

Amended

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INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT

dated as of August 1, 1975

between

ILLINOIS CENTRAL GULF RAILROAD COMPANY

and

HARRIS TRUST AND SAVINGS BANK,
as Owner Trustee under a Trust Agreement
dated as of August 1, 1975, with
Chase Manhattan Realty Leasing Corporation

LEASE OF RAILROAD EQUIPMENT dated as of August 1, 1975, between ILLINOIS CENTRAL GULF RAILROAD COMPANY (hereinafter called the Lessee), and HARRIS TRUST AND SAVINGS BANK, as owner trustee under a restated Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement) with CHASE MANHATTAN REALTY LEASING CORPORATION (said bank, so acting, being hereinafter called the Lessor, and said corporation being hereinafter called the Owner).

WHEREAS the Lessor and the Lessee are entering into a restated manufacturing agreement dated as of the date hereof (hereinafter called the Manufacturing Agreement), wherein the Lessee has agreed to act as an independent contractor on behalf of Lessor in the construction of the units of new, standard-gauge railroad equipment described in Schedule A hereto (hereinafter called the Equipment);

WHEREAS the Lessee desires to lease such number of units of the Equipment as are delivered and accepted and settled for under the Manufacturing Agreement (hereinafter called the Units) at the rentals and for the term and upon the conditions hereinafter provided; and

WHEREAS the Lessor and Continental Illinois National Bank and Trust Company of Chicago, as indenture trustee (hereinafter called the Indenture Trustee), are entering into the Trust Indenture and Mortgage dated as of the date hereof (hereinafter called the Security Documentation) wherein the Lessor will convey and set over its interest in the Manufacturing Agreement, this Lease and the Equipment and all amounts of rent, insurance proceeds and requisition, indemnity or other payments payable to the Lessor as security for the benefit of the lenders (hereinafter called the Lenders) listed in Schedule A to the restated Participation Agreement dated as of the date hereof (hereinafter called the Participation Agreement) among the Lessee, the Lessor, the Indenture Trustee, the Owner and the Lenders (the Owner and the Lenders being hereinafter sometimes collectively called the Investors);

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter

mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions:

§ 1. Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor, the Indenture Trustee, the Owner or the Lenders or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

§ 2. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the Manufacturing Agreement. The Lessor will cause each Unit to be delivered to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Lessor under the Manufacturing Agreement. Upon such delivery, the Lessee will cause an employee of the Lessee to inspect the same, and

if such Unit is found to be acceptable, to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance (hereinafter called the Certificate of Acceptance) in accordance with the provisions of Article 2 of the Manufacturing Agreement, stating that such Unit has been inspected and accepted on behalf of the Lessee and the Lessor on the date of such Certificate of Acceptance and is marked in accordance with § 5 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

§ 3. Rentals. The Lessee agrees to pay to the Lessor, as rental for each Unit subject to this Lease, 60 consecutive quarterly payments payable in arrears on each of the quarterly anniversaries in each year of the final Lenders' Closing Date (as defined in the Participation Agreement) under the Participation Agreement, commencing the first such quarterly anniversary. The first 20 rental payments shall each be in an amount equal to 2.64517% of the Cost of Construction (as defined in the Manufacturing Agreement) of each Unit subject to this Lease with respect to Units becoming subject to this Lease on or prior to December 31, 1975, and 3.08621% of the Cost of Construction with respect to Units becoming subject to this Lease on or after January 1, 1976. The remaining 40 rental payments shall each be in an amount equal to 3.23299% of the Cost of Construction of each Unit subject to this Lease. The Lessee further agrees to pay to the Lessor, as rental for each Unit subject to this Lease, on January 30, 1976, and on the final Lender's Closing Date an amount equal to .03375% of the Cost of Construction of each Unit subject to this Lease for each day elapsed from the Closing Date (as defined in the Manufacturing Agreement) for such Unit to and including the date of such payment (less any amounts previously paid with respect to such Unit pursuant to this sentence). Notwithstanding the foregoing, in the event that, for any reason whatsoever, the Lenders fail to make available with respect to any Unit the funds to be made available by them under Paragraph 1 of the Participation Agreement, each of the 60 consecutive quarterly rental payments for such Unit shall be increased to 3.64864% of the Cost of Construction of such Unit. The Lessee further agrees that each rental payment pursuant to this § 3 shall be accompanied by a certificate of the Lessee signed by a financial officer of the Lessee to the effect that the signer does not have knowledge of the existence as at such date of any condition or

event which constitutes an Event of Default or which, after notice or lapse of time or both, would constitute an Event of Default.

The Lessee agrees that it will not take any action or omit to take any action which would result in a delay or hindrance in or prohibition of the orderly flow of rental payments as contemplated by this § 3 and the Consent of the Lessee annexed hereto, and further agrees that if, for any reason whatsoever, such a delay, hindrance or prohibition should occur or be threatened, the Lessee will promptly use its best efforts to eliminate such delay, hindrance or prohibition.

If any of the rental payment dates referred to above is not a business day, the rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, or Chicago, Illinois, are authorized or obligated to remain closed.

The Lessee agrees to make all the payments provided for in this Lease for the account of the Lessor at its address set forth in § 18 hereof, on or before 11:00 a.m., Chicago time, on the date upon which such payments are due and payable. The Lessee agrees to make each such payment provided for herein as contemplated by this paragraph in immediately available funds in the city where such payment is to be made.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of §§ 7, 10 and 13 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due pursuant to § 3 hereof. The obligations of the Lessee hereunder (including, but not limited to, the obligations under §§ 6, 7, 9, 11 and 14 hereof) shall survive the expiration of the term of this Lease.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Lessor, the Indenture Trustee and the Investors under the Trust Agreement and the Security Documentation.

§ 5. Identification Marks. The Lessee will cause each Unit to be kept numbered with the road number set forth in Schedule A hereto, or in the case of any Unit not there listed such road number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "Owned by a Bank or Trust Company under a Security Agreement Filed under the Interstate Commerce Act, Section 20c", or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's title to and property in such Unit, the rights of the Lessor under this Lease, the rights of the Owner under the Trust Agreement and the rights of the Lenders under the Security Documentation. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, defaced or destroyed. The Lessee will not change the road number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Lessor and the Indenture Trustee and filed, recorded and deposited by the Lessee in all public offices where this Lease, the Trust Agreement and the Security Documentation shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Lessor and the Indenture Trustee an opinion of counsel to that effect and to the further effect that no further filing, recording or deposit (or giving of notice) with any other Federal, state or local government or agency thereof is necessary in order to protect the interests of the Lessor, the Indenture Trustee or the Investors in and to the Units in the United States of America. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates.

Except as provided in the immediately preceding paragraph, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership.

§ 6. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor, the Indenture Trustee, the Estate (as defined in the Trust Agreement), the Trust Estate (as defined in the Security Documentation) and the Lenders for collection or other charges and will be free of expense to the Lessor, the Indenture Trustee, the Estate, the Trust Estate and the Lenders with respect

to the amount of any local, state, Federal or foreign taxes or certification, registration or license fees, assessments, charges, fines or penalties (all such expenses, taxes, certification, registration and license fees, assessments, charges, fines and penalties being hereinafter called Impositions), hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms of this Lease or the Manufacturing Agreement all of which Impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein, and from and against which the Lessee agrees to indemnify, protect, defend, save and keep harmless the Lessor, the Indenture Trustee, the Estate, the Trust Estate and the Lenders on an after tax basis. The Lessee will also promptly pay, to the extent legally enforceable, all Impositions that may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom or upon the Lessor by reason of its ownership thereof or upon the Lessor, the Indenture Trustee or the Lenders by reason of the Lenders' security interest therein and any Impositions upon any Unit or any other part of the Trust Estate or on account of the transactions contemplated by the Manufacturing Agreement, the Trust Agreement or the Security Documentation or the instruments or agreements referred to therein or contemplated thereby, and will keep at all times all and every part of the Units and every other part of the Trust Estate free and clear of all Impositions that might in any way affect the title, interest or rights of the Lessor in and to any thereof or result in a lien upon any thereof or affect the security interest of the Lenders therein; provided, however, that the Lessee shall be under no obligation to pay any Impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the opinion of the Lessor or the Indenture Trustee, adversely affect the title, interest or rights of the Lessor hereunder or of the Lessor, the Indenture Trustee, the Owner or the Lenders under the Trust Agreement or the Security Documentation. The Lessee agrees to give to the Lessor and the Indenture Trustee notice of any such contest within 30 days after the institution thereof. If any Impositions shall have been charged or levied against the Lessor, the Indenture Trustee, the Estate, the Trust Estate or the Lenders directly and paid by the Lessor, the Indenture Trustee, the Estate, the Trust Estate or the Lenders, the Lessee shall reimburse the Lessor, the Indenture Trustee, the Estate, the Trust Estate or the Lenders, as the case

may be, on presentation of an invoice therefor, except that the Lessee shall not be obligated to reimburse the Lessor for Impositions resulting from claims against the Lessor not related to the ownership or leasing of the Units. Notwithstanding anything contained in this § 6 to the contrary, the Lessee shall not be required to indemnify (i) the Lessor or the Indenture Trustee for any Imposition on or measured by any fees or compensation received by the Lessor or the Indenture Trustee for services rendered in connection with the transactions contemplated hereby or (ii) any Lender for any Impositions on or measured by the net income of such Lender.

In the event any reports with respect to Impositions are required to be made, the Lessee will either make such reports in such manner as to show the interests of the Lessor, the Indenture Trustee, the Owner and the Lenders in such Units or notify the Lessor, the Indenture Trustee, the Owner and the Lenders of such requirement and will make such reports in such manner as shall be satisfactory to the Lessor, the Indenture Trustee, the Owner and the Lenders.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any Imposition or any interest thereon, pursuant to this § 6, such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

To the extent that the Lessee may be prohibited by law from performing in its own name the duties required by this § 6, the Lessor hereby authorizes the Lessee to act in its own name and on its behalf; provided, however, that the Lessee shall indemnify and shall hold the Lessor harmless from and against any and all claims, costs, expenses, damages, losses and liabilities, incurred in connection therewith as a result of, or incident to, any action or failure to act by the Lessee pursuant to this authorization.

The Lessee shall, whenever requested by the Lessor, the Indenture Trustee or the Owner, submit to the Lessor and the Indenture Trustee copies of the returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Lessor, the Indenture Trustee and the Owner, of the Lessee's performance of its duties under this § 6. The Lessee shall also furnish promptly upon request

such data as the Lessor, the Indenture Trustee or the Owner reasonably may require to permit the Lessor's, the Indenture Trustee's and the Owner's compliance with the requirements of taxing jurisdictions.

§ 7. Maintenance; Casualty Occurrences; Insurance.
The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good operating order, repair and condition.

In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or, in the reasonable opinion of the Lessee, irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (such occurrences being hereinafter called Casualty Occurrences), prior to the return of such Unit in the manner set forth in § 14 hereof, the Lessee shall promptly and fully notify the Lessor and the Indenture Trustee with respect thereto. On the rental payment date next succeeding such notice (not including January 30, 1976, if such date is not the final Lender's Closing Date under the Participation Agreement) the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus a sum equal to the Casualty Value (as hereinafter defined) of such Unit as of the date of such payment in accordance with Schedule B attached hereto and shall pay to the persons entitled thereto any other amounts then due and payable by Lessee hereunder, under the Manufacturing Agreement or under the Participation Agreement. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, and any other amounts then due hereunder, under the Manufacturing Agreement or under the Participation Agreement to the persons entitled thereto, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be

that percentage of the Cost of Construction of such Unit as is set forth in Schedule B hereto.

Whenever any Unit shall suffer a Casualty Occurrence after termination of this Lease and before such Unit shall have been returned in the manner provided in § 14 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit, which shall be an amount equal to 20% of the Cost of Construction of such Unit. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessor shall be entitled to recover possession of such Unit.

Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

The Lessee will, at all times prior to the return of the Units to the Lessor, at its own expense, cause to be carried and maintained with insurers of recognized responsibility property insurance in respect of the Units at the time subject hereto, and public liability insurance, in amounts and against risks customarily insured against by the Lessee in respect of similar equipment owned by it and, in any event, in amounts and against such risks as shall be satisfactory to the Owner. Any policies of insurance shall name the Lessor, the Indenture Trustee, the Owner and the Lenders as additional named insureds as their respective interests may appear. If the Lessor shall receive any net insurance proceeds as the result of insurance carried by the Lessee or any condemnation payments in respect of a Unit suffering a Casualty Occurrence, the Lessor shall, subject to the Lessee having made payment of the Casualty Value in respect of such Unit and payment of any other amounts then due hereunder, under the Manufacturing Agreement and under the Participation Agreement, pay such proceeds or condemnation payments to the Lessee, up to an amount equal to the Casualty Value with respect to such Unit paid by the Lessee, and any balance of such proceeds or condemnation payments shall remain the property of the Lessor. All insurance proceeds received by the Lessor in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired. The Lessee will advise the Lessor and the Indenture Trustee in writing promptly

of any default in the payment of any premium and of any other act or omission on the part of the Lessee which might invalidate or render unenforceable in whole or in part, any insurance carried or maintained pursuant to this paragraph. The Lessee will also advise the Lessor and the Indenture Trustee in writing at least 10 days prior to the expiration or termination of any such insurance.

§ 8. Reports. On or before March 31 in each year, commencing with the calendar year 1976, the Lessee will furnish to the Lessor and the Indenture Trustee an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder and covered by the Trust Agreement and the Security Documentation, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year or are then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Lessor may reasonably request and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by § 5 hereof and by the Manufacturing Agreement have been preserved or replaced. The Lessor, the Indenture Trustee and the Owner shall have the right, by their agents, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor, the Indenture Trustee or the Owner may request during the continuance of this Lease.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR, THE INDENTURE TRUSTEE, THE OWNER AND EACH LENDER MAKE NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR, THE INDENTURE TRUSTEE, THE OWNER AND EACH LENDER MAKE NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Lessor, the Indenture Trustee, the Owner, each Lender and the Lessee, are to be borne by the Lessee. Without limiting the generality of the foregoing or anything else contained in this Lease, the Lessor, the Indenture Trustee, the Owner and each Lender shall have no responsibility or liability to

the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee, the Owner, each Lender, the Indenture Trustee and the Lessor that the Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor, the Indenture Trustee, the Owner or the Lenders based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor, the Indenture Trustee, the Owner and each Lender, to comply in all respects (including without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that such laws or rules require any alteration, replacement or addition of or to any part on any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or the Indenture Trustee, adversely affect the property or rights of the Lessor, the Indenture Trustee or the Investors under this Lease, the Trust Agreement or the Security Documentation.

The Lessee agrees forthwith to indemnify, protect, save and hold harmless the Lessor, the Indenture Trustee, the Estate, the Trust Estate and the Lenders from and against all losses, damages, injuries, liabilities, obligations, claims, actions, suits, disbursements and demands whatsoever, regardless of the cause thereof, and costs and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest,

arising out of or as the result of the entering into or the performance of, or the occurrence of a default or an Event of Default under, or the interference with the due payment or provision for payment of any amount payable to any person indemnified hereunder pursuant to any provision of, the Trust Agreement, the Security Documentation, the Manufacturing Agreement, the Participation Agreement or this Lease, the ownership of any Unit, the ordering, manufacture, acquisition, acceptance, possession, use, operation, condition, purchase, delivery, rejection, storage, return or other disposition of any Unit or any material utilized in connection therewith or any accident in connection with the operation, use, condition, possession, storage, return or other disposition of any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in § 14 of this Lease; provided, however, that the foregoing indemnity with respect to any particular indemnitee shall not extend to any loss, damage, injury, liability, obligation, claim, action, suit, disbursement or demand resulting from the wilful misconduct or gross negligence of such indemnitee, the inaccuracy of any representation or warranty made by such indemnitee in connection with the transactions contemplated hereby or the breach of any covenant or agreement by such indemnitee in connection with the transactions contemplated hereby. The indemnities provided for herein in favor of the Lessor shall inure to its benefit as owner trustee under the Trust Agreement and as lessor hereunder. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the expiration or termination of the term of this Lease.

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

§ 10. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein sometimes called an Event of Default) shall occur:

(A) default shall be made in payment of any amount provided for in §§ 3, 6, 7, 9 or 13 hereof, and such default shall continue for seven days;

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

(C) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in the Manufacturing Agreement or the Participation Agreement, and such default shall continue for 30 days after written notice from the Lessor to the Lessee specifying the default and demanding that the same be remedied;

(D) a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may hereafter be amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, the Manufacturing Agreement and the Participation Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier; or

(E) any other proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee under this Lease, the Manufacturing Agreement or the Participation Agreement under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee under this Lease, the Manufacturing Agreement or the Participation Agreement), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, the Manufactur-

ing Agreement and the Participation Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;

then, in any such case, the Lessor, at its option, may declare this Lease to be in default by notice in writing to the Lessee and may:

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

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor, subject to the applicable provisions of law, may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee with respect to such action or inaction or for any proceeds arising therefrom; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify in such notice of termination: (x) an amount equal to the excess, if any, of the present value,

at the time of such termination, of the entire unpaid balance of all rental for such Units which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Units over the then present value of the rental which the Lessor reasonably estimates to be obtainable for such Units during such period, such present value to be computed in each case on the basis of an 8-1/2% per annum discount, compounded quarterly, from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value of such Unit at such time; provided, however, that in the event the Lessor shall sell any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this subparagraph (ii) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination, over the net proceeds of such sale.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

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

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

Notwithstanding the foregoing, if the Lessee defaults in the payment of any amount required to be paid hereunder, the Owner may itself make such payment and the amount of such payment and the reasonable costs and expenses of the Owner incurred in connection with such payment shall be payable by the Lessee to the Owner upon demand; provided, however, that the Owner shall not be entitled to make such payment with respect to rental provided in § 3 hereunder with respect to more than three defaults in the payment of such rental by the Lessee or on more than one occasion during any four consecutive quarterly rental periods.

§ 11. Return of Units Upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

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

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Lessor; and

(c) transport the same to any place on the lines of railroad operated by the Lessee or any of its affiliates or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence

of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Equipment in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same.

All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which .04054% of the Cost of Construction of such Unit for each such day exceeds the actual earnings received by the Lessor on such Unit for each such day.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§ 12. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. All the rights of the Lessor hereunder shall inure to the benefit of the Lessor's assigns. The Lessee recognizes that the Lessor has agreed in the Security Documentation, among other things, to assign to the Indenture Trustee this Lease and the rights, benefits and advantages of the Lessor hereunder, and to mortgage in favor of the Indenture Trustee the Units, subject to the reservations and conditions therein set forth.

So long as the Lessee shall not be in default under this Lease and subject to the security interest of the Lend-

ers under the Security Documentation, the Lessee shall be entitled to the uninterrupted and undisturbed possession and full use of the Units in accordance with the terms of this Lease and the Security Documentation, but, without the prior written consent of the Lessor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them. The Lessee, at its own expense, will promptly pay or discharge, to the extent legally enforceable, any and all sums claimed by, or liabilities in favor of, any party which, if unpaid, might diminish the amount of rent due and payable under § 3 hereof or might become a lien, charge, security interest or other encumbrance (including an encumbrance created by the Lessor or an encumbrance resulting from claims against the Lessor not related to the ownership or leasing of the Units which the Lessor shall have failed to satisfy promptly) upon or with respect to any Unit or any other part of the Trust Estate, or the interest of the Lessor, the Indenture Trustee, the Investors or the Lessee therein, and will promptly (and in any event within 10 days after notice) discharge any such lien, charge, security interest or other encumbrance which arises or nullify its effect; provided, however, that the Lessee shall not be required to discharge any such existing lien, charge, security interest or other encumbrance which attaches solely to the leasehold interest of the Lessee under this Lease in and to the Equipment. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the immediately succeeding paragraph.

So long as the Lessee shall not be in default under this Lease and subject to the security interest of the Lenders under the Security Documentation, the Lessee shall be entitled to the possession of the Units and to the use of the Units by it or any affiliate upon lines of railroad owned or operated by it or any such affiliate or upon lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract, and also to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, but only upon and subject to all the terms and conditions of this Lease, and to all rights of the Lessor, the Indenture Trustee and the Investors under the Trust Agreement and the Security Documentation. The Lessee may receive and retain compensation for such use from other railroads so using any of the

Units. The Lessee represents and warrants to the Lessor, the Indenture Trustee and the Investors that the Units will be used, and are intended for use, in connection with interstate commerce.

Nothing in this § 12 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any railroad corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease.

§ 13. Renewal Option; Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Lessor not less than 120 days prior to the end of the original term or any extended term of this Lease, as the case may be, elect to extend the term of this Lease in respect of all but not fewer than all of the Units then covered by this Lease, for an additional two-year period commencing on the scheduled expiration of the original term or any extended term of this Lease, as the case may be, provided that no such extended term shall extend beyond four years from the date of expiration of the original term of this Lease. Rentals during any renewal term shall be at an amount equal to "Fair Market Rental" of the Units then covered by this Lease, payable in arrears in four quarterly payments for each one-year period, such payments to be made on the quarterly anniversary of the termination of the original term of this Lease.

Fair Market Rental during each extended term of this Lease shall be determined on the basis of, and shall be equal in amount to, the rental which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental. If, after 30 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, the Owner and the Lessee are unable to agree upon a determination of

the Fair Market Rental of the Units, such rental shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 10 business days after such notice is given, each party shall appoint an independent appraiser within 15 business days after such notice is given, and the two appraisers so appointed shall within 25 business days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 25 business days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental of the Units subject to the proposed extended term within 60 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Rental of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the Fair Market Rental. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne equally by the Lessee and the Owner in the event the Lease is renewed pursuant to this § 13. Otherwise such expense shall be paid entirely by the Lessee.

Notwithstanding the foregoing, the Casualty Value of each Unit as of any rental payment date during any extended term provided for in this § 13 shall mean a sum equal to (1) the "Fair Market Value" of such Unit as of the last day of such extended term (determined as of the first

day of such extended term as provided in this § 13) plus (2) an amount determined by multiplying (x) an amount equal to the excess of the Fair Market Value of such Unit as of the first day of such extended term (determined as of such first day as provided in this § 13) over such Fair Market Value as of the last day of such extended term by (y) a fraction of which the numerator shall be the number of days in such extended term following such date and of which the denominator shall be the total number of days in such extended term (it being understood that such Fair Market Value shall be determined as provided in this § 13 concurrently with the determination of Fair Market Rental hereunder, provided, that for such purpose, "value" and "Value" shall be substituted for, respectively, "rental" and "Rental"; "buyer" shall be substituted for "lessee"; "seller" shall be substituted for "lessor"; and "sell" shall be substituted for "lease", in each case in which each such substituted term appears in the second paragraph of this § 13).

§ 14. Return of Units upon Expiration of Term. As soon as practicable on or after the expiration of the original or extended term of this Lease with respect to any Unit, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks of the Lessee or any of its affiliates as the Lessor may designate, or, in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Unit on such tracks for a period not exceeding 90 days and transport the same, at any time within such 90-day period, to any reasonable place on the lines of railroad operated by the Lessee or any of its affiliates, or to any connecting carrier for shipment, all as directed by the Lessor, the movement and storage of such Units to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this § 14 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and (ii) meet the standards then in effect under the Interchange Rules of

the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which .04054% of the Cost of Construction of such Unit for each such day exceeds the actual earnings received by the Lessor on such Unit for each such day.

§ 15. Recording. The Lessee, at its own expense, will cause this Lease, the Manufacturing Agreement, the Trust Agreement, the Security Documentation and any assignment hereof or thereof to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor, the Indenture Trustee, the Lenders or the Owner for the purpose of proper protection, to their satisfaction, of the Lessor's, the Indenture Trustee's, the Lenders' and the Owner's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the Trust Agreement and the Security Documentation; and the Lessee will promptly furnish to the Lessor and the Indenture Trustee evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Lessor and the Indenture Trustee. This Lease, the Manufacturing Agreement, the Trust Agreement and the Security Documentation shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

§ 16. Interest on Overdue Rentals. Anything to the

contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, an amount equal to 11-1/2% per annum on the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

§ 17. Investment Tax Credit; Indemnity Agreement.

(a) The Lessor hereby agrees and covenants that it will, in accordance with Section 48(d) of the Internal Revenue Code of 1954, as amended, and the applicable regulations thereunder, execute without warranty of efficacy an election to treat the Lessee as having acquired the Equipment for purposes of the investment tax credit provided by Section 38 (and related sections) of said Code so that the Lessee may receive the benefit of such credit to the extent available; provided, however, that neither the Lessor nor the Owner shall be in any way responsible for the Lessee's failure to obtain the benefits of such investment tax credit and the Lessee shall be solely responsible for the preparation and filing of all documents necessary to effect such election and shall furnish the Lessor with the appropriate document ready for execution by the Lessor not later than 30 days prior to the date on which the election is required to be made, which date shall be specified by the Lessee in its letter transmitting the election document.

(b) The Lessee hereby agrees and covenants that it will pay directly to the Indenture Trustee at 231 South LaSalle Street, Chicago, Illinois 60693, all amounts required to be paid by it pursuant to the Indemnity Agreements dated as of August 15, 1975, as amended, between the Lessee and the Owner and the Lessee and Chase Manhattan Service Corporation for application as provided in the Security Documentation.

§ 18. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when mailed, first class, postage prepaid, addressed as follows:

(a) if to the Lessor, at 111 West Monroe Street, Chicago, Illinois 60690, attention of Corporate Trust Division, and

(b) if to the Indenture Trustee, at 231 South LaSalle Street, Chicago, Illinois 60693, attention of Corporate Trust Department; and

(c) if to the Lessee, at 233 North Michigan Avenue, Chicago, Illinois 60601, attention of the Treasurer,

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

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

This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. This Lease amends, restates and supersedes in its entirety the previous lease of railroad equipment dated as of August 1, 1975, between the parties hereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee and, until such time as the Security Documentation shall have been discharged pursuant to the terms thereof, approved in writing by the Indenture Trustee.

§ 20. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Lessor shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 21. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

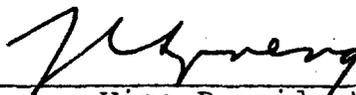
§ 22. Immunities; No Recourse. It is expressly understood and agreed by and between the parties hereto, any-

thing herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, undertakings and agreements by Harris Trust and Savings Bank or for the purpose or with the intention of binding said bank personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Lease is executed and delivered by said bank solely in the exercise of the powers expressly conferred upon said bank as trustee under the Trust Agreement; and except in the case of negligence or wilful misconduct no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank, or on account of any representation, undertaking or agreement of the Lessor, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee.

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

HARRIS TRUST AND SAVINGS BANK,
as Owner Trustee,

by



Vice President

[Corporate Seal]

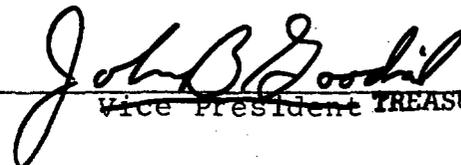
Attest:



Assistant Secretary

ILLINOIS CENTRAL GULF
RAILROAD COMPANY,

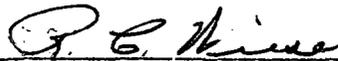
by



Vice President TREASURER

[Corporate Seal]

Attest:



Assistant Secretary

STATE OF ^{New York} ILLINOIS,)
COUNTY OF ^{New York} COOK,) ss.:

On this ^{5th} day of ^{Nov.} 1975, before me personally appeared ^{John B. Goodrich}, to me personally known, who, being by me duly sworn, says that he is a Vice ^{Treasurer} President of ILLINOIS CENTRAL GULF RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sandra Lee Hile
Notary Public

[Notarial Seal]

My Commission expires

SANDRA LEE HILE
Notary Public, State of New York
No. 30-4513207
Qualified in Nassau County
Certificate filed in N.Y. & Nassau County
Commission Expires March 30, 1977

SCHEDULE A TO LEASE

<u>Type</u>	<u>Quantity</u>	<u>Lessee's Road Numbers (Both Inclusive)</u>
50-ton, 54' 4" boxcars	588	ICG 526000-526224 ICG 526500-526595 ICG 527000-527049 ICG 527200-527362 ICG 576225-576274 ICG 576596-576599
70-ton, 54' 4-1/2" to 57' 11-1/2" boxcars	212	ICG 152000-152006 ICG 152100-152116 ICG 152200-152212 ICG 527050-527128 ICG 527700-527719 ICG 545800-545825 ICG 595826-595874 ICG 577129

SCHEDULE B

CASUALTY VALUE TABLE

<u>Payment Number</u>	<u>Percentage for Units Delivered on or Prior to December 31, 1975</u>	<u>Percentage for Units Delivered on or After January 1, 1976</u>	<u>Percentage in the Absence of Funding by Lenders</u>
Final Lenders'			
Closing Date	112.0232%	111.0864%	113.3073%
1	112.8885	111.7531	113.9167
2	113.6291	112.4254	114.4330
3	114.2815	113.9333	114.8603
4	114.3805	114.4911	116.3332
5	114.9028	114.9250	116.5995
6	115.2883	115.2634	116.7914
7	115.5751	115.5699	116.9063
8	115.8493	115.7431	116.9431
9	116.0067	115.7771	116.8997
10	116.0384	115.7032	116.7879
11	115.9766	115.6084	116.6016
12	115.9097	115.3763	116.3375
13	115.7190	115.0176	115.9920
14	115.4143	114.5569	115.5832
15	115.0220	114.0824	115.1019
16	114.6336	113.4620	114.5430
17	114.1145	112.7257	113.9018
18	113.4941	111.8924	113.2024
19	112.7932	111.0537	112.4327
20	112.1071	110.0606	111.5855
21	110.6959	108.8209	110.6556
22	109.2132	107.5091	109.6725
23	107.6816	106.3650	108.6215
24	106.7032	104.9345	107.4935
25	105.0804	103.4410	106.2821
26	103.4124	101.8899	105.0228
27	101.6984	100.4367	103.6981
28	100.0909	98.7838	102.2970
29	98.2832	97.0909	100.8121
30	96.4324	95.3560	99.2848
31	94.5356	93.7461	97.6948
32	92.7616	91.9288	96.0290
33	90.7735	90.0696	94.2792
34	88.7510	88.1588	92.4926
35	86.6871	86.3365	90.6461
36	84.7158	84.3093	88.7247
37	82.5669	82.2504	86.7191

<u>Payment Number</u>	<u>Percentage for Units Delivered on or Prior to December 31, 1975</u>	<u>Percentage for Units Delivered on or After January 1, 1976</u>	<u>Percentage in the Absence of Funding by Lenders</u>
38	80.3870%	80.1427%	84.6827%
39	78.1702	78.1062	82.5893
40	76.0396	75.8752	80.4220
41	73.7411	73.6226	78.1708
42	71.4164	71.3275	75.8946
43	69.0579	69.1064	73.5646
44	66.7791	66.7174	71.1621
45	64.3425	64.3101	68.6759
46	61.8847	61.8632	66.1710
47	59.3964	59.4901	63.6157
48	56.9810	56.9640	60.9893
49	54.4178	54.4170	58.2797
50	51.8359	51.8396	55.5539
51	49.2251	49.3334	52.7783
52	46.6853	46.6791	49.9302
53	43.9991	44.0057	46.9970
54	41.2940	41.3025	44.0447
55	38.5589	38.6732	41.0391
56	35.8984	35.8916	37.9566
57	33.0844	33.0908	34.7843
58	30.2508	30.2591	31.5881
59	27.3857	27.5049	28.3340
60 and thereafter	20.0000	20.0000	20.0000

CONSENT

The undersigned, ILLINOIS CENTRAL GULF RAILROAD COMPANY, a Delaware corporation, the Lessee named in the foregoing Lease, hereby acknowledges receipt of copies of the Trust Agreement and the Security Documentation referred to in said Lease, consents to all the terms and conditions of the Trust Agreement and the Security Documentation and acknowledges that in order to secure its obligations set forth in the Security Documentation to the Lenders, as such term is used in said Lease, HARRIS TRUST AND SAVINGS BANK, as Owner Trustee, has conveyed and set over to CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, as Indenture Trustee, its right, title and interest in the Trust Estate (as defined in said Security Documentation), including this Lease and all rent and other sums payable hereunder.

The Lessee hereby agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities and other moneys provided for in the Lease (which moneys are hereinafter called the Payments) due and to become due under the Lease or otherwise in respect of the Units leased thereunder, directly in immediately available funds to the Indenture Trustee at 231 South LaSalle Street, Chicago, Illinois 60693 (or at such other address as may be furnished in writing to the Lessee by the Indenture Trustee);

(2) the Indenture Trustee shall, subject to the provisions of the Security Documentation, be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Indenture Trustee were named therein as the Lessor;

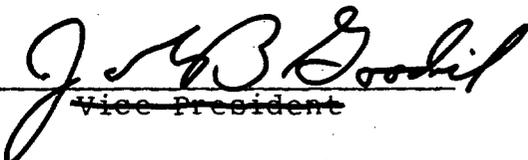
(3) the Indenture Trustee shall not, by virtue of the Security Documentation, be or become subject to any liability or obligation under the Lease or otherwise;

(4) the Lease shall not, without the prior written consent of the Indenture Trustee, be terminated or modified, nor shall any action be taken or omitted by the Lessee the taking or omission of which might result in an alternation or impairment of the Lease, the Security Documentation or this consent and agreement or of any of the rights created by any thereof; and

(5) the rentals provided in § 3 of the Lease and the casualty payments provided in § 7 of the Lease have been calculated so as to be sufficient to pay in full, any payments then required to be made to the Lenders on account of principal and interest pursuant to the Security Documentation.

ILLINOIS CENTRAL GULF RAILROAD
COMPANY,

by


~~Vice President~~