to the transaction herein retroactively;

which adjustments shall be calculated for all periods from and after the Funding Date, shall be effective as of such date and shall be such as to maintain the Owner Participant's Net Return, after giving effect to the changed factors taken into account in such adjustments and to the extent consistent therewith shall minimize the net present value (computed semi-annually utilizing an annual discount rate equal to 7.34%) of Basic Rent payments.

In calculating any adjustment made pursuant to Section 3(e) or 3(f), the Owner Participant shall utilize the same methods and assumptions (as modified by the change giving rise to the adjustment and by all prior changes that have given rise to adjustments) as were used in making the computations of Basic Rent and Stipulated Loss Values with respect to the Basic Term as set forth in Schedules 2 and 3 to the Lease and Indenture Supplement, dated the Funding Date.

Each adjustment made pursuant to this paragraph (f) shall satisfy the requirements of, (i) in the case of adjustments pursuant to Sections 3(f)(i) through (v) (other than an adjustment pursuant to Section 3(f)(v) relating to Section 467 of the Code), to the extent practicable, Section 467 of the Code as in effect on the adjustment date (on a prospective basis), (ii) in the case of an adjustment pursuant to Section 3(f)(v) relating to Section 467 of the Code, Section 467 of the Code taking into account the applicability and effect of the change or changes to Section 467 giving rise to such adjustment and (iii) in all cases (and utilizing the Appraisal delivered on the Funding Date), on a prospective basis, Rev. Procs. 75-21 and 75-28 as in effect on the Funding Date and F.A.S.B. Statement No. 13 for treatment in respect of the Owner Participant as a leveraged lease; provided that any requirement identified in this paragraph shall apply to the extent the same was satisfied as of the Funding Date.

(g) Determination of Adjustments. Any adjustment pursuant to Section 3(e) or 3(f) shall initially be computed by the Owner Participant. The results of such computation by the Owner Participant shall promptly be delivered to the Lessee. Within 10 Business Days after the receipt of the results of an adjustment, the Lessee may request that the Verifying Accountant verify, after consultation with the Owner Participant and the Lessee, the accuracy of such adjustment in accordance with Section 3(e) or 3(f), and the Owner Participant and the Lessee hereby agree to provide the Verifying Accountant with all information

and materials as shall be reasonably necessary or desirable in connection therewith, except that the Owner Participant is not obligated to provide any income tax returns to the Verifying Accountant, it being agreed that any information provided by the Owner Participant need not be provided until the Verifying Accountant agrees in a writing, reasonably satisfactory in form and substance to the Owner Participant, that it will hold such information in strict confidence, will not make such information available to the Lessee and will return such information contemporaneously with the certification referred to in the next sentence. If the Verifying Accountant confirms that such adjustment is in accordance with Section 3(e) or 3(f), it shall so certify to the Lessee, and such certification shall be final, binding and conclusive on the Lessee, the Owner Participant and the Lessor. If the Verifying Accountant concludes that such recalculation or adjustment is not in accordance with Section 3(e) or (f), it shall so certify to the Lessee and the Owner Participant, and the Owner Participant shall again compute the required adjustment. Such further adjustment shall again be subject to the provisions of this Section 3(g). The final determination of any recalculation or adjustment hereunder shall be set forth in an amendment to this Lease, executed and delivered by the Lessor and the Lessee and consented to by the Owner Participant; provided, however, that failure to execute and deliver such amendment shall not affect the validity and effectiveness of any such recalculation or adjustment. The reasonable fees of the Verifying Accountant in verifying an adjustment pursuant to this Section 3(g) shall be paid by the Lessee within ten days after demand, except that the Lessor and the Owner Participant shall pay such fees, costs and expenses if such recalculation or adjustment is required to be recomputed because of an error of the Owner Participant resulting in a net present value (calculated at a discount rate equal to the interest rate on the Notes utilized by the Owner Participant in making such adjustment) of the recalculated or adjusted Basic Rent that is higher by an amount at least equal to 1% of Equipment Cost than the net present value (at such rate) of the Basic Rent as determined by the Verifying Accountant.

(h) Sufficiency of Rent. Notwithstanding any provision to the contrary contained in this Lease or in any other Operative Document, (i) the amount of each Basic Rent payment payable hereunder shall be at least sufficient to pay, on each Payment Date, any amounts then required to be paid by the Lessor on account of (including amortization of) the principal of and interest on the Notes on such date

(other than by reason of the acceleration of the maturity thereof) and (ii) the amount of Stipulated Loss Value payable hereunder (together with the amount of Basic Rent due hereunder on each respective Payment Date for which Stipulated Loss Value is being calculated), before and after giving effect to any adjustments of the percentages relating thereto provided for in this Lease, shall be at least sufficient to pay or redeem in full, as and when due in accordance with the terms thereof, the principal of and all accrued interest on the Notes from time to time outstanding. An amount equal to any Premium payable with respect to the Notes shall be payable as Supplemental Rent, and the amount of each such Supplemental Rent payment payable hereunder shall, if there shall then be Premium payable on or with respect to the Notes, in any event be at least sufficient to pay, in accordance with the Indenture, all such amounts of Premium then payable on or with respect to the Notes. The amount of each Supplemental Rent payment payable hereunder pursuant to Section 3(c)(i), if there shall then be interest calculated at the Overdue Rate payable on the Notes, shall in any event be at least sufficient to pay, in accordance with the Indenture, all such amounts of interest calculated at the Overdue Rate then payable on the Notes.

SECTION 4. Disclaimer of Warranties. (a) No Representation or Warranty. THE LESSEE ACKNOWLEDGES THAT (i) THE EQUIPMENT IS OF A DESIGN, SIZE, CAPACITY AND MANUFACTURE SELECTED BY THE LESSEE AND THAT THE LESSEE HAS EXAMINED AND APPROVED ALL SUPPLY CONTRACTS WITH THE MANUFACTURER RELATING TO ANY ITEM, (ii) THE EQUIPMENT IS SUITABLE FOR THE LESSEE'S PURPOSES; (iii) NEITHER THE LESSOR NOR ANY PARTICIPANT IS A MANUFACTURER OR DEALER IN SUCH PROPERTY AND HAS NOT INSPECTED THE EQUIPMENT PRIOR TO DELIVERY TO AND ACCEPTANCE BY THE LESSEE AND (iv) THE LESSEE TAKES EACH ITEM "AS-IS", "WHERE-IS", AND "WITH ALL FAULTS", IN WHATEVER CONDITION IT MAY BE. THE LESSEE ACKNOWLEDGES THAT NONE OF THE OWNER PARTICIPANT, THE LESSOR, THE INDENTURE TRUSTEE NOR ANY LOAN PARTICIPANT MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AND THE LESSEE WAIVES, AS BETWEEN ITSELF AND ANY OR ALL OF, THE LESSOR, THE INDENTURE TRUSTEE AND ANY PARTICIPANT, ANY AND ALL RIGHTS OR CLAIMS AS TO THE DESIGN, OPERATION OR CONDITION OF THE EQUIPMENT OR AS TO THE TITLE, SIZE, CAPACITY, VALUE, CONDITION OR MERCHANTABILITY OF THE EQUIPMENT, OR AS TO THE FITNESS OF THE EQUIPMENT FOR ANY PARTICULAR USE OR PURPOSE, OR AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS WHETHER OR NOT DISCOVERABLE, OR AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR

COPYRIGHT, OR AS TO THE ABSENCE OF ANY OBLIGATIONS BASED ON STRICT LIABILITY IN TORT OR, EXCEPT AS SET FORTH IN SECTION 4(b), ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE EQUIPMENT AND UNDER NO CIRCUMSTANCES WHATSOEVER SHALL THE BANK, THE LESSOR, THE INDENTURE TRUSTEE OR ANY PARTICIPANT BE LIABLE OR RESPONSIBLE TO THE LESSEE FOR ANY CONSEQUENTIAL DAMAGES. THE PROVISIONS OF THIS SECTION 4 HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND, EXCEPT AS PROVIDED ABOVE, NEGATION OF ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, BY THE LESSOR, THE INDENTURE TRUSTEE AND ANY PARTICIPANT IN ANY CAPACITY, WITH RESPECT TO ANY ITEM OF EQUIPMENT, OR ANY PART THEREOF WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT OR OTHERWISE. NEITHER THE LESSOR, THE OWNER PARTICIPANT, ANY HOLDER NOR THE INDENTURE TRUSTEE SHALL HAVE ANY RESPONSIBILITY OR LIABILITY TO THE LESSEE OR ANY OTHER PERSON WITH RESPECT TO ANY OF THE FOLLOWING: (w) ANY LIABILITY, LOSS OR DAMAGE CAUSED OR ALLEGED TO BE CAUSED DIRECTLY OR INDIRECTLY BY ANY ITEM OF EQUIPMENT OR BY ANY INADEQUACY THEREOF OR DEFICIENCY OR DEFECT THEREIN OR BY ANY OTHER CIRCUMSTANCES IN CONNECTION THEREWITH; (x) THE USE, OPERATION OR PERFORMANCE OF ANY ITEM OR ANY RISKS RELATING THERETO; (y) ANY INTERRUPTION OF SERVICE, LOSS OF SERVICE, LOSS OF BUSINESS OR ANTICIPATED PROFITS OR CONSEQUENTIAL DAMAGES; OR (z) THE DELIVERY, OPERATION, SERVICING, MAINTENANCE, REPAIR, IMPROVEMENT OR REPLACEMENT OF ANY ITEM.

(b) Title. Notwithstanding the provisions of the foregoing paragraph (a), the Lessor represents and warrants that on the Funding Date it will have whatever title to the Equipment being delivered on such date as has been conveyed to it on such date by the Seller, subject to no Owner Encumbrances.

SECTION 5. Return. (a) Redelivery; Storage. The Lessee shall assemble and deliver possession of the Equipment (including originals or copies of all maintenance logs and records relating thereto) in Sets in accordance with the terms of this Lease, at the Lessee's own cost and expense, to not more than three separate interchange points on Class I railroad lines, each of which shall be located within the United States and within 500 miles from Chicago, Illinois or any other mutually agreeable location (the "Redelivery Locations") (i) subject to Section 5(c) or 5(d) hereof, as appropriate, on the date of the expiration of the Lease Term, as the Lessee shall designate in writing to the Lessor not less than 90 days prior to the expiration of

the Lease Term or (ii) at the termination of the applicable storage period (whether provided by the Lessee or obtained by the Lessor) or at such earlier time as the Lessor may specify (or as soon thereafter as is practicable), as the Lessee may designate prior to the expiration of such storage period, provided that the Lessee shall not be obligated to move any Item of Equipment more than once at the request of the Lessor. Any Item of Equipment delivered to a Redelivery Location (or into storage, as the Lessor may have requested as provided below) shall be deemed to be redelivered hereunder (and, subject to the next succeeding paragraph, Basic Rent, Fixed Rate Renewal Rent or Fair Market Renewal Rent, as the case may be, with respect to such redelivered Item of Equipment shall cease to accrue with respect thereto) on the later to occur of (a) the expiration of the Lease Term, or (b) the date on which all Items of Equipment comprising the Set of which such Item of Equipment is a part shall have been delivered to such Redelivery Location or into storage. The Lessor, upon 30 days prior written notice to the Lessee, may elect to store any Item of Equipment, at its own cost and risk, for a period of 180 days on storage tracks owned or controlled by Lessee; provided that the Lessee has space on such tracks. The Lessor will pay a commercially reasonable storage rate based upon then quoted rates charged by Class I railroads for the storage of similar Equipment (in both type and number). In the event the Lessee does not own or control sufficient storage tracks, the Lessor will be responsible for arranging its own storage. The Lessee shall indemnify and hold harmless, on an After-Tax Basis, the Lessor, the Owner Participant and, so long as the lien of the Indenture remains undischarged, the Indenture Trustee from any sales or use tax imposed on any Item of Equipment upon its resale or release at any Redelivery Location. The Lessee shall be responsible for all costs and expenses of gathering and storing any Item of Equipment not returned pursuant to the terms of this Section 5 and the Lessee shall continue to insure and bear the risk of loss of any such Item of Equipment in accordance with this Lease until so returned.

If the Lessor or its agent shall inspect any Item of Equipment pursuant to Section 5(b) and shall conclude in good faith that such Item of Equipment is not in the condition required by Section 5(b), the Lessee, at its expense and risk, shall within 30 days thereafter make such repairs and perform such work as shall be necessary to place such Item of Equipment in the condition required by Section 5(b). The Lessee will provide the Lessor with notice when such Item of Equipment has been repaired so as to be in the

condition required by Section 5(b) and is ready to be reinspected by the Lessor or its agent, and the Lessor or its agent shall have 10 days from the date of receipt of such notice to inspect, at the Lessee's sole cost and expense and on an After-Tax Basis to the Lessor and the Owner Participant, such Item of Equipment and inform the Lessee if such Item of Equipment is still not in the condition required by Section 5(b) (in which case the provisions of this paragraph shall continue to control and any subsequent inspection required hereunder shall be at the sole cost and expense of the Lessee and on an After-Tax Basis to the Lessor and the Owner Participant). The Lessee agrees to pay the Rent specified in Section 3(b)(iii) on each Item of Equipment not redelivered in the condition required by Section 5(b), from and including the last day on which the Lessee paid Basic Rent, Fixed Rate Renewal Rent or Fair Market Renewal Rent, as the case may be, with respect to such Item of Equipment to but excluding the later of (i) the date of inspection by the Lessor within the time period described in the next preceding sentence if such inspection confirms that such Item of Equipment is in the condition required by Section 5(b) or (ii) the actual redelivery of such Item of Equipment to a Redelivery Location or storage, as the case may be, if such Item of Equipment was removed from such Redelivery Location or storage tracks for purposes of repairing such Item of Equipment in order for such Item of Equipment to comply with the provisions of Section 5(b). Any notice given by the Lessor to the Lessee regarding the non-conformity of an Item of Equipment shall not be deemed a notice of Default unless such notice expressly states that it is a notice of Default.

(b) Return Condition. At the time of any return, the Equipment so being returned shall be free and clear of all liens, security interests, charges and encumbrances and rights of others (except any Owner Encumbrances and Permitted Encumbrances, it being understood that the Lessee will promptly and diligently cause any such Permitted Encumbrances to be discharged and, at the Lessor's request, the Lessee shall bond or provide such other form of security for payment and discharge of such Permitted Encumbrances as the Lessor may reasonably request) and shall be in the condition required by Sections 5(a) and 5(b) and 7 hereof (other than the last sentence of Section 7). Each Item of Equipment redelivered hereunder shall (i) qualify for interchange pursuant to the AAR rules then in effect, (ii) comply with the requirements of Applicable Law and (iii) subject to clause (ii), be in the same condition as originally delivered, ordinary wear and tear excepted,

empty, clean and free of rust (other than rust which would not materially reduce the value, utility, useful life or expected residual value below that which would pertain if such rust had not been present), and accumulation or deposits from the commodity transported. There will be no temporary or postponed repairs with respect to any Item of Equipment. The Lessee reserves the right to enter into long term maintenance contracts with independent third-parties in the business of providing contract maintenance for similar Equipment. Such contracts will have maintenance requirements that comply with the maintenance provisions of this Lease.

The Lessor or its agent may inspect any Item of Equipment redelivered hereunder to determine whether such Item of Equipment is in the condition required by this Section 5(b). At such inspection, independent inspectors or surveyors representing both the Lessee and the Lessor, or an independent inspector or surveyor satisfactory to both sides, may be present and may determine and state the agreed repairs or work necessary to place such Item of Equipment in the condition required by Section 5(a) and 5(b). The Lessee shall bear the cost of its own independent inspectors or surveyors, the cost of any independent inspectors or surveyors representing both the Lessee and the Lessor and the cost of any independent inspector or surveyor retained by the Lessor, except that if the Lessor's initial such inspection reveals that there is no need for further repairs or work as provided above, the Lessor shall bear the cost of its own independent inspectors or surveyors.

(c) Extension of Lease Term for 40 or Fewer Items. Upon the expiration of the Basic Term and any applicable Renewal Term, in the event the Lessee shall have returned sufficient Items of Equipment such that only 40 or fewer Items have not been returned in accordance with Section 5(a), the Lease Term shall be extended with respect to any such unreturned Items of Equipment for a period of up to 90 days to permit the return of such unreturned Items of Equipment to the location designated pursuant to Section 5(a). In addition to any other remedy Lessor may have for Lessee's failure to timely return any such Item of Equipment, Lessee shall pay the Rent specified in Section 3(b)(iii). So long as Lessee is diligently attempting to return said Item or Items of Equipment, the Lease Term for such Item or Items of Equipment shall be extended for up to an additional 90 days (after the end of the 90 day period referred to in the first sentence hereof) at a Rent equal

to 110% of the Rent specified in Section 3(b)(iii). At the expiration of any extension provided in the immediately preceding sentence and the cessation of the force majeure period provided in this Section 5(c), as appropriate, the Lessee shall be deemed to have purchased all remaining unreturned Items of Equipment for an amount equal to the greater of Stipulated Loss Value (as of the date of the expiration of the Basic Term and any applicable Renewal Term, but not including any extension provided by this Section 5) or Fair Market Sale Value. The Lessee immediately shall pay such Stipulated Loss Value in cash to Lessor, and shall pay the remaining balance of the purchase price, if any, upon the completion of the Appraisal Procedure. Notwithstanding any other provision of this Section 5(c), in the event that the Lessee is prevented from returning an Item or Items of Equipment prior to the expiration of the Lease Term as extended hereby solely by reason of force majeure (which, for the purposes of this Section 5(c), shall mean any cause not reasonably within the control of the Lessee and which the Lessee cannot, even in the exercise of diligence, avoid), the Lease Term shall be extended for the period of such force majeure plus five days.

(d) Extension of Lease Term for Greater Than 40 Items. Upon the expiration of the Basic Term and any applicable Renewal Term, in the event the Lessee shall have failed to return sufficient Items of Equipment such that more than 40 Items of Equipment have not been returned in accordance with Section 5(a), the Lease Term shall be extended with respect to such Items of Equipment for a period of up to 90 days to permit the return of such unreturned Items of Equipment to the location designated pursuant to Section 5(a). In addition to any other remedy Lessor may have for Lessee's failure to timely redeliver any such Item of Equipment, Lessee shall pay Rent equal to 110% of the Rent specified in Section 3(b)(iii). At the expiration of any extension provided pursuant to this Section 5(d) and the cessation of the force majeure period provided in this Section 5(d), Lessee shall be deemed to have purchased any such Item of Equipment for an amount equal to the greater of Stipulated Loss Value (as of the date of the expiration of the Basic Term and any applicable Renewal Term, but not including any extension provided by this Section 5) or Fair Market Sale Value. The Lessee immediately shall pay such Stipulated Loss Value in cash to Lessor, and shall pay the remaining balance of the purchase price, if any, upon the completion of the Appraisal Procedure. Notwithstanding any other provision of this

Section 5(d), in the event that the Lessee is prevented from returning an Item or Items of Equipment prior to the expiration of the Lease Term as extended hereby solely by reason of force majeure (which, for the purposes of this Section 5(d), shall mean any cause not reasonably within the control of the Lessee and which the Lessee cannot, even in the exercise of diligence, avoid), the Lease Term shall be extended for the period of such force majeure plus five days.

SECTION 6. Use and Operation of Equipment; Subleasing; Assignments. (a) Use and Operation of Equipment. During the Lease Term, so long as no Event of Default has occurred and is continuing, the Lessee has the exclusive right to possession, control and full use of the Equipment leased hereunder and may use such Equipment in regular lawful coal delivery and transportation service or in the lawful delivery and transportation of such other commodities as the Owner Participant from time to time shall approve within the United States and subject to Section 7(ii) of the Participation Agreement, Canada, provided that the Lessee shall use each Item of Equipment only in the manner for which it was designed and intended, and, provided further, however, in the event that any Equipment is used in Canada, the Lessee will make such filings and take such other steps as required by Applicable Law or as reasonably requested by the Lessor or the Indenture Trustee to protect the respective rights of such parties in and to the Equipment. The Equipment shall not be used or operated in any manner contrary to any Applicable Law.

(b) Subleasing. The Lessee shall have the right, so long as no Event of Default and no Specified Default shall have occurred and be continuing, to enter into a sublease of or interchange arrangement for any Item of Equipment with a) a Class I railroad who is a member of the AAR or b) subject to the provisions of Sections 6(a) and 7 hereof, any company whose senior secured debt is rated Investment Grade and which is not insolvent or in bankruptcy proceedings (a "Permitted Sublessee"); provided that a) each such sublease or interchange arrangement shall be for a period not in excess of the Lease Term and shall be expressly subject and subordinate to the terms of this Lease; b) the Lessee shall remain primarily liable for all its obligations under this Lease and the other Operative Documents to which it is a party to the same extent as if such sublease or interchange arrangement were not in effect; c) during the term of the sublease or interchange

arrangement, the Equipment will remain subject to a continuous maintenance regime at least as stringent as the maintenance regime of the Lessee; d) the Lessor and the Owner Participant bear no unindemnified withholding tax risk, or any other cost (each being held harmless therefrom on an After-Tax Basis) associated with the sublease or interchange arrangement; and e) prior to entering into the sublease or interchange arrangement, the Lessee will provide insurance certificates evidencing that the insurance required by this Lease will be in full force and effect during the sublease or interchange arrangement.

No such sublease or interchange arrangement shall relieve the Lessee of its obligations hereunder which shall be and remain those of a principal and not a surety.

(c) Assignments.

(i) Indenture. The Lessee hereby specifically consents to the mortgage, pledge and assignment effected or to be effected by the Indenture. The Lessee agrees to deliver to, or on behalf of, the Lessor any further consents and acknowledgments with respect to any such mortgage, pledge or assignment as the Lessor or the Indenture Trustee may request.

(ii) Other Assignments by Owner Trustee. The Lessor agrees that it will not assign or transfer its right, title and interest in and to this Lease or any Item of Equipment, except as contemplated hereby and by the Indenture and except (A) that the Lessor may prior to the end of the Basic Term or any Renewal Term, as the case may be, agree to sell or otherwise dispose of such Item of Equipment effective at or after the end of the Basic Term or such Renewal Term, as the case may be, provided that any such agreement is stated expressly to be subject and subordinate to the rights of the Lessee hereunder and (B) as provided in Section 20 of the Participation Agreement. Prior to executing any such assignment of its rights hereunder (except as expressly contemplated by clause (i) of this Section 6(c)), the Lessor shall notify the Lessee and the Indenture Trustee thereof.

SECTION 7. Maintenance. The Lessee, at its own expense and risk shall throughout the Lease Term maintain, service, and repair the Equipment so as to keep it in good operating condition and in accordance with its design and rated capacity, ordinary wear and tear excepted, with no known major mechanical or obvious defects, and in accor-

dance with good commercial maintenance practice as observed by prudent and reasonable owners and operators of railcars, without discrimination as compared to other owned or leased railcars so that such Equipment will remain (i) in as good operating condition as when originally delivered (ordinary wear and tear excepted), (ii) in compliance with any and all Applicable Law (including applicable safety standards), industry regulations, AAR standards and the AAR rules for interchange service and (iii) in conformity with all requirements of applicable insurance. The Lessee agrees that it will not discriminate against any Item of Equipment (as compared to other similar equipment owned or operated by the Lessee) with respect to its use, operation or maintenance in contemplation of the expiration or termination of this Lease. Notwithstanding the foregoing, the Lessee, in its discretion, may withdraw from transportation service any Item of Equipment for any reason at and for any time, during which time the Lessee shall not be required to perform operating maintenance or repair such Item of Equipment; provided, however, that (x) the Lessee shall remain responsible for the maintenance (so as to meet the standards of the first sentence of this Section 7) preservation, safekeeping, use, operation and safe storage of such Item of Equipment, (y) the Lessee's actions with respect to such Item of Equipment shall not impair the then value, utility, useful life or expected residual value that such Item of Equipment would have had it been kept in service and (z) the foregoing shall not affect any of the Lessee's obligations to return such Item of Equipment in the manner and condition specified in Section 5.

SECTION 8. Inspection. The Owner Trustee, the Owner Participant and the Indenture Trustee, or their respective authorized representatives, may at any time during the Lease Term during normal business hours, upon at least 10 days notice (except if an Event of Default has occurred and is continuing) and at their own risk and expense (except if an Event of Default has occurred and is continuing), inspect the Equipment and applicable maintenance and use records relating thereto, and the Lessee shall make the foregoing available, but neither the Owner Trustee, the Owner Participant nor the Indenture Trustee shall have any duty to do so; provided, however, that any such inspection shall in no way interfere with any repairs or maintenance or the use and operation of the Equipment; and provided further, that in exercising such right of inspection, no such Person shall unreasonably interfere with the Lessee's normal business operations.

SECTION 9. Improvements. (a) Improvements.

The Lessee shall make such Improvements to the Equipment as shall be required in order to comply with Section 7. In addition, the Lessee may make such other Improvements to the Equipment as the Lessee may deem desirable (subject to its obligations under the Tax Indemnification Agreement) but only to the extent that (i) in the case of Severable Improvements (which are not Legally Mandated Improvements), such Severable Improvements are readily removable without causing damage to the Equipment and without impairing its then value, expected residual value, utility or remaining useful life (determined as if such Improvements had not been made) and (ii) in the case of Nonseverable Improvements (which are not Legally Mandated Improvements), such Nonseverable Improvements do not diminish the then value, expected residual value, utility or remaining useful life of the Equipment (determined as if such Improvements had not been made).

(b) Title: Removal of Severable Improvements.

Title to each Nonseverable Improvement and to each Severable Improvement that is a Legally Mandated Improvement shall, without further act, vest in the Lessor. Title to each Severable Improvement other than Legally Mandated Improvements, shall, without further act, vest or remain, as the case may be, in the Lessee, and, provided no Event of Default shall then have occurred and be continuing, the Lessee at its own expense and risk shall have the right, but, except as otherwise provided below, not the obligation, to remove any Severable Improvement to which the Lessee has title from the Equipment at any time during or at the expiration of the Lease Term. Any Severable Improvement not so removed shall become the property of the Lessor free and clear of all rights of the Lessee, without further act. The Lessor shall have the right to purchase any Severable Improvements to which the Lessee has title from the Lessee upon the expiration of the Lease Term in consideration of the payment to the Lessee of the then Fair Market Sales Value thereof (as determined pursuant to the Appraisal Procedure). Notwithstanding the foregoing, the Lessee shall be obligated to remove any Severable Improvements, other than Legally Mandated Improvements, which, as of the date Lessee relinquishes possession of the Equipment, decrease the then value, expected residual value, utility or remaining useful life of the Equipment.

(c) Removal of Property; Replacements. The

Lessee may, subject to its obligations under the Tax Indemnification Agreement, in the ordinary course of

maintenance or repair of any Item of Equipment, remove any item of property constituting a part of such Item of Equipment, and unless the removal of such item is required by Section 7, the Lessee shall replace such item as promptly as possible by an item of property that, immediately prior to becoming subject to this Lease, is free and clear of all liens, encumbrances and rights of any Person and in as good operating condition as, and with a then value, expected residual value, utility and expected remaining useful life at least equal to, the item of property being replaced. Any item of property removed from such Item of Equipment as provided in the preceding sentence shall remain the property of the Lessor free and clear of all rights of the Lessee until replaced in accordance with the terms of said sentence, but shall then, without further act, become the property of the Lessee. Any such replacement property shall, without further act, become the property of the Lessor and be deemed part of such Item of Equipment for all purposes hereof, subject to the lien of the Indenture.

(d) Identification Marks. The Lessee shall (i) cause each Item of Equipment to be kept numbered with the appropriate identifying number as set forth in Schedule 1 to the Lease and Indenture Supplement executed and delivered with respect to such Item of Equipment and (ii) keep and maintain, as soon as practicable after such Item of Equipment becomes subject to the terms of this Lease, plainly, distinctly, permanently and conspicuously marked on both sides of such Item of Equipment in letters not less than one inch in height, the words "Ownership subject to a security agreement filed with the Interstate Commerce Commission" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by Applicable Law in order to protect the title of the Lessor and the rights of the Lessor and the Indenture Trustee under the Operative Documents. The Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such word or words which may be removed, defaced, obliterated or destroyed. The Lessee will not permit the identifying number of any Item of Equipment to be changed except in accordance with a Lease amendment or statement of new identifying numbers to be substituted therefor, which Lease amendment or statement shall have been previously filed, recorded or deposited with the Lessor and Indenture Trustee and in all public offices

where this Lease will have been filed, recorded and deposited and the Lessee shall provide to the Indenture Trustee, the Lessor and each Participant an Opinion of Counsel to that effect and to the further effect that such filing, recordation and deposit will protect the Indenture Trustee's and the Lessor's interests in such Item of Equipment and that no further filing, recording, depositing or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interest of the Indenture Trustee and the Lessor in such Item of Equipment. The Lessee shall have the right at its expense to display indicia of operation of any Item of Equipment by the Lessee and identify such Item of Equipment with such name as the Lessee may elect.

(e) Limited Use Property. Notwithstanding any provision of this Section 9 to the contrary, the Lessee shall make no modification, alteration, change, substitution or other Improvement to any Item of Equipment, or any part thereof, that would cause such Item of Equipment to become "limited use property" within the meaning of Rev. Proc. 76-30.

SECTION 10. Liens. (a) Liens. None of the Lessee, any sublessee or any Person claiming by, through or under any of them shall directly or indirectly have any right, power or authority to create, assume, incur or permit to exist any lien, claim, encumbrance or security interest on or with respect to any Item of Equipment, other than Permitted Encumbrances. The Lessee shall notify the Lessor promptly of the imposition of any such lien, claim, encumbrance or security interest and shall at its own cost and expense promptly cause the same to be discharged, dismissed or removed, and in any event within 30 days after the Lessee first knows of the existence of any lien, claim, encumbrance or security interest; provided, that notwithstanding the foregoing, the Lessee shall have the right to contest any such lien, claim, encumbrance or security interest in good faith by appropriate proceedings, diligently prosecuted or appealed so long as such lien, claim, encumbrance or security interest does not involve any risk of criminal liability to the Lessor, the Owner Participant, any Holder or the Indenture Trustee or of a sale, forfeiture or loss of such Item of Equipment and so long as the Lessee has provided adequate security therefor in the reasonable opinion of the Lessor and the Indenture Trustee.

(b) Release of Liens. The Lessee agrees that it will at its own cost and expense promptly take such action as may be necessary duly to discharge any liens, claims, encumbrances and security interests that are not Permitted Encumbrances or Owner Encumbrances, or, in the event that any Item of Equipment shall be attached, levied upon or taken into custody, or detained or sequestered, by virtue of any proceeding in any court or tribunal, or by any governmental or other authority on account of any such lien, claim, encumbrance or security interest, the Lessee shall cause such Item of Equipment to be released and all such liens, claim, encumbrances and security interests to be promptly discharged (except to the extent that the same shall be contested by the Lessee in good faith by appropriate proceedings, diligently prosecuted or appealed, which proceedings shall not (i) affect the continued use of such Item of Equipment or (ii) involve any risk of criminal liability to the Lessor, the Owner Participant, any Holder or the Indenture Trustee or of a sale, forfeiture or loss of such Item of Equipment, and so long as the Lessee has provided adequate security therefor in the reasonable opinion of the Lessor and the Indenture Trustee (which security may, in appropriate circumstances, consist of the unsecured undertaking of the Lessee)).

Section 11. Insurance. (a) Required Insurance. Lessee will at its own expense carry and maintain, or cause to be carried and maintained, with (x) insurers rated financially at the inception of each policy carried hereunder with such insurer at least A,8 by Best's, (y) Lloyd's syndicates of recognized standing, or (z) any other insurer consented to by Lessor and the Indenture Trustee, which consent shall not be unreasonably withheld, in respect of the Items of Equipment and their operation:

(i) general liability insurance insuring against liability for death, bodily injury, and property damage resulting from ownership, possession, maintenance, use or operation of the Equipment, with coverage in an amount equal to \$20,000,000 per occurrence and, if applicable, annual aggregate in excess of any retention or deductible maintained by Lessee for its own account; and

(ii) an all-risk property damage policy providing coverage in an amount equal to the Stipulated Loss Value of the Equipment, which property damage insurance will (A) provide protection against loss

and/or damage to the Equipment arising out of any risk customarily covered by all-risk coverage, including, without limitation, fire, windstorm, explosion, and extended coverage and against such other risks as are customarily insured against with respect to similar equipment, in accordance with industry practice and (B) subject to the concurrence of insurers, loss of property due to abandonment when such abandonment is a result of an occurrence caused by an insured peril and the cost of recovery exceeds the value of the abandoned property.

All insurance policies required to be maintained by Lessee hereunder, and any excess insurance purchased by Lessee with respect to any Item of Equipment from time to time, shall name Lessor (both in its individual capacity and as trustee), the Owner Participant and, during such time as the lien of the Indenture shall not have been discharged, the Indenture Trustee and the Holders as additional insureds and (in the case of clause (ii) above), as loss payees, as their interests may appear, shall provide for at least 30 days' prior written notice by the insurance carrier to Lessor, the Owner Participant and, during such time as the lien of the Indenture shall not have been discharged, the Indenture Trustee in the event of cancellation, expiration or amendment and shall include waivers by the insurer of all claims for premiums against Lessor, the Owner Participant, the Indenture Trustee and the Holders. All insurance policies required to be maintained by Lessee hereunder (i) shall provide that all of the provisions thereof, except the limits of liability (which shall be applicable to all insureds as a group) and liability for premiums (which shall be solely a liability of Lessee), shall operate in the same manner as if there were a separate policy covering each insured; (ii) shall be primary without right of contribution from any insurance carried by Lessor, the Owner Participant, the Indenture Trustee or the Holders; (iii) shall provide that the insurers waive any rights of setoff, counterclaim, deduction or subrogation against the additional insureds; (iv) shall provide that none of the respective interests of the additional insureds in such policies shall be invalidated by any act or omission of, or breach of warranty or condition contained in such policies by, Lessee or, in the case of any particular additional insured, any other insured or by any foreclosure or other remedial proceedings or notices thereof relating to the Equipment or any interest therein or by any change in the title or ownership of the Equipment or any interest therein; and (v) shall provide that no can-

cellation or lapse of coverage for nonpayment of premium or otherwise, no reduction in coverage and no other changes of coverage which adversely affects the interests of any such additional insured, shall be effective as to any such additional insured until 10 days (or such shorter period as shall be the maximum period prevailing from time to time in the insurance market for equipment similar to the Equipment) after receipt by such additional insured of written notice from the insurers of such cancellation, lapse, reduction or change. Lessee shall, at its own expense, make all proofs of loss and take all other steps necessary to collect the proceeds of such insurance. Lessee shall, as soon as possible but in any event prior to the expiration of any insurance policy required hereunder, furnish to Lessor a certificate of an independent insurance broker reasonably acceptable to Lessor evidencing the maintenance or renewal of any insurance required hereunder.

All casualty insurance proceeds received by Lessor or Lessee in respect of any Item of Equipment not suffering an Event of Loss shall be paid to or retained by Lessee, provided no Event of Default shall have occurred and be continuing. If an Event of Default shall have occurred and be continuing, all casualty insurance proceeds shall be payable pursuant to a standard mortgagee payable clause to the Indenture Trustee, or, if the lien of the Indenture is not in effect, to the Lessor, subject to Section 23 hereof.

All casualty insurance proceeds received by Lessor or Lessee from policies paid for by Lessee in respect of any Item of Equipment suffering an Event of Loss shall, to the extent such proceeds are in excess of the Stipulated Loss Value for such Item of Equipment, be paid to or retained by Lessee, provided no Event of Default shall have occurred and be continuing (it being understood that Lessee shall not be entitled to maintain any such excess coverage not required by this Section 11 if so doing would prevent the Owner Participant from maintaining such excess coverage). If an Event of Loss shall have occurred, all casualty insurance proceeds up to and including the Stipulated Loss Value for such Item of Equipment, and if an Event of Default shall have occurred and be continuing, all casualty value insurance proceeds in excess of Stipulated Loss Value for such Item of Equipment shall be paid pursuant to a standard mortgagee payable clause to the Indenture Trustee, or, if the lien of the Indenture is no longer in effect, to the Lessor, subject to Section 23 hereof.

Any compensation paid pursuant to the published policies of the AAR for Equipment suffering damage or casualty and to which Lessee is entitled pursuant to contracts in effect with the transporting railroads, shall be retained by Lessee, provided no Event of Default shall have occurred and be continuing. If an Event of Default shall have occurred and be continuing, all such compensation shall be paid over to the Indenture Trustee, or, if the Lien of the Indenture is no longer in effect, to the Lessor, subject to Section 23 hereof.

Any amounts paid or payable to Lessor, the Owner Participant, the Indenture Trustee or any Holder under insurance required to be carried pursuant to this Section 11 shall not be reduced on account of any amount which may be paid or payable to Lessor, the Owner Participant, the Indenture Trustee or any Holder by reason of claims made under any other policies of insurance under which Lessor, the Owner Participant, the Indenture Trustee or any Holder is a beneficiary claimant. Notwithstanding the foregoing, none of Lessor, the Owner Participant, the Indenture Trustee or any Holder shall be obligated to participate in the funding of any self-insurance program of Lessee. Each of Lessor, the Owner Participant, the Indenture Trustee and the Holders shall have the right to carry insurance on the Items of Equipment for its own benefit and, unless required to be maintained by Lessee hereunder, at its expense; provided, however, that no such insurance shall be maintained if its maintenance would adversely affect Lessee's rights to maintain insurance as to the Items of Equipment with third party insurers when required to do so hereby or the cost to Lessee of obtaining or maintaining such insurance.

(b) Lessee's Right of Self-Insurance. So long as no Event of Default has occurred and is continuing, the Lessee may, in full satisfaction of all or any part of the insurance obligations contained in this Section 11, self-insure by way of deductible, premium adjustment provisions or otherwise in such amounts as are then customary self-insured with respect to similar equipment, in accordance with industry practice. In the event and to the extent that Lessee shall elect to self-insure as permitted by this Section 11(b), Lessee shall be relieved of its obligations contained in the second grammatical paragraph of Section 11(a).

SECTION 12. Loss, Requisition or Seizure. (a) Requisition. A taking of any Item of Equipment for use by any governmental entity shall not terminate this Lease with

respect to such Item of Equipment, but the Lessee shall remain liable for all its obligations hereunder and under the other Operative Documents with respect to such Item of Equipment, including, without limitation, its liability for payment of Rent, unless and until such taking becomes an Event of Loss hereunder, at which time the provisions of Section 12(b) shall apply. So long as such taking shall not have become an Event of Loss hereunder, all payments received by the Lessor or the Lessee for use of such Item of Equipment as a result of such taking during the Lease Term shall be paid over to, or retained by, the Lessee except if an Event of Default shall have occurred and be continuing in which event such payments shall be payable to the Lessor, or to whomever shall be entitled to receive the same, subject to an accounting, conducted at the Lessee's expense, between the Lessor and the Lessee immediately upon the curing of such Event of Default. Provided no Event of Default shall have occurred and be continuing, after an Event of Loss with respect to an Item of Equipment, all payments received by the Lessor or the Lessee for use of such Item of Equipment under this paragraph (a) shall be paid over to, or retained by, the Lessee if the Lessee has either made payment to the Lessor for any such Item of Equipment as provided in Section 12(b) or replaced any such Item of Equipment as provided in Section 12(c); otherwise all such payments shall be retained by or paid over to the Lessor or to whomever shall be entitled to receive the same, subject to an accounting, conducted at the Lessee's expense, between the Lessor and the Lessee immediately upon the curing of such Event of Default.

(b) Event of Loss. Subject to the provisions of paragraph (c) below, on the Payment Date next succeeding the date of such Event of Loss or, if such next Payment Date occurs less than 120 days after the date of such Event of Loss, then on the next following Payment Date (but no later than 90 days after the final Payment Date), the Lessee shall pay to the Lessor, or to whomever shall be entitled to receive the same, (w) the Stipulated Loss Value for any Item of Equipment in respect of which there shall have occurred an Event of Loss for which Stipulated Loss Value has not theretofore been paid, computed as of such Payment Date (or, in the case of an Event of Loss resulting in a payment to be made after, but not later than 90 days after, the final Payment Date with respect to any Item of Equipment for which Stipulated Loss Value has not theretofore been paid or in the event of an extension of the Lease Term pursuant to Section 5(a), 5(c) or 5(d), computed as of the final Payment Date), plus (x) if the

date the payment of Stipulated Loss Value shall be due shall be other than a Payment Date, an amount equal to interest at the Overdue Rate specified in clause (ii) of the definition thereof computed for the period from, and including, the final Payment Date to, but excluding, the date such Stipulated Loss Value shall be paid, plus (y) the Basic Rent, Fixed Rate Renewal Rent or Fair Market Renewal Rent, as the case may be, payable on such Payment Date (if and to the extent such Basic Rent, Fixed Rate Renewal Rent or Fair Market Renewal Rent, as the case may be, is then being paid in "arrears," as provided in the applicable Lease and Indenture Supplement) plus (z) all other unpaid Rent for such Item of Equipment accrued to the date of such payment of Stipulated Loss Value due in respect of such Event of Loss. After the payment in full of such Stipulated Loss Value and such other amounts, the Lessee's obligation to pay further Basic Rent, Fixed Rate Renewal Rent or Fair Market Renewal Rent, as the case may be, with respect to such Item of Equipment shall terminate.

All payments received by the Lessor or the Lessee from any governmental authority or otherwise as compensation for an Event of Loss with respect to any Item of Equipment shall be applied in reduction of the Lessee's obligation to pay the Stipulated Loss Value of such Item of Equipment if not already paid by the Lessee, or if already paid by the Lessee (and if no Event of Default or Specified Default has occurred and is continuing), shall be applied to reimburse the Lessee for its payment of Stipulated Loss Value, and the balance, if any, of such payments shall be shared between the Lessee and the Lessor as their interests may appear, provided, however that the balance of any such payments constituting insurance payments shall be retained by the Lessee. In the event that the Lessee shall make payment as provided above, including payment by application of compensation or insurance proceeds and shall pay all other Rent then owing under this Lease with respect to an Item of Equipment subject to an Event of Loss, this Lease shall terminate with respect to such Item of Equipment and as soon as no Event of Default or Specified Default has occurred and is continuing the Lessee or its designee (i) shall be subrogated to all rights that the Lessor shall have with respect to such Item of Equipment, (ii) shall, subject to the Lessee's obtaining any governmental consents required, receive assignments and bills of sale from the Lessor (in such form as the Lessee or such designee shall reasonably require) of any or all such rights, together with all the Lessor's right, title and interest in and to such Item of Equipment, free and clear of any Owner

Encumbrances, but otherwise without any representation, recourse or warranty of any character on the part of the Lessor, and (iii) shall have the right to abandon such Item of Equipment to underwriters on behalf of the Lessor as well as itself. In such case, the Lessor shall, at the Lessee's expense and on an After-Tax Basis to the Lessor and the Owner Participant, execute or cause to be executed such documents and take such other action as the Lessee shall require to effect the surrender to the insurance underwriters of such Item of Equipment.

(c) Replacement. Upon the occurrence of an Event of Loss, other than an Event of Loss described in clause (vii) of the definition thereof, provided no Event of Default or Specified Default shall have occurred and be continuing, the Lessee may, in lieu of payment of the Stipulated Loss Value for any Item of Equipment due and owing as provided in subsection (b) above, and upon notice to the Lessor and the Indenture Trustee given no later than 85 days after the date of such Event of Loss, convey or cause to be conveyed to Lessor, within 270 days of the date of such Event of Loss, as replacement for any such Item of Equipment with respect to which an Event of Loss occurred, title to a replacement Item of Equipment of the same or similar type, free and clear of all liens and having a then value, utility, remaining useful life and estimated residual value at least equal to, and being in as good operating condition as, such Item of Equipment with respect to which an Event of Loss occurred assuming such Item of Equipment was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss (other than the last sentence of Section 7) (such replacement Item of Equipment being hereinafter referred to as a "Replacement Item of Equipment"). Prior to or at the time of any such conveyance, the Lessee, at its own expense, will furnish the Lessor with (i) a seller bill of sale, in form and substance satisfactory to Lessor and the Indenture Trustee, with respect to such Replacement Item of Equipment, (ii) a Lease and Indenture Supplement, substantially in the form of Exhibit A hereto with appropriate modifications, subjecting such Replacement Item of Equipment to this Lease, duly executed by the Lessee, for execution by the Lessor and the Indenture Trustee and, upon such execution, for filing for recordation in the same manner as provided for herein and in the Indenture (and the Lessee shall promptly file the same for recordation and furnish to each of Lessor and the Indenture Trustee satisfactory evidence thereof), (iii) an opinion of the Lessee's counsel to the effect that (x) the bill of sale

referred to in clause (i) above constitutes a legal, valid, binding and enforceable obligation of the seller (subject to customary qualifications as to bankruptcy and equitable principles), (y) legal title and ownership of such Replacement Item of Equipment has been conveyed to the Lessor free and clear of all liens, and (z) all filings, recordings and other action necessary or appropriate to perfect and protect the Lessor's and the Indenture Trustee's respective interests in the Replacement Item of Equipment have been accomplished, (iv) an acknowledgment by the Lessee to the Owner Participant, in form and substance reasonably satisfactory to the Owner Participant, that the Lessee will indemnify the Owner Participant for any loss or deferral of depreciation or other adverse tax consequences resulting from such replacement as provided in the Tax Indemnification Agreement and Section 12.2 of the Participation Agreement, (v) an Officer's Certificate addressed to the Lessor and the Indenture Trustee certifying that as of said date, and upon consummation of the replacement, no Default or Event of Default exists, and (vi) such other documents and evidence as the Owner Participant, the Lessor or Indenture Trustee, or their respective counsel, may reasonably request in order to establish the consummation of the transactions contemplated by this Section 12(c), including, without limitation, evidence of compliance with Section 11 with respect to the Replacement Item of Equipment. For all purposes hereof, upon passage of title thereto to the Lessor the Replacement Item of Equipment shall be deemed part of the property leased hereunder and the Replacement Item of Equipment shall be deemed a "Item" of Equipment as defined herein. Upon full compliance by the Lessee with the terms of this sub-section (c) as determined by the Lessor in good faith, the Lessor will transfer to the Lessee, without recourse or warranty (except as to the absence of Owner Encumbrances) and subject to a disclaimer satisfactory to the Lessor of all liabilities, including tort and negligence with respect to such Item of Equipment, all of the Lessor's right, title and interest, if any, in and to such replaced Item of Equipment with respect to which an Event of Loss occurred. No Event of Loss with respect to an Item of Equipment under the circumstances contemplated by the terms of this Section 12(c) shall result in any reduction in Basic Rent, Fixed Rate Renewal Rent or Fair Market Renewal Rent, as the case may be. In the event that the Replacement Item of Equipment has a higher value, utility, longer useful life or higher estimated residual value than the Item of Equipment being replaced, the Lessee will have the right, within one year from the date such Replacement Item of

Equipment is placed under the Lease, to substitute in accordance with the foregoing provisions such Replacement Item of Equipment with another Item of Equipment having at the time of substitution the then equivalent value, utility, remaining useful life and estimated residual value that the original Item of Equipment that was subject to the Event of Loss would have had assuming such Item of Equipment was in the condition and repair required by the terms hereof immediately prior to the substitution (other than the last sentence of Section 7), provided, however, that the Lessor will not suffer any unindemnified adverse tax consequences from the exercise by the Lessee of such substitution right.

SECTION 13. Burdensome Buyout; Termination for Obsolescence. (a) Burdensome Buyout. (i) Lessee's Election. If a Burdensome Buyout Event occurs, the Lessee shall have the right, at its option, on at least 60 days' prior written notice to Lessor (which notice shall specify whether or not the Lessee will assume the Notes pursuant to Section 304 of the Indenture), to terminate this Lease and purchase all, but not less than all, of the Equipment then leased hereunder on the Payment Date occurring on, or first following, the sixtieth day after the giving of written notice to the Lessor (the "Termination Date"); provided, however, that Lessee agrees, on behalf of the Lessor, to give a notice of redemption to the Indenture Trustee with respect to the Notes Outstanding to be redeemed pursuant to Section 301(b) of the Indenture in connection with such termination (unless Lessee has elected to assume the Notes); provided further, that the Termination Date must occur within 365 days of the occurrence of the Burdensome Buyout Event; and provided, finally, that if the Lessee has elected to assume the Notes, in connection with such assumption the Owner Participant and the Lessor shall be released from all of their respective obligations and liabilities under and with respect to the Notes and the other Operative Documents and shall be discharged without further act or formality whatsoever from all obligations and liabilities pursuant and with respect to the Notes, in accordance with Section 304 of the Indenture.

(ii) Termination Payment. On the Termination Date (A) Lessee shall pay to Lessor (I) if such purchase is to be made free and clear of the lien of the Indenture, (w) the Burdensome Buyout Value, plus (x) all Supplemental Rent (including Supplemental Rent attributable to Lessee's exercise of its rights under this Section 13(a)) due and owing on such Termination Date, plus (y) any accrued and unpaid

Basic Rent, Fixed Rate Renewal Rent or Fair Market Renewal Rent payable in arrears on such date, plus (z) any overdue Rent, or (II) if the Notes are to be assumed by the Lessee, the sum referenced in (I) above less an amount equal to the aggregate principal amount of the Notes Outstanding on the Termination Date (reduced by any principal amount due on the Termination Date) plus any Supplemental Rent referenced in clause (x) of (I) above attributable to Premium on the Notes, and (B) (x) Lessor shall transfer, without recourse or warranty (except as to the absence of Owner Encumbrances), all of its right, title and interest in and to the Equipment to Lessee or its designee against payment by Lessee of the amounts provided for in this Section 13(a), and (y) this Lease shall terminate.

(b) Termination for Obsolescence. Notwithstanding any provision herein contained to the contrary, so long as no Event of Default shall have occurred and be continuing, if in the Lessee's sole good faith opinion (as confirmed by a Certificate of Lessee's Chief Financial Officer delivered to the Lessor and the Indenture Trustee) the Equipment is determined to be obsolete or surplus to the Lessee's requirements, the Lessee shall have the right at its option, on at least 180 days' prior irrevocable written notice to the Lessor and the Indenture Trustee, to terminate this Lease with respect to all, but not less than all, of the Equipment then being leased under this Lease on any Payment Date (for the purpose of this Section 13(b) called the "Obsolescence Termination Date") specified in such notice; provided, however, that the Lessee agrees, on behalf of the Lessor, to give a notice of redemption to the Indenture Trustee with respect to the Notes Outstanding to be redeemed pursuant to Section 301(b) of the Indenture in connection with such termination; and provided further, that (i) the Obsolescence Termination Date shall occur after the seventh anniversary of the Funding Date and (ii) such Obsolescence Termination Date shall occur on a Payment Date at least 60 days after the Lessee, on behalf of the Lessor, gives the notice to the Indenture Trustee referred to in the first proviso to this sentence.

During the period from the giving of such notice until the Obsolescence Termination Date, the Lessee, as agent for the Lessor, shall use its best efforts to obtain bids for the purchase of such Equipment for cash, and the Lessee shall certify to the Lessor the amount of any such bid and the name and address of the party submitting any such bid. On the Obsolescence Termination Date the Owner Trustee shall sell such Equipment for cash to the bidder

who shall have submitted the highest bid prior to the
Obsolescence Termination Date; provided, however, that the
purchaser of such Equipment shall be a Person other than
the Lessee, any Affiliate of the Lessee or any successor or
assign of the Lessee and shall agree in writing not to
sell, lease or otherwise make available such Equipment to
the Lessee for a period of five years from the date of
purchase thereof. The sales price (net of direct selling
expenses (including all taxes and brokerage fees) of the
Lessor and of the Owner Participant) realized at such sale
shall be paid to the Lessor, and, in addition, on the
Obsolescence Termination Date the Lessee shall pay to the
Lessor, the amount, if any, by which (i) an amount equal to
the higher of the Fair Market Sales Value of the Equipment
(determined by the Appraisal Process) and the Stipulated
Loss Value, computed as of such Payment Date, exceeds (ii)
the sales price of such Equipment net of direct selling
expenses (including all taxes and brokerage fees) of the
Lessor and the Owner Participant. In addition, the Lessee
shall pay to the Lessor or to whoever shall be entitled to
receive the same, the amount of the Basic Rent, Fixed Rate
Renewal Rent or Fair Market Renewal Rent, as the case may
be, (if and to the extent Basic Rent, Fixed Rate Renewal
Rent or Fair Market Renewal Rent, as the case may be, is
then being paid in "arrears," as provided in the applicable
Lease and Indenture Supplement) payable on such Payment
Date plus all other Rent then due. If no sale shall occur
on the Termination Date, this Lease will continue in full
force and effect. In the event of termination of this
Lease pursuant to this Section 13(b) and the receipt by the
Lessor, or by whoever shall be entitled to receive the
same, of all amounts above described as payable, the obli-
gation of the Lessee to pay Basic Rent in respect of such
Equipment on each Payment Date shall terminate. The Lessor
shall be under no duty to solicit bids (but shall have the
right to do so), to inquire into the efforts of the Lessee
to obtain bids, to review any bids received or otherwise to
take any action or incur any cost or expense in connection
with any sale pursuant to this Section 13(b) other than to
transfer or to cause to be transferred to the purchaser
named in the highest bid certified by the Lessee to the
Lessor as above provided all the Lessor's right, title and
interest in and to such Equipment. The Lessee reserves the
right to reject any bid in an amount less than Stipulated
Loss Value submitted and continue the Lease, provided that
the Lessee will reimburse the Lessor and the Owner Parti-
cipant for out-of-pocket expenses incurred in good faith in
connection with the proposed termination of this Lease.
Such amounts will be payable as Supplemental Rent promptly

(and in any event within 30 days of the demand therefor). In the event the Lessee exercises this rejection right, the Lessee may initiate such termination procedure not more than two additional times during the Lease Term. Any sale pursuant to this Section 13(b) shall be free and clear of the Lessee's rights to such Equipment, and any Owner Encumbrances but otherwise shall be made without any representation, recourse or warranty whatsoever on the part of the Lessor except that the Lessor shall warrant to the purchaser that such Equipment is free and clear of all Owner Encumbrances.

The foregoing provisions of the immediately preceding paragraph to the contrary notwithstanding, the Lessor may, by notice in writing given to the Lessee on or prior to the Obsolescence Termination Date, elect to retain such Equipment, in which event the Lessor (i) shall pay, or provide for the payment of, the aggregate principal amount of the Notes Outstanding and accrued interest on the amount of such principal to the Obsolescence Termination Date, and (ii) upon receipt from the Lessee of the amount of Basic Rent, Fixed Rate Renewal Rent or Fair Market Renewal Rent, as the case may be (if and to the extent Basic Rent, Fixed Rate Renewal Rent or Fair Market Renewal Rent, as the case may be, is then being paid in "arrears," as provided in the applicable Lease and Indenture Supplement) payable on such Obsolescence Termination Date, plus an amount equal to the Premium on the Notes, plus all other Rent then due, shall deliver to the Lessee a release of all obligations of the Lessee to pay additional Basic Rent, Fixed Rate Renewal Rent or Fair Market Renewal Rent, as the case may be, with respect to such Equipment, as well as of the obligation of the Lessee to pay Stipulated Loss Value in respect thereof.

SECTION 14. Events of Default. Each of the following events shall constitute an "Event of Default" (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body or other Applicable Law):

(a) the Lessee shall fail to make any payment of Basic Rent, Interim Rent, Fixed Rate Renewal Rent or Fair Market Renewal Rent or any payment of Supplemental Rent (including Stipulated Loss Value) pursuant to Section 12 or of Burdensome Buyout Value or Supplemental Rent (including Stipulated Loss Value)

pursuant to Section 13, in each case on the date the same shall become due and such failure shall be continuing at the end of the 10th Business Day after such payment shall become due; or

(b) the Lessee shall fail to make any other payment of Supplemental Rent or any other payment required hereunder other than as specified in the foregoing clause (a) before the end of the 30th day after the Lessee shall have received written demand for such payment; or

(c) any insurance required to be maintained pursuant to Section 11 hereof shall fail to be in full force and effect or the Lessee shall fail to observe or perform the terms, covenants or conditions set forth in Section 24 of the Participation Agreement; or

(d) the Lessee shall fail to perform or observe any other material term, covenant or condition to be performed or observed by it hereunder or under any other Operative Document to which it is a party (except for the Tax Indemnification Agreement) and the Lessee shall not have cured such failure on or prior to the 30th day after the Lessee shall have received written notice of such failure, unless such breach is capable of being cured and action has been taken within such 30-day period to commence such cure and such action is being diligently pursued, provided that the total cure period shall not exceed the lesser of 270 days and the number of days remaining in the Lease Term; or

(e) any material representation or warranty made by the Lessee herein or in any Operative Document (other than the Tax Indemnification Agreement) or any document or certificate (other than representations or warranties relating to the Appraisal) furnished by it to the Lessor, the Indenture Trustee or the Owner Participant in connection with the transactions contemplated by the Operative Documents shall prove at any time to be incorrect as of the date made and such breach is not remedied within 30 days after the Lessee shall have received written notice of such breach, unless such breach is capable of being cured and action has been taken within such 30-day period to commence such cure and such action is being diligently pursued, provided that the total cure period shall not

exceed the lesser of 270 days and the number of days remaining in the Lease Term; or

(f) the Lessee shall file a voluntary case or petition in bankruptcy or a voluntary case or petition or an answer seeking reorganization in a proceeding under any applicable bankruptcy or insolvency law (as now or hereafter in effect) or an answer admitting the material allegations of a petition filed against the Lessee in any such case or proceeding, or the Lessee shall voluntarily answer or consent, seek relief under the provisions of any now existing or future bankruptcy, insolvency or other similar law providing for the liquidation, reorganization or winding-up of corporations, or providing for an agreement, composition, extension or adjustment with its creditors, or the Lessee shall make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts as they become due or shall be insolvent or generally unable to pay its debts as they come due, or the Lessee shall take any corporate action in furtherance of any of the foregoing; or

(g) a receiver, trustee, liquidator or custodian of the Lessee or of a substantial part of its property shall be appointed by court order and such order shall remain in effect for more than 90 days; or the Lessee shall be adjudicated bankrupt or insolvent or any of its properties shall be sequestered by court order and such order shall remain in effect for more than 90 days; or a case or petition shall be filed against the Lessee under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and shall not be dismissed within 90 days after such filing.

SECTION 15. Action Following an Event of Default. Upon the occurrence of an Event of Default and at any time thereafter so long as the same shall be continuing, the Lessor may, at its option, declare this Lease to be in default (except that no such declaration shall be required in the case of an Event of Default pursuant to paragraph (f) or (g) of Section 14); and at any time thereafter, so long as the Lessee shall not have remedied all outstanding Events of Default, the Lessor may do, and the Lessee shall comply with, one or more of the following, as the Lessor in its sole discretion shall so elect, to the

extent permitted by and subject to compliance with, any mandatory requirements of Applicable Law then in effect:

(a) Redelivery and Retaking. Upon written demand, the Lessor may cause the Lessee, at the Lessee's expense, to, and the Lessee hereby agrees that it will, promptly redeliver the Equipment, or cause the Equipment to be redelivered, to the Lessor with all reasonable dispatch and in the same manner and in the same condition as if the Equipment were being redelivered in accordance with all the provisions of Sections 5(a) and 5(b) and all obligations of the Lessor under said Sections shall apply to such redelivery, provided, that (i) Basic Rent, Fixed Rate Renewal Rent or Fair Market Renewal Rent, as the case may be, shall continue to accrue on each Item of Equipment until it is redelivered to a Redelivery Location or into storage, as the case may be and (ii) the Lessor shall have the right to store each such redelivered Item of Equipment on storage tracks selected and owned or controlled by the Lessee free of charge and at the Lessee's risk; or the Lessor or its agent, at the Lessor's option, without further notice, may, but shall be under no obligation to, retake the Equipment wherever found, and irrespective of whether the Lessee, any sublessee or any other Person is in possession of the Equipment or any Item of Equipment, all without prior demand and without legal process or summary proceedings, and for that purpose the Lessor or its agent may enter upon any premises, where any such Item of Equipment is and may take possession thereof, without the Lessor or its agent incurring any liability by reason of such retaking, whether for the restoration of damage to property caused by such retaking or for damages of any kind to any Person for or with respect to any cargo carried, or to be carried by such Item of Equipment or for any other reason. The exercise by the Lessor of its remedies under this paragraph (a) shall be without prejudice, and in addition, to any of the Lessor's other remedies referred to below in this Section 15.

(b) Damages. Provided the Lessor shall not have exercised any remedies under paragraph (c) of this Section 15, the Lessor, by written notice to the Lessee specifying a payment date not earlier than 10 days from the date of such notice, may 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, as damages for loss of a bargain and not as a penalty, and in lieu of any further payments of Basic Rent, Fixed Rate Renewal Rent or Fair Market Renewal Rent, as the case may be, hereunder with respect to the Equipment, all Basic Rent, Fixed Rate Renewal Rent or Fair Market Renewal Rent, as the case may be, for the Equipment, payable on the Payment Date occurring on (if Basic Rent, Fixed Rate Renewal Rent or Fair Market Renewal Rent, as the case may be, is then being paid in "arrears," as provided in the applicable Lease and Indenture Supplement) or before the payment date specified in such notice, plus any Supplemental Rent then due, plus an amount equal to the Stipulated Loss Value for the Equipment computed as of the Payment Date specified in such notice (or as of the prior Payment Date if such payment date is not 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 Stipulated Loss Value shall be computed to and including the date of actual payment, and, provided, that if the Lessee shall have made the foregoing payments in full and all other payments of Supplemental Rent thereafter due, as and when due, 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 Equipment (after deducting all costs and expenses whatsoever incurred by the Lessor, the Owner Participant and the Indenture Trustee in connection therewith and all other amounts which may become payable to the Lessor and the Owner Participant with respect thereto) up to the amount of such Stipulated Loss Value actually paid.

(c) Alternate Damages. Whether or not the Lessor shall have exercised, or shall there-after at any time exercise, any options, rights or remedies under paragraph (a) or (d) of this Section 15, the Lessor, in lieu of exercising its rights under paragraph (b) of this Section 15, may, by notice to the Lessee specifying a Payment Date which is not earlier than 10 days after the date of such notice, demand that the Lessee pay to the Lessor and the Lessee shall pay to the Lessor, on such Payment Date, as damages for loss of a bargain and not as a penalty, and in lieu of Basic Rent, Fixed Rate Renewal Rent or Fair Market Renewal Rent, as the case may be, for the Equipment due after such Payment Date, all unpaid Basic Rent, Fixed Rate Renewal Rent or Fair Market

Renewal Rent, as the case may be, for the Equipment payable on each Payment Date occurring on (if Basic Rent, Fixed Rate Renewal Rent or Fair Market Renewal Rent, as the case may be, is then being paid in "arrears," as provided in the applicable Lease and Indenture Supplement) or prior to such Payment Date, plus any Supplemental Rent then due with respect therefor, plus whichever of the following amounts the Lessor, in its sole discretion, shall specify in such notice (together with interest on such amount at the Overdue Rate for the period from the Payment Date specified in such notice to the date of actual payment):

(i) an amount equal to the excess, if any, of the remaining Basic Rent, Fixed Rate Renewal Rent or Fair Market Renewal Rent, as the case may be, of the Equipment computed as of the Payment Date specified above with respect to such notice, over the Fair Market Rent thereof, determined by an Appraiser selected by the Lessor, for the remainder of the Lease Term after discounting each of such remaining Rent and such Fair Market Rent semi-annually to present worth as of such Payment Date at a rate equal to 7.34% per annum; or

(ii) an amount equal to the excess, if any, of the Stipulated Loss Value of the Equipment computed as of the Payment Date specified in such notice, over the Fair Market Sale Value thereof, determined by an Appraiser selected by the Lessor, as of such Payment Date;

provided, however, that if any Item of Equipment is not in the possession or under the control of the Lessor the Fair Market Rent and the Fair Market Sale Value, as appropriate, of such Item of Equipment for purposes of this Section 15(c) shall be deemed to be equal to zero.

(d) Sale; Use. The Lessor or its agent may sell any Item of Equipment at a public or private sale, by such advertisement or publication, if any, as the Lessor may determine, or otherwise may dispose of, hold, use, operate, lease (whether for a period greater or less than the balance of what would have been the Lease Term in the absence of the termination of the Lessee's rights to such Item of Equipment) to

others or keep idle such Item of Equipment, all on such terms and conditions and at such place or places as the Lessor may in its sole discretion determine and all free and clear of any rights of the Lessee and of any claim of the Lessee in equity, at law or by statute, whether for loss or damage or otherwise, and without any duty to account to the Lessee except to the extent specifically provided in paragraph (b) above.

(e) Other Remedies. Subject to and without prejudice to any right or claim of the Indenture Trustee under the Indenture, the Lessor may exercise any other right or remedy, not inconsistent with the foregoing, that may be available to it under Applicable Law in equity or proceed by appropriate court action to enforce the terms of this Lease or to recover damages for the breach hereof or to rescind this Lease.

In addition, the Lessee shall be liable, on an After-Tax Basis, for any and all Supplemental Rent payable hereunder before, during or after the exercise of any of the foregoing remedies, which Supplemental Rent shall include all reasonable legal fees and other costs and expenses incurred by the Lessor, the Owner Participant, the Indenture Trustee and any Holder by reason of the occurrence of any Event of Default or by reason of the exercise by the Lessor, the Owner Participant or the Indenture Trustee of any remedy hereunder, including, without limitation, any costs and expenses incurred by the Owner Participant, the Lessor, the Indenture Trustee or any Holder in connection with any retaking of any Item of Equipment or, upon the redelivery or retaking of such Item of Equipment in accordance with this Section 15, the placing of such Item of Equipment in the condition required by the terms of Sections 5(b) and 7 (other than the last sentence thereof). Except as specifically provided herein, no remedy referred to in this Section 15 is intended to be exclusive, but each shall be cumulative and is in addition to, and may be exercised concurrently with, any other remedy which is referred to in this Section 15 or which may otherwise be available at law, or in equity, it being understood that the foregoing is not intended to limit any obligation provided by law to mitigate damages. Further, said foregoing damages under clause (b) or (c) above will be considered so as to preclude any double recovery as to any direct or consequential damages. To the extent not required to satisfy any Notes and other amounts then payable under the

Indenture, there shall be deducted from the aggregate amount so recoverable by the Lessor the net balance, if any, remaining of any moneys held by the Lessor which would have been required by the terms hereof or any other Operative Document to have been paid to the Lessee but for the occurrence of an Event of Default. To the extent permitted by Applicable Law, the rights of the Lessor and the obligations of the Lessee under this Section 15 shall be effective and enforceable regardless of the pendency of any proceeding which has or might have the effect of preventing the Lessor and the Lessee from complying with the terms of this Lease. No express or implied waiver by the Lessor of any Event of Default shall in any way be, or be construed to be, a waiver of any further or subsequent Event of Default.

SECTION 16. Notices. All notices, demands, declarations and other communications required under the terms and provisions hereof shall be in writing, and shall be addressed (i) if to the Lessee, at its address at 37th Floor, One First National Plaza, Chicago, Illinois, 60603, Attention: Treasurer; (ii) if to the Lessor or the Bank at its address at 127 Public Square, Society Center, 15th Floor, Cleveland, Ohio 44114, Attention: C.M. Nagy, Vice President, Corporate Trust Division with a copy to the Owner Participant at its address specified in the Participation Agreement, (iii) if to the Indenture Trustee, at its address at Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890, Attention: Corporate Trust Administration, (iv) if to any Participant, at its respective address specified in the Participation Agreement, or (v) if to any of the foregoing, at such other address as such Person may from time to time designate in writing to the other Persons referred to in this Section 16. Unless otherwise expressly specified or permitted by the terms hereof, all communications and notices provided for herein shall be in writing, and any such notice shall become effective (a) upon personal delivery thereof, including, without limitation, by overnight mail and courier service, (b) in the case of notice by United States mail, certified or registered, postage prepaid, return receipt requested, three days after being so deposited in the United States mail, or (c) in the case of notice by facsimile transmission, upon telephone confirmation thereof.

SECTION 17. Further Assurances and Financial and Other Information. (a) Further Assurances; Perfection of Security Interests. The Lessee, at its expense, hereby

agrees promptly and duly to execute and deliver to the Lessor or the Indenture Trustee such further documents and assurances and take such further action as the same may from time to time reasonably request in order more effectively to carry out the intent and purpose of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of the Lessor and the Indenture Trustee hereunder and under the Indenture. The Lessee, at its expense, will at all times cause to be kept filed, and refiled any required financing and continuation statements and cause to be taken such other actions, as in the opinion of counsel to the Lessor, the Loan Participants, the Indenture Trustee or the Owner Participant are required by law in order fully to perfect, preserve and protect the rights, titles and interests of the Lessor and the lien of the Indenture. The Lessee will pay or cause to be paid all taxes, fees and other charges in connection with such filing and refileing.

(b) Information as to Lessee. The Lessee agrees to furnish to the Lessor, the Owner Participant, the Indenture Trustee and, in the case of clauses (i), (ii), (iii) and (viii) of this Section 17(b), each Holder, in quantities reasonably requested, the following:

(i) Within 120 days after the end of each fiscal year of the Lessee, the Lessee's annual report on Form 10-K (or such other form containing the same information as may be required by the Securities and Exchange Commission) for such year as filed with the Securities and Exchange Commission or, if the Lessee is not subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, a consolidated balance sheet of the Lessee and its consolidated Affiliates as of the end of the year, and a consolidated statement of income, shareholders' equity and cash flows of Lessee and its consolidated Affiliates for the year, setting out in each case, in comparative form, the consolidated figures for the previous fiscal year, all in reasonable detail, and accompanied by the opinion of independent public accountants selected by the Lessee stating that (i) the financial statements were prepared in accordance with generally accepted accounting principles and practices applied (except as otherwise specified in such opinion) on a basis consistent with that of the preceding fiscal year, and present fairly the financial condition of the Lessee and its consolidated Affiliates as of the end of such fiscal year and the

results of operations for the period then ended, and (ii) the audit by such accountants was made in accordance with generally accepted auditing standards;

(ii) Within 60 days after the end of each of the first three quarterly periods of each fiscal year of the Lessee, the Lessee's quarterly report on Form 10-Q (or such other form as may be required by the Securities and Exchange Commission) for such quarter as filed with the Securities and Exchange Commission or, if the Lessee is not subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, a consolidated balance sheet of the Lessee and its consolidated Affiliates as of the end of such quarterly period and consolidated statements of income and shareholders' equity of the Lessee and its consolidated Affiliates for such quarterly period, setting out in each case, in comparative form, the figures for the corresponding period of the previous fiscal year, all in reasonable detail and certified, subject to changes resulting from year-end audit adjustments, by the principal financial or accounting officer of the Lessee;

(iii) Promptly upon the filing thereof with the Securities and Exchange Commission, the Lessee's report on Form 8-K (or such other form containing the same information as may be required by the Securities and Exchange Commission);

(iv) Within 120 days after the end of each fiscal year of the Lessee, a certificate, signed by the Treasurer or principal financial officer of the Lessee, to the effect that the signer has reviewed the activities of the Lessee during the immediately preceding fiscal year and that he or she is not aware of any default in compliance by the Lessee with any of the covenants, terms and provisions of the Participation Agreement or any other Operative Document (except as specified), and if a Default or Event of Default exists specifying such Default or Event of Default and the nature and status thereof and certifying that insurance, if any, required by Section 11 hereof (including the self-insurance provisions) is in full force and effect and all premiums, if any, in respect of such insurance have been paid in full;

(v) On or before March 31, 1994, and on each March 31 thereafter, an accurate statement, as of the

preceding December 31, (a) showing the amount, description and reporting marks of the Items of Equipment then leased hereunder, the amount, description and reporting marks of all Items of Equipment that may have suffered an Event of Loss during the 12 months ending on such December 31 (or since the Funding Date, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as the lessor or the Owner Participant may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 9(d) hereof shall have been preserved or replaced;

(vi) Within 30 days of entering into a sublease of an Item of Equipment providing for a term (including renewal options) of more than one year, a copy of the sublease documentation;

(vii) Promptly, of the existence of any Default or Event of Default; and

(viii) Promptly upon request, such other information relating to the Lessee's financial condition and regulatory compliance as may reasonably be requested.

SECTION 18. Renewals and Purchase Options. (a) Renewal Terms. Provided that no Event of Default shall have occurred and then be continuing, the Lessee shall be entitled to give notice of its intention to renew this Lease, pursuant to the following terms and conditions, at its option with respect to any or all Sets then being leased under this Lease on the last day of the Basic Term for a Fixed Rate Renewal Term or a Fair Market Renewal Term (as provided below) commencing on the day immediately succeeding the last day of the Basic Term (the "Renewal Term Commencement Date"):

(i) Fixed Rate Renewal. A renewal pursuant to this clause (i) shall be referred to as a "Fixed Rate Renewal" and shall be made on the following terms and conditions:

(A) Notice. The Lessee may, by revocable notice to the Lessor at any time after the tenth anniversary of the Funding Date and at least 360 days prior to the expiration of the Basic Term, elect a Fixed Rate Renewal; such revocable notice

shall be deemed revoked unless the Lessee, by irrevocable written notice to the Lessor at any time after the tenth anniversary of the Funding Date and at least 180 days prior to the expiration of the Basic Term, elects a Fixed Rate Renewal.

(B) Fixed Rate Renewal Term. The period of a Fixed Rate Renewal (a "Fixed Rate Renewal Term") shall, subject to the renewal being able to meet the conditions set forth in this clause (B), be a period commencing on the Renewal Term Commencement Date therefor and ending on a Payment Date not earlier than the second annual anniversary thereof. The Fixed Rate Renewal Term shall, when added to the Interim Term plus the Basic Term: (1) not exceed 80% of the then estimated economic useful life of the Equipment determined using a life commencing on the Funding Date (the determination of such useful life to be made pursuant to paragraph (iii) below), and (2) be such that, upon the expiration of the Fixed Rate Renewal Term, the estimated residual value of the Equipment at such expiration (determined pursuant to paragraph (iii) below as of the Renewal Term Commencement Date for the Fixed Rate Renewal Term) would be at least equal to 20% of the Lessor's Cost therefor without taking into account inflation or deflation subsequent to the Funding Date. The latest date on which the conditions set forth in the immediately preceding sentence would be met is hereinafter referred to as the "Maximum Fixed Rate Renewal Termination Date." The Fixed Rate Renewal Term shall not commence if an Event of Default or a Specified Default shall have occurred and be continuing on the Renewal Term Commencement Date.

(C) Fixed Rate Renewal Rent. The rent for the Equipment during the Fixed Rate Renewal Term (hereinafter, the "Fixed Rate Renewal Rent") shall be an amount equal to 50% of the average Basic Rent payable during the Lease Term, payable in arrears on each Payment Date during such Fixed Rate Renewal Term (which, however, shall in all events be a Payment Date which falls within the limitations specified in subclause (B) above). Payment Dates during the Fixed Rate Renewal Term shall be semi-annual and shall be on the same day

of the same month as those applicable during the Basic Term. Stipulated Loss Value for each Item of Equipment for the Fixed Rate Renewal Term shall be calculated once on or before the beginning of the Fixed Rate Renewal Term and shall be an amount which (I) on the Renewal Term Commencement Date for the Fixed Rate Renewal shall be equal to the greater of 25% of the Lessor's Cost therefor or the Fair Market Sale Value of the Equipment as of such Renewal Term Commencement Date (as determined pursuant to paragraph (iii) below), and (II) thereafter shall be reduced semi-annually on each Payment Date on a straight-line basis from the initial Stipulated Loss Value determined pursuant to this clause (y) to 20% of the Lessor's Cost therefor at the Maximum Fixed Rate Renewal Termination Date and shall be payable in the same manner contemplated during the Basic Term.

(ii) Fair Market Renewals. A renewal pursuant to this clause (ii) shall be referred to as a "Fair Market Renewal" and shall be made on the following terms and conditions:

(A) Notice. The Lessee may, by revocable written notice to the Lessor at any time between the 425th day prior to the expiration of the Basic Term and the 360th day prior to the expiration of the Basic Term elect a Fair Market Renewal; such revocable notice shall be deemed revoked unless the Lessee, by irrevocable written notice to the Lessor at any time at least 180 days prior to the expiration of the Basic Term, elects a Fair Market Renewal.

(B) Fair Market Renewal Term. The period of a Fair Market Renewal for the Equipment shall be the period commencing on the Renewal Term Commencement Date therefor and ending on the second annual anniversary thereof (the "Fair Market Renewal Term"). The Fair Market Renewal Term shall not commence if an Event of Default or a Specified Default shall have occurred and be continuing on the Renewal Term Commencement Date.

(C) Fair Market Renewal Rent. The rent for the Equipment during the Fair Market Renewal Term (hereinafter the "Fair Market Renewal Rent")

shall be determined pursuant to the provisions of paragraph (iii) below and shall be payable in arrears on each Payment Date during the Fair Market Renewal Term. Payment Dates during any Fair Market Renewal Term shall be semi-annual and shall be on the same day of the same months as those applicable during the Basic Term. During the Fair Market Renewal Term, the Stipulated Loss Value for an Item of Equipment shall be an amount which (I) on the Renewal Term Commencement Date therefor, shall be equal to the greater of 25% of the Lessor's Cost therefor or the Fair Market Sale Value of the Equipment as of such Fair Market Renewal Term Commencement Date (as determined pursuant to paragraph (iii) below) and (II) during the remainder of such Fair Market Renewal Term, shall be reduced semi-annually on each Payment Date on a straight-line basis from the amount determined as of such Renewal Term Commencement Date to the estimated Fair Market Sale Value of the Equipment as of the last day of such Fair Market Renewal Term (as determined pursuant to paragraph (iii) below), and shall be payable in the same manner contemplated during the Basic Term.

(iii) General. In connection with any Renewal Term for the Equipment, a determination shall be made as of the applicable Renewal Term Commencement Date (and in the case of clause (y) below, as of the last day of the Fair Market Renewal Term), pursuant to the Appraisal Procedure and which shall take inflation into account, among other things, in connection with such determination, of (w) the then estimated economic useful life of the Equipment utilizing a life commencing on the Funding Date (in the case of a Fixed Rate Renewal only), (x) the last date on which such then estimated residual value of the Equipment (without regard to inflation or deflation subsequent to the Funding Date) is projected to be equal to 20% of the Lessor's Cost therefor (in the case of a Fixed Rate Renewal only), (y) the Fair Market Value of the Equipment as of the applicable Renewal Term Commencement Date, and as of the last day of the Fair Market Renewal Term, as the case may be, and (z) in the case of a Fair Market Renewal only, the Fair Market Renewal Rent for the Equipment for the Fair Market Renewal Term. Such determination shall be made within the time periods required pursuant to the Appraisal Pro-

cedure and in any event shall be completed at least 185 days prior to the applicable Renewal Term Commencement Date.

(iv) All provisions of this Lease shall be applicable during any Renewal Term, except that the Basic Rent and Stipulated Loss Values payable under this Lease during any such Renewal Term shall be those determined pursuant to this Section 18(a).

(b) Purchase Option.

(i) End of Basic Term Option. The Lessee shall, at its option, be entitled at the expiration of the Basic Term, (A) upon receipt by the Lessor of a revocable written notice at any time after the tenth anniversary of the Funding Date and prior to the seventeenth anniversary of the Funding Date (however, such revocable notice shall be deemed revoked and there shall be no purchase option under this clause (A) unless the Lessor receives an irrevocable written notice any time after the tenth anniversary of the Funding Date and prior to the seventeenth anniversary of the Funding Date), to purchase all, but not less than all, of the Equipment then being leased under this Lease on the last day of the Basic Term or (B) upon receipt by the Lessor of a revocable written notice between the 425th day prior to the expiration of the Basic Term and the 360th day prior to the expiration of the Basic Term (however, such revocable notice shall be deemed revoked and there shall be no purchase option under this clause (B) unless the Lessor receives an irrevocable written notice not more than 360 days, but not less than 180 days, prior to the expiration of the Basic Term), to purchase any or all Sets then being leased under this Lease on the last day of the Basic Term, in each case for a price equal to the Fair Market Sale Value thereof on the last day of the Basic Term, and in the case of clause (A) above, for a price that shall not be less than 30% of Lessor's Cost. Such notice shall cease to be effective, at the option of the Lessor, if an Event of Default has occurred and is continuing and if the Lessor notifies the Lessee of the cessation of effectiveness.

(ii) End of Fixed Rate Renewal Term Option. The Lessee shall, at its option, be entitled at the expiration of the Fixed Rate Renewal Term, upon receipt by the Lessor of a revocable written notice between the 425th day prior to the expiration of the Fixed Rate Renewal Term and the 360th day prior to the expiration of the Fixed Rate Renewal Term (however, such revocable notice shall be deemed

revoked and there shall be no purchase option under this clause (ii) unless the Lessor receives an irrevocable written notice not more than 360 days, but not less than 180 days, prior to the expiration of the Fixed Rate Renewal Term), to purchase any or all Sets then being leased under this Lease on the last day of the Fixed Rate Renewal Term for a price equal to the Fair Market Sale Value thereof. Such notice shall cease to be effective, at the option of the Lessor, if an Event of Default has occurred and is continuing if the Lessor notifies the Lessee of the cessation of effectiveness.

(iii) Notice. If the Lessee has not been notified that its option has ceased to be effective in accordance with Section 18(b)(i) or (ii), the Lessee, may, by written request to the Lessor at any time after the giving of an unrevoked revocable notice require that a determination be made under clause (iv) of this Section 18(b) of the Fair Market Sale Value of the Equipment.

(iv) Determination. A determination of the Fair Market Sale Value of the Equipment shall be made pursuant to the Appraisal Procedure (which shall be made within the time periods required by the Appraisal Procedure and which shall take into account reasonably anticipated inflation between the valuation date and the purchase date, among other things).

(v) Purchase. Following the exercise of its purchase option, the Lessee shall pay or cause to be paid to the Lessor, on the expiration of the Basic Term or Fixed Rate Renewal Term, as the case may be, an amount equal to the Fair Market Sale Value for the Equipment to be purchased pursuant to this Section 18(b), and upon such payment and the payment by the Lessee of all Rent payable on or before such expiration date with respect to the Equipment (including, without limitation, the Basic Rent or Fixed Rate Renewal Rent, as the case may be, becoming due and payable on such expiration date), and compliance with any requirements of law with respect to such purchase that are then in effect, the Lessor shall transfer all its right, title and interest in and to such Equipment to the Lessee, without any representation, recourse or warranty on the part of the Lessor except that the Lessor shall warrant to the Lessee that such Equipment is free and clear of all Owner Encumbrances.

SECTION 19. The Indenture Trustee. The provisions of this Lease that require or permit action by, the

payment of any moneys to, the consent or approval of, the furnishing of any instrument or information to, or the performance of any other obligation to, the Indenture Trustee shall not be effective, and the Sections hereof containing such provisions shall be read as though there were no such requirements or provisions and all moneys otherwise payable to the Indenture Trustee hereunder shall be paid to the Lessor after the lien of the Indenture has been released in accordance with Section 401 of the Indenture and the Indenture Trustee shall have given the Lessee and the Lessor written notice of the satisfaction and discharge of the Indenture.

SECTION 20. Warranty Enforcement. If no Event of Default has occurred and is continuing, the Lessor constitutes the Lessee as the agent and attorney-in-fact of the Lessor for the purpose of exercising and enforcing, and with full right, power and authority to exercise and to enforce, to the exclusion of the Lessor and all Persons claiming through or under the Lessor, all of the right, title and interest of the Lessor in, under and to all manufacturer's and Sellers' warranties, including, but not limited to, all warranties, indemnities and other rights under the bills of sale from the manufacturer to Seller, the Bill of Sale and all agreements of the manufacturer of the Equipment relating to its manufacture and sale. The Lessor, at the Lessee's expense and on an After-Tax Basis to the Owner Participant, shall execute and deliver any instruments necessary to enable the Lessee to enforce such rights. In the event that the Lessee receives any proceeds as a result of any defect or other matter in respect of the Equipment which shall be covered under any manufacturer's warranties, all such proceeds shall be used by the Lessee to repair the Equipment and restore it to the condition in which it would have been but for the defect or other matter with respect to which such proceeds were paid and so as to comply with the requirements of Section 7 (except the last sentence thereof).

SECTION 21. Lessor's Right to Perform for the Lessee. If the Lessee fails to make any payment of Rent required to be made by it hereunder or fails to perform or comply with any of the terms of this Lease or any of its agreements contained herein, the Lessor may, on behalf of the Lessee and upon notice to the Lessee, itself make such payment, perform such agreement or remedy such failure to perform or comply. The amount of any such payment and the amount of the reasonable expenses of the Lessor incurred in connection with such payment or performance, together with

interest thereon, to the extent permitted by Applicable Law, at the Overdue Rate, shall be deemed Supplemental Rent, payable promptly by the Lessee to the Lessor on an After-Tax Basis to the Lessor and the Owner Participant upon demand. This Section 21 is not, however, intended in any way as between the Owner Participant and the Lessor, on the one hand, and the Indenture Trustee and the Loan Participants, on the other hand, to expand or otherwise vary the cure rights of the Owner Participant and the Lessor set forth in Section 503 of the Indenture, or the limitations on exercise thereof set forth. The Lessor is under no obligation to the Lessee or any other Person to do any such act or make any such expenditures.

SECTION 22. Filings. Prior to the delivery and acceptance of any Item of Equipment, the Lessee will, at its sole expense, (i) cause this Lease and the Indenture to be duly filed and recorded with the ICC in accordance with 49 U.S.C. § 11303 of the Interstate Commerce Act and (ii) cause financing statements under the Uniform Commercial Code to be filed against the Owner Trustee in respect of the security interests created by the Indenture and precautionary financing statements under the Uniform Commercial Code to be filed against the Lessee, in each case in all places reasonably specified by the Indenture Trustee or the Loan Participants as necessary or desirable. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, re-register or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Indenture Trustee as its assignee under the Indenture for the purpose of protecting the Lessor's title to, or such assignee's security interest in, any Item of Equipment and the Lease, and in connection with any such action, will deliver to the Lessor and such assignee proof of such filings. The Lessee will pay, on an After-Tax Basis to the Lessor the Owner Participant and the Indenture Trustee, all costs, charges and expenses incident to any such filing, refiling, recording and rerecording or depositing and redepositing of any such instruments.

SECTION 23. Holdover of Funds. (a) Any amount referred to in Section 11 or 12 or Section 12 of the Participation Agreement which is payable to the Lessee shall not be paid to the Lessee, or if it has been previously paid directly to the Lessee, shall not be retained by the Lessee if at the time of such payment an Event of Default shall have occurred and be continuing, but

shall be paid to and held by the Lessor (or, so long as the lien of the Indenture has not been discharged, the Indenture Trustee), and is granted, as security for the obligations of the Lessee under this Lease, and at such time as there shall not be continuing any such Event of Default, such amount (unless theretofore otherwise applied to the obligations of the Lessee hereunder (in which case the Lessee shall be relieved of the obligations to which such application is made to the extent so made), which application is permitted) shall be paid over the Lessee.

(b) Any monies received by the Lessor or the Indenture Trustee under Section 23(a) (and any gain, including interest received) until paid to the Lessee as provided in this Section 23 or otherwise applied as provided herein or in the Trust Agreement and Indenture as a result of an Event of Default shall be invested in Permitted Investments by the Lessor (unless the lien of the Indenture shall not have been discharged, in which case, by the Indenture Trustee as provided in Article IX of the Indenture) from time to time as directed in writing by the Lessee, if such investments are reasonably available for purchase. There shall be promptly remitted to the Lessee, when no Event of Default shall have occurred and be continuing, any previous unapplied gain (including interest received) realized as the result of any such investment (net of any fees, commissions and other expenses, if any, incurred in connection with such investment). The Lessee will promptly pay to the Lessor or the Indenture Trustee, as the case may be, on demand, the amount of any net loss realized as the result of any such investment (together with any fees, commissions and other expenses, if any, incurred in connection with such investment), such amount to be held and disposed of in accordance with the terms hereof and of the Trust Agreement and the Indenture.

SECTION 24. Miscellaneous. (a) Amendments. The terms of this Lease shall not be waived, altered, modified, amended, supplemented or terminated in any manner whatsoever except by written instrument signed by the party or parties to be charged.

(b) Successors and Assigns. This Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(c) Currency. All amounts and moneys referred to in this Lease shall be construed to mean money which at the time is lawful money of the United States of America.

(d) Liabilities of Lessor. The Bank is entering into this Lease solely in its capacity as Owner Trustee under the Trust Agreement, and in no case whatsoever shall the Bank (or any entity acting as successor Owner Trustee under the Trust Agreement) or the Owner Participant be personally liable on, or for any loss in respect of, any of the statements, representations, warranties, agreements or obligations of the Lessor hereunder, as to all of which the parties hereto agree to look solely to the Trust created by the Trust Agreement.

(e) Descriptive Headings. The descriptive headings of the several sections and paragraphs of this Lease are inserted for convenience of reference only and do not constitute a part of this Lease.

(f) Counterparts. This Lease may be executed by the parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute but one and the same instrument.

(g) Severability of Provisions. Any provision of this Lease which may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be 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. To the extent permitted by Applicable Law, the Lessee hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

(h) GOVERNING LAW. THIS LEASE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(i) Quiet Enjoyment. The Lessor hereby recognizes the provisions of Section 13(c) to the Participation Agreement which are hereby incorporated by reference.

LEASE AND INDENTURE SUPPLEMENT NO. ____

Dated _____, 19__

Among

SOCIETY NATIONAL BANK,
not in its individual capacity but solely as trustee,
Lessor/Owner Trustee,

COMMONWEALTH EDISON COMPANY,
Lessee

and

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

New 121-Ton, Aluminum-Sided, Rotary Dump
Gondola "Coalporter" Cars

ALL RIGHT, TITLE AND INTEREST IN AND TO THIS LEASE AND
INDENTURE SUPPLEMENT NO. __, THE EQUIPMENT COVERED HEREBY
AND THE RENT DUE AND TO BECOME DUE HEREUNDER HAS BEEN
ASSIGNED AS COLLATERAL SECURITY TO AND IS SUBJECT TO A LIEN
AND SECURITY INTEREST IN FAVOR OF WILMINGTON TRUST COMPANY,
AS INDENTURE TRUSTEE UNDER AN INDENTURE AND SECURITY
AGREEMENT DATED AS OF July 15, 1993. TO THE EXTENT, IF
ANY, THAT THIS LEASE AND INDENTURE SUPPLEMENT NO. ____
CONSTITUTES CHATTEL PAPER (AS SUCH TERM IS DEFINED IN THE
UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE
JURISDICTION), NO SECURITY INTEREST IN THIS LEASE AND
INDENTURE SUPPLEMENT NO. __ MAY BE CREATED THROUGH THE
TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE
ORIGINAL COUNTERPART THAT CONTAINS THE RECEIPT THERE-
FOR EXECUTED BY WILMINGTON TRUST COMPANY, AS INDENTURE
TRUSTEE, ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE
THEREOF.

FILED WITH THE INTERSTATE COMMERCE COMMISSION
PURSUANT TO 49 U.S.C. S 11303 _____, 199__
AT _____ .M. RECORDATION NUMBER _____.

THIS LEASE AND INDENTURE SUPPLEMENT NO. __, dated _____, 199_, among SOCIETY NATIONAL BANK, a national banking association, not in its individual capacity but solely as Owner Trustee ("Lessor" or "Owner Trustee") under that certain Trust Agreement dated as of July 15, 1993 (the "Trust Agreement") with CIBC Inc., a Delaware corporation, COMMONWEALTH EDISON COMPANY, an Illinois corporation ("Lessee") and WILMINGTON TRUST COMPANY, a Delaware banking corporation, not in its individual capacity but solely as Indenture Trustee (the "Indenture Trustee").

W I T N E S S E T H :

WHEREAS, Lessor, Lessee and the Indenture Trustee have, with the other parties thereto, heretofore entered into a Participation Agreement (the "Participation Agreement"), Lessor and Lessee have heretofore entered into a Lease Agreement (the "Lease"), and the Indenture Trustee and Owner Trustee have heretofore entered into an Indenture and Security Agreement (the "Indenture"), each dated as of July 15, 1993 (capitalized terms used herein without definitions having the respective meanings set forth in Appendix X to the Lease);

WHEREAS, the Participation Agreement and the Lease provide that on the Funding Date Seller shall deliver to Owner Trustee a Bill of Sale dated such date by which Seller bargains, conveys, assigns, sets over, sells and delivers to Owner Trustee, and Owner Trustee purchases and accepts from the Seller, the Equipment to be conveyed on the Funding Date, and said Bill of Sale has been delivered by Seller and accepted by Owner Trustee on the Funding Date;

WHEREAS, the Participation Agreement, the Lease, and the Indenture provide for the execution of a Lease and Indenture Supplement substantially in the form hereof for the purposes of leasing the Equipment under the Lease as and when delivered by Lessor to Lessee in accordance with the terms thereof and subjecting such Equipment to the lien of the Indenture;

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

1. Lessor hereby delivers and leases to Lessee, and Lessee hereby accepts and leases from Lessor, under the Lease as hereby supplemented, the Equipment listed on Schedule 1 hereto.

2. Lessee hereby confirms to Lessor that Lessee has accepted such Equipment for all purposes hereof and of the Lease as being in accordance with [the Statement of Specifications attached as an exhibit to the Appraisal for such Equipment] and in good working order.

3. The aggregate Lessor's Cost of the Equipment leased hereunder is \$_____ and the amounts comprising such Lessor's Cost are set forth on Schedule 1 hereto. The Stipulated Loss Values and Basic Rent applicable in respect of the Equipment are set forth, respectively, on Schedules 2 and 3 hereto.

4. In order to secure the prompt payment of the principal of and Premium and interest on the Notes issued on the date hereof and on the other Notes, Lessor has granted, conveyed, pledged, sold, mortgaged, assigned, transferred and set over a security interest unto the Indenture Trustee in (i) the Equipment listed on Schedule 1 hereto and (ii) this Lease and Indenture Supplement No. __, in each case excluding Excepted Property and Excepted Rights, to have and to hold unto the Indenture Trustee and its successors and its assigns for its and their own use and benefit forever as and to the extent provided in the Indenture.

5. This Lease and Indenture Supplement No. __ may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. This Lease and Indenture Supplement No. __ shall constitute a part of the Lease and a supplement to the Indenture and shall be deemed to be incorporated by reference to each of the Lease and the Indenture.

6. THIS LEASE AND INDENTURE SUPPLEMENT NO. ___ IS BEING DELIVERED IN THE STATE OF NEW YORK AND SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

IN WITNESS WHEREOF, Lessor, Lessee and Indenture
Trustee have caused this Lease and Indenture Supplement No.
__ to be duly executed on the date and year set forth in
the opening paragraph hereof.

Lessor/Owner Trustee

SOCIETY NATIONAL BANK,
not in its individual capacity
but solely as Owner Trustee

By _____
Name:
Title:

Lessee

COMMONWEALTH EDISON COMPANY

By _____
Name:
Title:

Indenture Trustee

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

By _____
Name:
Title:

Receipt of this original counterpart
of this Lease and Indenture Supplement
No. ___ is hereby acknowledged this
___ day of _____, ____.

WILMINGTON TRUST COMPANY,
as Indenture Trustee

By _____
Name:
Title:

STATE OF)
 : ss.:
COUNTY OF)

On this ___ day of _____, 1993, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he _____ of Society National Bank, 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

My Commission Expires:

[Notary Seal]

STATE OF)
 : ss.:
CITY OF)

On this ___ day of _____, 1993, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is _____ of Commonwealth Edison Company, 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

My Commission Expires:

[Notary Seal]

SCHEDULE 1
to
Lease and Indenture
Supplement No. _____

SCHEDULE OF EQUIPMENT TO BE DELIVERED

<u>Quantity of Items of Equipment</u>	<u>Lessor's Car Numbers</u>	<u>Lessor's Cost</u>
1,453	CWEX 1100-2552, inclusive	\$64,070,642.57

SCHEDULE 2
to
Lease and Indenture
Supplement No.

STIPULATED LOSS VALUE

<u>Payment Date</u>	<u>Percentage of Lessor's Cost</u>
8/30/93	103.54923137
9/30/93	104.30944414
10/30/93	105.03665282
11/30/93	105.76581082
12/30/93	106.49693264
1/29/94	107.24430986
7/29/94	108.55760860
1/29/95	107.87059486
7/29/95	108.74135310
1/29/96	107.51930204
7/29/96	108.07468837
1/29/97	106.43542634
7/29/97	106.67765337
1/29/98	104.69947845
7/29/98	104.77894407
1/29/99	102.46120735
7/29/99	102.61639242
1/20/ 0	99.93009148
7/29/ 0	99.95033260
1/29/ 1	96.98484832
7/29/ 1	96.98883234
1/29/ 2	93.82913331
7/29/ 2	93.88742002
1/29/ 3	90.54802322
7/29/ 3	90.63205770
1/29/ 4	85.45611357
7/29/ 4	85.55999599
1/29/ 5	80.14611992
7/29/ 5	80.25961956
1/29/ 6	74.61792748
7/29/ 6	74.74048169
1/29/ 7	68.86504712
1/29/ 7	69.00760347
1/29/ 8	62.92094131
7/29/ 8	63.28607330
1/29/ 9	56.97323619
7/29/ 9	57.59542678
1/29/10	51.06001170

<u>Payment Date</u>	<u>Percentage of Lessor's Cost</u>
7/29/10	51.97968341
1/29/11	45.22768573
7/29/11	37.49289744
1/29/12	38.96714182
7/29/12	31.02396195
1/29/13	32.33351105
7/29/13	24.08628819
1/29/14	25.00000000

SCHEDULE 3
to
Lease and Indenture
Supplement No.

BASIC RENT

<u>Payment Date</u>	<u>Percentage of Lessor's Cost</u>		
	<u>Arrears</u>	<u>Advance</u>	<u>Total</u>
1/29/1994	.00000000	.00000000	.00000000
7/29/1994	2.78805339	.00000000	2.78805339
1/29/1995	4.72723879	.00000000	4.72723879
7/29/1995	2.71688529	.00000000	2.71688529
1/29/1996	4.79840689	.00000000	4.79840689
7/29/1996	2.64049343	.00000000	2.64049343
1/29/1997	4.87479873	.00000000	4.87479873
7/29/1997	2.55849443	.00000000	2.55849443
1/29/1998	4.95679774	.00000000	4.95679774
7/29/1998	2.47047671	.00000000	2.47047671
1/29/1999	5.04481547	.00000000	5.04481547
7/29/1999	2.37599847	.00000000	2.37599847
1/29/2000	5.13929370	.00000000	5.13929370
7/29/2000	2.27458554	.00000000	2.27458554
1/29/2001	5.24070664	.00000000	5.24070664
7/29/2001	2.16572890	.00000000	2.16572890
1/29/2002	5.34956328	.00000000	5.34956328
7/29/2002	2.04888217	.00000000	2.04888217
1/29/2003	5.46641000	.00000000	5.46641000
7/29/2003	1.94948118	.00000000	1.94948118
1/29/2004	7.23587535	.00000000	7.23587535
7/29/2004	1.80939503	.00000000	1.80939503
1/29/2005	7.37596150	.00000000	7.37596150
7/29/2005	1.68841655	.00000000	1.68841655
1/29/2006	7.49693997	.00000000	7.49693997
7/29/2006	1.56494010	.00000000	1.56494010
1/29/2007	7.62041642	.00000000	7.62041642
7/29/2007	1.43157515	.00000000	1.43157515
1/29/2008	7.75378137	.00000000	7.75378137
7/29/2008	1.19955018	.00000000	1.19955018
1/29/2009	7.98580633	.00000000	7.98580633
7/29/2009	.95049459	.00000000	.95049459
1/29/2010	8.23486194	.00000000	8.23486194
7/29/2010	.68315830	.00000000	.68315830
1/29/2011	8.50219820	9.12400810	17.62620630
7/29/2011	.00000000	.06134844	.06134844
1/29/2012	.00000000	9.18535653	9.18535653
7/29/2012	.00000000	.00000000	.00000000
1/29/2013	.00000000	9.18535653	9.18535653
7/29/2013	.00000000	.00000000	.00000000
1/29/2014	<u>.00000000</u>	<u>.00000000</u>	<u>.00000000</u>
Total	141.12048173	27.55606960	168.67655133

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease to be duly executed and delivered by their respective officers thereunto duly authorized.

SOCIETY NATIONAL BANK,
not in its individual capacity
but solely as Owner Trustee

By  _____
Name: D. KOVACH
Title: TRUST OFFICER

COMMONWEALTH EDISON COMPANY

By _____
Name:
Title:

Receipt of this original counterpart of this Lease is hereby acknowledged this ____ day of July, 1993.

WILMINGTON TRUST COMPANY,
as Indenture Trustee

By _____
Name:
Title:

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease to be duly executed and delivered by their respective officers thereunto duly authorized.

SOCIETY NATIONAL BANK,
not in its individual capacity
but solely as Owner Trustee

By _____
Name:
Title:

COMMONWEALTH EDISON COMPANY

By Dennis F. O'Brien
Name: Dennis F. O'Brien
Title: Treasurer

Receipt of this original counterpart of this Lease is hereby acknowledged this ____ day of July, 1993.

WILMINGTON TRUST COMPANY,
as Indenture Trustee

By _____
Name:
Title:

STATE OF OHIO
COUNTY OF CUYAHOGA

)
) ss .:
)

On this 23rd day of July, 1993, before me personally appeared D. Kovach, to me personally known, who, being by me duly sworn, says that he is Trust Officer of Society National Bank, 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

ANITA D. SMITH, Notary Public

State of Ohio, Cuyahoga County

My commission expires Oct. 12, 1994

My Commission Expires:

[Notary Seal]

DEFINITIONS

"AAR" shall mean the Association of American Railroads and any successor thereto.

"Act" shall have the meaning assigned in Section 102 of the Indenture.

"Affiliate" of any specified Person shall mean any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"After-Tax Basis" shall have the meaning assigned in Section 12.3 of the Participation Agreement.

"Applicable Law" shall mean all applicable laws (foreign or domestic), treaties, judgments, decrees, injunctions, writs and orders of any court, governmental agency or authority and rules, regulations, orders, directives, licenses and permits of any governmental body, instrumentality, agency or authority, including without limitation, all rules and regulations of the United States Department of Transportation, the Federal Railroad Administration and the ICC and the Interchange Rules or Supplements thereto of the Mechanical Division, AAR as the same may be in effect from time to time.

"Appraisal" shall have the meaning specified in Section 5(b) of the Participation Agreement.

"Appraisal Procedure" shall mean the procedure specified in the succeeding sentences for determining an amount or value. First, the parties shall seek to mutually agree upon the subject matter with respect to which the Appraisal Procedure relates. If the parties are unable to reach such an agreement within 20 days of the commencement of discussion of said subject matter, the Lessee shall, at its own cost and expense, upon notice to the Owner

Participant, appoint a qualified recognized Independent Appraiser, subject to the approval of the Owner Participant (the "Lessee Appraiser"). The Lessee Appraiser shall have 30 days to deliver a report setting out its opinion regarding the amount or value or remaining useful life, as the case may be, so requested which, in the case of a determination of purchase price as of the expiration of the Lease Term or of Fair Market Renewal Rent, shall be made as if the Equipment had been maintained in accordance with the Lease, but otherwise without giving effect to the Lease and assuming normal market conditions. If the Owner Participant rejects such report within fifteen (15) days of its receipt thereof, it shall, at its own cost and expense, appoint a qualified recognized Independent Appraiser within fifteen (15) days of such rejection, subject to the approval of the Lessee (the "Lessor Appraiser"). The Lessor Appraiser shall deliver its report setting out its opinion regarding the applicable amount or value within twenty (20) days from such selection. Unless rejected by the Lessee within 10 days of its receipt of such report, the report of the Lessor Appraiser shall be binding. If so rejected by the Lessee and if the difference between the estimates of the Lessee Appraiser and the Lessor Appraiser is less than 5.0% of the Lessor's Cost for the relevant Items of Equipment, the Lessee and the Owner Participant shall negotiate in good faith to determine the applicable amount or value. In the event that the parties are unable to reach an agreement, or in the event that the difference between the estimates of the Lessee Appraiser and the Lessor Appraiser is greater than 5.0% of such Equipment Cost, then a mutually approved third qualified recognized Independent Appraiser (the "Third Appraiser") will be selected within ten (10) days of such rejection by the Lessee (and if the parties cannot agree, such Third Appraiser shall be selected within five (5) days by agreement of the Lessee Appraiser and the Lessor Appraiser from lists submitted by each of the Lessee and the Owner Participant), with the cost for such Third Appraiser shared equally between the two parties, which shall make its determination within twenty (20) days of its appointment. Thereupon, the relevant amount or value will be the average of the closest two estimates. Notwithstanding the foregoing: (i) if an Appraisal Procedure is utilized in connection with the exercise of remedies upon the occurrence of an Event of Default, there will be only one qualified recognized Independent Appraiser and it shall be selected by the Person exercising remedies under the Lease and all fees and expenses in connection with such Appraisal Procedure shall be borne by the Lessee; and (ii) if an

Appraisal Procedure is utilized after the Lessee has given a revocable notice pursuant to Section 18 of the Lease and if the Lessee does not provide its irrevocable notice in connection therewith, all fees and expenses in connection with such Appraisal Procedure shall be borne by the Lessee.

"Appraiser" shall mean R. L. Banks & Associates, Inc. in the case of the Appraisal delivered pursuant to Section 5(b) of the Participation Agreement and otherwise a Person engaged in the business of appraising property, having not less than five years' experience in appraising equipment of types similar to the Equipment.

"Authorized Person" shall mean (i) with respect to the Owner Trustee, any Person authorized by or pursuant to the organizational documents, the by-laws or any Board Resolution of the Bank (whether general or specific) to execute, deliver and take all other actions on behalf of the Owner Trustee in respect of any of the Operative Documents and (ii) with respect to any other entity, any Person authorized by or pursuant to the charter documents, the by-laws or any Board Resolution (in the case of a corporation), partnership agreement (in the case of a partnership), or trust agreement (in the case of a trust) to execute, deliver and take all other actions on behalf of such entity in respect of any of the Operative Documents.

"Average Life" shall mean 12.5 years.

"Bank" shall mean Society National Bank, a national banking association organized under the laws of the United States of America (or any successor as trustee under the Trust Agreement) in its individual capacity.

"Bankruptcy Code" shall mean the Bankruptcy Code of 1978, as amended, 11 U.S.C. 101-1330, and any successor statute.

"Basic Rent" shall mean the rent payable throughout the Basic Term pursuant to, and computed in accordance with, Section 3(b) of the Lease.

"Basic Term" with respect to any Items of Equipment shall mean the period for which such Items of Equipment are leased as provided in Section 2 of the Lease, beginning on the Basic Term Commencement Date and ending at 11:59 P.M. (New York City time) on the 20th anniversary of the Basic Term Commencement Date.

"Basic Term Commencement Date" shall mean January 30, 1994.

"Bill of Sale" shall mean the warranty bill of sale of the Seller, dated the Funding Date, for the Equipment being delivered on the Funding Date.

"Board of Directors" shall mean, with respect to any Person, either the board of directors of such Person or any duly authorized committee of said board.

"Board Resolution" shall mean, with respect to any Person, a resolution certified by the secretary or an assistant secretary of such Person to have been duly adopted by the Board of Directors or a duly constituted Executive Committee thereof of such Person and to be in full force and effect on the date of such certification.

"Burdensome Buyout Event" means an event which shall be deemed to have occurred if (i) it shall have become unlawful for Lessee or Lessor to continue as Lessee or Lessor, as the case may be, under the Lease or for the Lessee to make payments thereunder or (ii) the Illinois Commerce Commission disallows inclusion of Interim Rent or Basic Rent as a reimbursable cost under the existing fuel adjustment provisions or in rates.

"Burdensome Buyout Value" shall mean the Stipulated Loss Value applicable in respect of the Termination Date.

"Business Day" shall mean any day other than a Saturday or Sunday or other day on which the banks in New York, New York, Chicago, Illinois, Cleveland, Ohio, or Wilmington, Delaware are authorized or obligated to remain closed.

"Business Taxes" shall have the meaning assigned in Section 12.2(b) of the Participation Agreement.

"Class I Railroad" shall have the meaning set forth in 49 C.F.R. Part 1201.

"Code" shall mean the Internal Revenue Code of 1986, as amended (or any successor federal income tax statute).

"Commitment" shall mean in the case of each Loan Participant on the Funding Date, the amount of the loan to

be made by such Loan Participant on the Funding Date pursuant to Section 2 of the Participation Agreement and, in the case of the Owner Participant on the Funding Date, the amount of the investment to be made by the Owner Participant on the Funding Date pursuant to Section 3 of the Participation Agreement.

"Deemed Last Utilized Taxes" shall have the meaning assigned in Section 12.2(h) of the Participation Agreement.

"Default" shall mean an event or condition which, with the giving of notice or lapse of time, or both, would constitute an Event of Default.

"Employee Benefit Plan" shall mean both an "employee benefit plan" as defined in ERISA and a "plan" as defined in the Code.

"Equipment" shall mean, at any given time, all Items of Equipment then subject to the Lease.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, or any comparable successor law and the rules issued and regulations promulgated thereunder.

"Event of Default" shall mean any of the events referred to in Section 14 of the Lease.

"Event of Loss" shall mean with respect to any Item of Equipment any of the following events occurring during the Lease Term:

(i) the loss of such Item of Equipment or the use thereof due to the destruction of or damage of such Item of Equipment that renders repair uneconomic or that renders such Item of Equipment permanently unfit for normal use as a rotary dump "coalporter" car;

(ii) any damage to such Item of Equipment that results in an insurance settlement (or a railroad settlement pursuant to the AAR rules for the destruction or casualty of freight cars) with respect to such Item of Equipment on the basis of a total or a constructive total loss;

(iii) title to such Item of Equipment is taken, condemned or requisitioned by any governmental authority;

(iv) such Item of Equipment is taken, condemned or requisitioned for use by any governmental authority resulting in the loss of possession of such Item of Equipment by Lessee (or any transporting railroad, or, if any sublease is then in effect, by any Permitted Sublessee) for a period extending beyond the lesser of (A) 180 consecutive days and (B) the balance of the Basic Term or any Renewal Term then in effect, but excluding requisition for use by the United States government, unless continuing on the last day of the Lease Term;

(v) a theft or disappearance of such Item of Equipment that shall have resulted in the loss of possession of such Item of Equipment by Lessee (or by a transporting railroad, or, if any sublease is then in effect, by any Permitted Sublessee) for a period in excess of the lesser of 180 days and the balance of the Lease Term, unless the location of such property is known and the Lessee (or the transporting railroad, or, if any sublease is then in effect, any Permitted Sublessee) is diligently pursuing recovery of such Item of Equipment (but in no event for a period in excess of the lesser of 360 days or the balance of the Lease Term);

(vi) as a result of any Applicable Law, the use of such Item of Equipment in the normal course of business is prohibited for a period of 180 consecutive days, unless the Lessee is diligently taking action with respect to all Items of Equipment then subject to the Lease to comply with such Applicable Law and at least 10% of the Items of Equipment then subject to the Lease have been brought into compliance and returned to regular service within said 180-day period, provided the remaining Items of Equipment are able to be brought and are brought into compliance with such Applicable Law within one year from such prohibition (an Event of Loss under this provision shall apply only to those Items of Equipment that remain out of compliance); or

(vii) the Lessor or the Owner Participant shall at any time become subject to regulation as a public utility by (1) the Illinois Commerce Commission, (2)

the Federal Energy Regulatory Commission or (3) the Securities Exchange Commission (pursuant to the Public Utility Holding Company Act of 1935), or any successor agency, or statute, as the case may be, to any of the foregoing, or any other state or federal agency having jurisdiction over Persons by virtue of their acting in the capacity of public utilities, as a result of the Lessor's or the Owner Participant's interest in the Equipment and/or the Trust Estate, or the undertaking or performance of any of their respective obligations under the Lease or any other Operative Document.

An Event of Loss with respect to an Item of Equipment shall be deemed to occur on the actual date of such loss.

"Excepted Property" shall have the meaning assigned in the Granting Clauses of the Indenture.

"Excepted Rights" shall have the meaning assigned in the Granting Clauses of the Indenture.

"Excess Amount" shall have the meaning assigned in Section 25 of the Participation Agreement.

"Fair Market Renewal" shall have the meaning assigned in Section 18(a)(ii) of the Lease.

"Fair Market Renewal Rent" shall have the meaning assigned in Section 18(a)(ii)(C) of the Lease.

"Fair Market Renewal Term" shall have the meaning assigned in Section 18(a)(ii)(B) of the Lease.

"Fair Market Rent" for any Item of Equipment shall mean, for any period, the rent for such Item of Equipment (excluding any Severable Improvements title to which has vested in the Lessee but assuming that such Item of Equipment complies with Section 7 of the Lease (other than the last sentence of said Section 7)) for such period that would be obtained for a lease of such Items of Equipment in an arm's-length transaction between an informed and willing owner (other than a dealer in used equipment of a type similar to the Equipment) under no compulsion to lease and an informed and willing lessee (other than a lessee in possession), which determination shall be made (i) without deduction for any costs of removal of such Item of Equipment from the location of current use and (ii) on the assumption that such Item of

Equipment is free and clear of all liens and is in the condition and repair in which it is required to be returned pursuant to Sections 5 and 7 (other than the last sentence of said Section 7) of the Lease; provided, however, that the determination of Fair Market Rent for the purposes of Section 15 of the Lease shall be based on the actual condition and actual location of such Item of Equipment at the time of such determination and shall take into account all liens on such Item of Equipment (other than Owner Encumbrances) and any legal impediments to the prompt leasing of such Item of Equipment by a Person other than the Lessee, notwithstanding the provisions of clause (ii) of this sentence.

"Fair Market Sale Value" for any Item of Equipment shall mean the cash sale value of such Item of Equipment (excluding any Severable Improvements title to which has vested in the Lessee) that would be obtained in an arm's-length transaction between an informed and willing seller (other than a dealer in used equipment of a type similar to the Equipment) under no compulsion to sell and an informed and willing buyer-user, which determination shall be made (i) without deduction for any costs of removal of such Item of Equipment from the location of current use and (ii) on the assumption that such Item of Equipment is free and clear of all liens and is in the condition and repair in which it is required to be returned pursuant to Sections 5 and 7 (other than the last sentence of said Section 7) of the Lease; provided, however, that the determination of Fair Market Sale Value for the purposes of Section 15 of the Lease shall be based on the actual condition and actual location of such Item of Equipment at the time of such determination and shall take into account all liens on such Item of Equipment (other than Owner Encumbrances), and any legal impediments to the prompt transfer of title to such Item of Equipment, notwithstanding the provisions of clause (ii) of this sentence.

"Fixed Rate Renewal" shall have the meaning assigned in Section 18(a)(i) of the Lease.

"Fixed Rate Renewal Rent" shall have the meaning assigned in Section 18(a)(i)(C) of the Lease.

"Fixed Rate Renewal Term" shall have the meaning assigned in Section 18(a)(i)(B) of the Lease.

"Funding" with respect to any Item of Equipment shall mean the delivery of such Item of Equipment to, and

acceptance by or on behalf of the Owner Trustee from the Seller pursuant to the Participation Agreement and the delivery of such Item of Equipment by the Owner Trustee to, and acceptance by, the Lessee pursuant to the Lease and Indenture Supplement delivered in connection therewith as provided in the Participation Agreement and Section 2 of the Lease.

"Funding Date" shall mean the date, which shall be a Business Day, on which the Funding occurs.

"Funding Notice" shall have the meaning assigned in Section 4(a) of the Participation Agreement.

"Holder" shall mean the Person in whose name any Note is registered on the Note Register.

"Home Jurisdiction" means the state and local jurisdiction in which a Tax Indemnitee has its principal place of business.

"ICC" shall mean the Interstate Commerce Commission and any agency or instrumentality of the United States government succeeding to its functions.

"Improvement" shall mean an improvement, structural change, modification, alteration or addition to any Item of Equipment made after the Funding Date.

"Inclusion" shall have the meaning assigned in Section 3.1 of the Tax Indemnification Agreement.

"Indemnitee" shall have the meaning assigned in Section 12.1 of the Participation Agreement.

"Indenture" shall mean the Indenture and Security Agreement dated as of July 15, 1993 between the Owner Trustee and the Indenture Trustee and substantially in the form of Exhibit B to the Participation Agreement, as the same may be amended, modified or supplemented in accordance with the provisions thereof and of the Participation Agreement, including each Lease and Indenture Supplement.

"Indenture Default" shall mean an event or condition which, with the giving of notice or lapse of time, or both, would become an Indenture Event of Default.

"Indenture Estate" shall have the meaning assigned in the Recital Clause of the Indenture.

"Indenture Event of Default" shall mean any of the events specified in Section 501 of the Indenture.

"Indenture Trustee" shall mean Wilmington Trust Company, a Delaware banking corporation, together with any successors, permitted assigns and separate trustees and co-trustees as Indenture Trustee under the Indenture.

"Indenture Trustee Encumbrances" shall have the meaning assigned in Section 14(c) of the Participation Agreement.

"Independent" shall mean, when used with respect to any specified Person, such a Person who (1) is in fact independent, (2) does not have any material direct or indirect financial interest in the Bank, the Owner Trustee, the Owner Participant or the Lessee or in any Affiliate of any of them or in the Equipment and (3) is not connected with any Loan Participant, the Owner Participant or the Lessee or any such Affiliate as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions. Whenever it is provided that any Independent Person's opinion or certificate shall be furnished to the Indenture Trustee, such Person shall be appointed by the Lessee and approved by the Indenture Trustee in the exercise of reasonable care and such opinion or certificate shall state that the signer has read this definition and that the signer is Independent within the meaning thereof.

"Interim Amount" shall have the meaning assigned in Section 3(b)(i) of the Participation Agreement.

"Interim Rent" shall mean the rent, if any, payable during the Interim Term pursuant to, and computed in accordance with, Section 3(a) of the Lease.

"Interim Term" shall mean, for any Item of Equipment, the period from the Funding Date to and including the day immediately preceding the Basic Term Commencement Date.

"Investment Grade" shall mean a rating of at least Baa3 as determined by Moody's Investors Service or BBB- as determined by Standard & Poor's Corporation, and not less than such respective levels by each organization if both such organizations shall have issued ratings. If one or both such organizations are no longer issuing ratings, the equivalent thereof by another nationally

recognized credit rating agency shall be used in determining Investment Grade if there shall then be such an agency which has issued a rating.

"Item of Equipment" shall mean a new 121-ton, aluminum-sided, rotary dump gondola "coalporter" car, whose specifications are described in the Statement of Specifications attached to the Appraisal and which is further described in Lease and Indenture Supplement No. 1, and any Replacement Item of Equipment.

"Lease" shall mean the Lease Agreement dated as of July 15, 1993 and substantially in the form of Exhibit C to the Participation Agreement between the Lessee and the Owner Trustee, as lessor, as the same may be amended, modified or supplemented from time to time in accordance with the provisions thereof and of the Indenture, including each Lease and Indenture Supplement.

"Lease and Indenture Supplement" shall mean each Lease and Indenture Supplement among the Owner Trustee, the Lessee and the Indenture Trustee, substantially in the form of Exhibit A to the Lease.

"Lease Term" shall mean the Interim Term plus the Basic Term, plus any Renewal Terms actually entered into.

"Legally Mandated Improvements" shall mean any Improvement required by Applicable Law or by Section 7 of the Lease.

"Lessee" shall mean Commonwealth Edison Company, an Illinois corporation, together with its successors and permitted assigns.

"Lessor's Cost" for an Item of Equipment shall be \$44,095 and for all Items of Equipment to be purchased by the Funding Date shall be \$64,070,642.57.

"Liabilities" shall have the meaning assigned in Section 12.1 of the Participation Agreement.

"Loan Participant" shall mean each of the financial institutions listed in Schedule 1 to the Participation Agreement as a "Loan Participant" and each other Holder of a Note from time to time, and their respective successors and assigns.

"Net Return" shall mean the Owner Participant's anticipated net after-tax yield and aggregate after-tax cash flow utilizing the multiple investment sinking fund method of analysis (as described in paragraph 44 of FASB 13) computed on the basis of the same methodology as utilized by the Owner Participant in computing the schedules of Basic Rent and Stipulated Loss Values delivered on the Funding Date.

"Nonseverable Improvement" shall mean, at any time, an Improvement that shall not be "readily removable" from an Item of Equipment without causing "material damage" to such Item of Equipment within the meaning of Revenue Procedure 75-21 (as amended by Revenue Procedure 79-48 and as amended in the future), Section 4(4).03 promulgated by the Internal Revenue Service or other similar law, regulation or procedure then in effect.

"Non-U.S. Person" shall mean any Person other than (i) a citizen or resident of the United States, as defined in section 7701(a)(9) of the Code (for purposes of this definition, the "United States"), (ii) a corporation, partnership or other entity created or organized under the laws of the United States or any political subdivision thereof or therein or (iii) any estate or trust that is subject to United States federal income taxation regardless of the source of its income.

"Note Register" shall have the meaning assigned in Section 204 of the Indenture.

"Notes" shall have the meaning specified in the Indenture and more particularly includes the Notes issued on the Funding Date and any other Notes authenticated and delivered under the Indenture.

"Obligations" shall have the meaning assigned in the recital clause of the Indenture.

"Obsolescence Termination Date" shall have the meaning assigned in section 13(b) of the Lease.

"Officer's Certificate" shall mean with respect to any Person, a certificate signed by the Chairman of the Board, the President or a Vice President of such Person or any Authorized Person of such Person.

"Operative Documents" shall mean the Participation Agreement, the Trust Agreement, the

Indenture, the Notes, the Lease, each Lease and Indenture Supplement, each Bill of Sale and the Tax Indemnification Agreement.

"Opinion of Counsel" shall mean a written opinion of counsel, which counsel shall be reasonably acceptable to the Person to whom such opinion is to be addressed pursuant to any of the Operative Documents.

"Outstanding" when used with respect to the Notes shall mean, as of the date of determination, all the Notes theretofore authenticated and delivered under the Indenture, except:

(1) Notes theretofore cancelled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation;

(2) Notes for whose payment or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee, provided, that, if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Indenture Trustee has been made;

(3) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered under the Indenture; and

(4) Notes that replace Notes alleged to have been destroyed, lost or stolen, as provided in Section 205 of the Indenture;

provided, however, that in determining whether the Holders of the requisite principal amount of Notes Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Notes owned by the Owner Participant, the Owner Trustee or the Lessee, or any Affiliate of any of them, shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Indenture Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes that the Indenture Trustee knows to be so owned shall be so disregarded. Notes so owned that have been pledged in good faith may be regarded as Outstanding for such purposes if the pledgee establishes to the satisfaction of the Indenture Trustee the pledgee's right so to act with respect to such Notes and that the

pledgee is not the Owner Participant, the Owner Trustee or the Lessee, or any Affiliate of any of them.

"Overdue Rate" shall mean with respect to (i) any amount required to be paid directly or indirectly to a Holder, a rate per annum equal to 9.34%, and (ii) any other amount, a rate per annum equal to 100 basis points over the from time to time most recently announced "corporate base rate" of The First National Bank of Chicago (changing as and when such rate changes), but in no event less than 7.34%, in each case computed on the basis of a 360-day year of twelve 30-day months.

"Owner Encumbrances" shall mean any liens, security interests or encumbrances against any part of the Indenture Estate or the Trust Estate that result from acts of, or any failure to act by, or as a result of claims (including any taxes) against, the Bank, the Owner Trustee or the Owner Participant arising out of any event or condition unrelated to (x) the ownership of an Item of Equipment, (y) the administration of the Trust Estate or (z) the transactions contemplated by the Operative Documents, excluding liens, security interests and encumbrances arising from any tax for which the Lessee is obligated to indemnify under the Tax Indemnification Agreement or the Participation Agreement, other than any such tax for which the Lessee has already made full indemnification pursuant to such agreements.

"Owner Participant" shall mean CIBC Inc., a Delaware corporation, together with its successors and permitted assigns.

"Owner Trustee" shall mean Society National Bank, a national banking association organized under the laws of the United States of America, in its capacity as trustee under the Trust Agreement, together with its successors and permitted assigns as Owner Trustee under the Trust Agreement.

"Owner Trustee Request" shall mean a written request signed in the name of the Owner Trustee by an Authorized Person, consented to by the Lessee, and delivered to the Indenture Trustee together with a form of any writing to be executed by the Indenture Trustee pursuant to such request.

"Participants" shall mean, collectively, the Loan Participants and the Owner Participant.

"Participation Agreement" shall mean the Participation Agreement dated as of July 15, 1993 among the Owner Participant, the Loan Participants, the Lessee, the Owner Trustee and the Indenture Trustee, as the same may be amended, modified or supplemented from time to time in accordance with the provisions thereof and of the Indenture.

"Payment Date" shall mean each January 29 and July 29 of each year occurring during the Lease Term, provided that if any such date shall not be a Business Day, then "Payment Date" shall mean the next succeeding Business Day.

"Percentage Commitment" of the Owner Participant and of each Loan Participant, shall mean the percentage set forth opposite such Person's name in Schedule 1 to the Participation Agreement.

"Permitted Encumbrances" shall mean (a) the rights of the Indenture Trustee under the Indenture, (b) the rights of the Lessee under the Lease, including, without limitation, subleases of and interchange agreements involving any Item of Equipment in accordance with the terms of the Lease, (c) the rights of the Owner Trustee and the Owner Participant under the Trust Agreement, which rights are subject (to the extent set forth in the Indenture) to the liens and security interests created by the Indenture, (d) liens for taxes either not yet due or being contested by the Lessee in good faith by appropriate proceedings, diligently prosecuted or appealed which do not involve a risk of a sale, forfeiture or loss of an Item of Equipment or the imposition of any criminal liability on any Indemnatee, and with respect to which adequate reserves are maintained in accordance with generally accepted accounting principles, and (e) materialmen's, mechanic's, workmen's, repairmen's or employees' liens or other like liens arising in the ordinary course of business which are not delinquent or which shall have been bonded or the enforcement of which shall have been suspended or which do not involve a risk of sale, forfeiture or loss of an Item of Equipment or which are being contested by the Lessee in good faith by appropriate proceedings diligently prosecuted or appealed and with respect to which adequate reserves are maintained in accordance with generally accepted accounting principles.

"Permitted Investments" shall mean (i) direct obligations of the United States of America and agencies

thereof, (ii) obligations fully guaranteed by the United States of America, (iii) certificates of deposit issued by, or bankers' acceptances of, or time deposits with, any bank, trust company or national banking association incorporated or doing business under the laws of the United States of America or one of the States thereof having combined capital and surplus and retained earnings of at least \$500,000,000 and having a rating assigned to the long term unsecured debt of such institution by Standard & Poor's Corporation or Moody's Investors Service, Inc. at least equal to "A" (including the Indenture Trustee and the Owner Trustee if such conditions are met), (iv) commercial paper of companies (other than the Lessee or any of its Affiliates), banks, trust companies, or national banking associations incorporated or doing business under the laws of the United States of America or one of the States thereof and in each case having a rating assigned to such commercial paper by Standard & Poor's Corporation or Moody's Investors Service, Inc. (or, if neither such organization shall rate such commercial paper at any time, by any nationally recognized rating organization in the United States of America) equal to the highest rating assigned by such organization, and (v) repurchase agreements with any bank, trust company or national banking association described in clause (iii) of this definition and (A) having a combined capital and surplus of at least \$750,000,000 and (B) having a rating assigned to the long term unsecured debt of such institution by Standard & Poor's Corporation or Moody's Investors Service, Inc. at least equal to "A" fully collateralized by obligations of the type described in clauses (i) through (iv) above. If all of the above investments are unavailable, the entire amount to be invested may be used to purchase Federal Funds from an entity described in (iii) of the preceding sentence.

"Permitted Sublessee" shall have the meaning assigned in Section 6(b) of the Lease.

"Person" shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or any agency or political subdivision thereof.

"Premium" shall mean, the sum of (i) the excess (not less than zero) of (x) the present value of the payments of principal and interest which would have been due under the Notes from the date of redemption thereby to the

final maturity of such Notes had such redemption not occurred, discounted at a rate equal to the Treasury Yield plus 50 basis points, over (y) the principal to be prepaid, plus (ii) accrued, but not past due, interest.

"Reasonable Basis" for a position shall exist if tax counsel may properly advise reporting such position on a tax return in accordance with Formal Opinion 85-352 issued by the Standing Committee on Ethics and Professional Responsibility of the American Bar Association.

"Redelivery Locations" shall have the meaning assigned in Section 5(a) of the Lease.

"Redemption Date" when used with respect to any Note to be redeemed shall mean the date fixed for such redemption pursuant to the Indenture.

"Reference Banks" shall mean Citibank and Canadian Imperial Bank of Commerce.

"Reimbursement Amount" shall have the meaning assigned in Section 3(b)(ii) of the Participation Agreement.

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

"Renewal Term" shall mean the period of any extension of the Basic Term as provided in Section 18(a) of the Lease.

"Renewal Term Commencement Date" shall have the meaning assigned in Section 18(a) of the Lease.

"Rent" shall mean the Interim Rent, Basic Rent, Fixed Rate Renewal Rent, Fair Market Renewal Rent and Supplemental Rent, collectively.

"Replacement Item of Equipment" shall have the meaning assigned in Section 12(c) of the Lease.

"Responsible Officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of any party contained in any Operative Document, the President, or any Vice President, Assistant Vice President, Treasurer, Assistant Treasurer or other officer, who in the normal performance of his operational responsibility would have knowledge of such matter and the requirements with respect thereto.

"Scheduled Funding Date" shall have the meaning assigned in Section 4(a) of the Participation Agreement.

"Scheduled Debt Payments" shall mean all regularly scheduled principal and interest payments on the Notes (together with any applicable overdue interest thereon).

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Seller" shall mean BLC Corporation, a Utah corporation, together with its successors and permitted assigns.

"Set" shall mean a group consisting of at least 100 but not more than 130 Items of Equipment or such lesser number of Items of Equipment as shall then be subject to the Lease. No Set shall be determined so as to have an extraordinary number of Items which vary in quality or condition from all of the Items subject to the Lease immediately prior to the determination of the Set.

"Severable Improvement" shall mean any Improvement other than a Nonseverable Improvement.

"Specified Default" shall mean any Default under Section 14(a), 14(b), 14(f) or 14(g) of the Lease.

"Stated Maturity" when used with respect to any Note or any installment of interest thereon shall mean the date specified in such Note as the fixed date on which the principal of such Note or such installment of interest is due and payable.

"Stipulated Loss Value" with respect to any Item of Equipment subject to the Lease as of any Payment Date, shall mean an amount determined by multiplying Lessor's Cost for such Item of Equipment by the percentage specified in Schedule 2 to such Lease and Indenture Supplement oppos-

ite such Payment Date; provided, however, that, notwithstanding any provision of the Lease (including but not limited to the adjustments to be made pursuant to Section 3 of the Lease), "Stipulated Loss Value" as of any Payment Date, plus the Basic Rent in respect of such Item of Equipment payable on such Payment Date (if and to the extent Basic Rent is then being paid in "arrears", as provided in the applicable Lease and Indenture Supplement) shall in no event be less than a sum sufficient to pay the appropriate pro rata portion of the aggregate unpaid principal amount of the Notes Outstanding on such Payment Date together with interest thereon accrued to such Payment Date, as determined pursuant to the Indenture.

"Supplemental Rent" shall mean any and all amounts (other than Interim Rent and Basic Rent), that the Lessee assumes the obligation to pay or agrees to pay under the Lease, the Tax Indemnification Agreement or the other Operative Documents to the Owner Trustee, the Owner Participant or others, including amounts payable as indemnity payments, payments of Stipulated Loss Value under the Lease, payment of amounts calculated by reference to Premium on the Notes and all amounts payable by the Lessee pursuant to Section 3(c) of the Lease.

"Tax" shall have the meaning assigned in Section 12.2(a) of the Participation Agreement.

"Tax Forms" shall have the meaning assigned in Section 12.2(b)(5) of the Participation Agreement.

"Tax Indemnification Agreement" shall mean the Tax Indemnification Agreement dated as of July 29, 1993 between the Lessee and the Owner Participant and substantially in the form of Exhibit E to the Participation Agreement, as the same may be amended, modified or supplemented pursuant to the provisions thereof.

"Tax Indemnitee" shall have the meaning assigned in Section 12.2(a) of the Participation Agreement.

"Tax Law" shall have the meaning assigned in Section 3(f) of the Lease.

"Tax Loss" shall mean (i) the inability of the Owner Participant to benefit from the depreciation, interest or amortization deductions at the times and in the amounts assumed in determining its Net Return, (ii) the requirement that the Owner Participant include amounts in

gross income other than at the times and in the amounts assumed in determining its Net Return, or (iii) the inability of the Owner Participant to utilize its otherwise creditable foreign taxes against its United States federal tax liability.

"Termination Date" shall have the meaning assigned in Section 13(a) of the Lease.

"30 Day LIBOR Rate" shall mean an interest rate per annum equal to (i) the average (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple) of the rate per annum at which deposits in U.S. dollars are offered by the principal office of each of the Reference Banks in London, England to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the date of determination in an amount substantially equal to the principal amount to which such 30 Day LIBOR Rate is to apply and for a period equal to 30 days plus (ii) 50 basis points.

"TIA" shall mean the Trust Indenture Act of 1939, as in effect from time to time.

"Transaction Costs" shall have the meaning assigned in Section 16 of the Participation Agreement.

"Transfer" shall have the meaning assigned in Section 20 of the Participation Agreement.

"Transferee" shall have the meaning assigned in Section 26(d) of the Participation Agreement.

"Transferor" shall have the meaning assigned in Section 26(d) of the Participation Agreement.

"Treasury Yield" shall mean the yield to maturity implied by the Treasury Constant Maturity Series Yields reported (for the latest day for which such yields shall have been so reported as of the fifth Business Day preceding the Redemption Date) in Federal Statistical Release H.15 (519) (or any comparable successor publication) for U.S. Treasury obligations having a maturity approximating the Remaining Average Life of the Notes.

"Trust Agreement" shall mean the Trust Agreement dated as of July 15, 1993 between the Bank and the Owner

Participant and substantially in the form of Exhibit A to the Participation Agreement as the same may be amended, modified or supplemented from time to time in accordance with the provisions thereof, of the Indenture and of the Participation Agreement.

"Trust Estate" shall have the meaning assigned to it in Section 1(d) of the Trust Agreement.

"Verifying Accountant" shall mean a nationally recognized Independent accountant selected by the Owner Participant and reasonably acceptable to the Lessee (it being understood that the representation of, or a conflict in representing the Owner Participant or the Lessee is relevant in determining the reasonableness of such acceptance). Such accountant shall execute a confidentiality agreement with respect to the subject matter of its review.