

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

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

20006-2973

(202) 393-2266
FAX (202) 393-2156

OF COUNSEL
URBAN A. LESTER

June 28, 1996

RECORDATION NO. 20161 FILED 1425
JUN 28 1996 12 15 PM
REGISTERED PROFESSIONAL

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a), are two (2) copies of a Railcar Lease Intended as Security, dated as of June 28, 1996, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Lessor: ING Lease (Ireland) B.V. Dublin Branch
49 St. Stephens Green
Dublin, Ireland

Lessee: Illinois Central Railroad Company
455 North Cityfront Plaza Drive
Chicago, Illinois 60610

A description of the railroad equipment covered by the enclosed document is:

Four hundred eighty-three (483) railcars set forth on Schedule A attached to the Railcar Lease

Q.A.
Counter parts -

Mr Vernon A. Williams
June 28, 1996
Page 2

Also enclosed is a check in the amount of \$21 00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert W. Alvord", with a stylized flourish at the end.

Robert W. Alvord

RWA/bg
Enclosures

20161

JUN 28 1996

096

RAILCAR LEASE INTENDED AS SECURITY

by and between

ING LEASE (IRELAND) B.V. DUBLIN BRANCH

and

**ILLINOIS CENTRAL RAILROAD COMPANY,
a Delaware corporation**

dated as of

June 28, 1996

STB
COPY

TABLE OF CONTENTS

	Page
RECITALS	1
1. DEFINITIONS.	1
2. LEASE OF UNITS.	8
3. PAYMENT OF PURCHASE PRICE; CONDITIONS TO FUNDING ON THE CLOSING DATE.	8
4. TERM.	11
5. RENT; UNCONDITIONAL OBLIGATIONS.	12
6. REPRESENTATIONS AND WARRANTIES; DISCLAIMER; ASSIGNMENT OF WARRANTIES.	13
7. RETURN; STORAGE.	19
8. PURCHASE OPTION; APPRAISAL PROCEDURE.	20
9. OWNERSHIP, GRANT OF SECURITY INTEREST TO AGENT AND FURTHER ASSURANCES.	22
10. INSURANCE	23
11. COMPLIANCE WITH LAWS; OPERATION AND MAINTENANCE; ADDITIONS.	24
12. INSPECTION.	25
13. OWNERSHIP AND MARKING OF UNITS.	25
14. LOSS OR DAMAGE.	26
15. GENERAL INDEMNITY.	27
16. GENERAL TAX INDEMNITY.	29
17. EVENTS OF DEFAULT.	35
18. REMEDIES.	36
19. LESSOR'S RIGHT TO PERFORM.	38

20. ASSIGNMENT OR SUBLEASE.....38

21. LESSEE AS RAILROAD.39

22. FURTHER ASSURANCES; FINANCIAL INFORMATION; REPORTS.....39

23. RECORDING.....40

24. NOTICES.40

25. ADDITIONAL SECURITY AND COVENANTS.....41

26. QUIET ENJOYMENT.41

27. MISCELLANEOUS.....41

Exhibit A..... Purchase Agreement

Exhibit B..... Purchase Agreement Assignment

Schedule A..... Description of Equipment

Schedule B..... Stipulated Loss Value

RAILCAR LEASE INTENDED AS SECURITY

This RAILCAR LEASE INTENDED AS SECURITY, dated as of June 28, 1996 (the "Lease"), is entered into by and between ING LEASE (IRELAND) B.V. DUBLIN BRANCH (together with its successors and assigns, "Lessor") and ILLINOIS CENTRAL RAILROAD COMPANY, a Delaware corporation (together with its successors and permitted assigns, "Lessee").

RECITALS

WHEREAS, pursuant to that certain Purchase Agreement between General Electric Railcar Services Corporation, a Delaware corporation (together with its successors and assigns, "Seller") and Lessee, dated as of June 28, 1996 with respect to 124 covered hopper cars and the Purchase Agreement between Seller and Lessee, dated as of June 28, 1996 with respect to 240 covered hopper cars and 119 gondola cars (as heretofore or hereinafter from time to time supplemented, amended or modified to the extent permitted by the terms thereof and the terms of this Agreement, collectively, the "Purchase Agreement"), Seller has conveyed to Lessee such title in and to, 483 units of railroad equipment more particularly described in the Equipment Schedule attached as Schedule A hereto (the "Equipment"); and

WHEREAS, pursuant to that certain Purchase Agreement Assignment dated as of June 28, 1996 (the "Purchase Agreement Assignment"), Lessee has assigned, transferred and set over to Lessor all Lessee's right, title and interest in and to the Purchase Agreement, as and to the extent the same relate to the Equipment and the purchase and operation thereof;

NOW, THEREFORE, Lessor and Lessee hereby agree as follows:

1. DEFINITIONS.

(a) As used in this Lease, the following terms shall have the following meanings (such definitions to be equally applicable to both the singular and plural forms of the terms defined):

"AAR" means the Association of American Railroads or any successor organization or agency having similar responsibilities.

"Abatements" as defined in Section 5(f).

"Affiliate" of any Person, means any other Person directly or in directly controlling, controlled by, or under common control with such Person.

"After-Tax Basis" means, in respect of any amount required to be indemnified against, that such amount shall be increased to equal an amount which after deduction of all applicable taxes imposed by any and all jurisdictions that are required to be paid by the recipient in respect

of the receipt or accrual of such amount (net of any deduction, credit or other tax benefit realized by the recipient in the same taxable year and attributable to the indemnified tax, cost or expense, which the recipient shall be deemed to utilize after all other available tax benefits) is equal to the amount required to be indemnified against, calculated using the assumption that the recipient is fully taxable for federal, state and local income tax purposes at the maximum rate of federal income taxation applicable to corporations, and at the maximum composite rate of state and local income taxation applicable to such recipient, at the time such amount is received or properly accrued.

“Applicable Law” means all applicable laws, rules and regulations, orders or judgments of any Governmental Body.

“Average Purchase Price” means the quotient of total Purchase Price divided by the total number of Units, each as determined on the Closing Date.

“Bankruptcy Code” as defined in Section 6(a).

“Base Term” means the period commencing on the Closing Date and ending two (2) years following the Closing Date.

“Basic Documents” means the Purchase Agreements, the Purchase Agreement Assignment and this Lease, collectively, together with all renewals, amendments and modifications thereof.

“Business Day” means a day other than a Saturday, Sunday or legal holiday under the laws of the State of New York.

“Change in Law” as defined in Section 15(d).

“C Noticed Payment Date” as defined in Section 18(c).

“Code” means the Internal Revenue Code of 1986, as amended, or any comparable successor law.

“Closing Date” means the date of the Funding.

“Collateral” as defined in Section 9(a).

“Commercial Operation” means with respect to each Unit, the operation of such Unit in continuous commercial operation at its design capacity, in compliance with operating requirements of Applicable Law, including DOT, AAR and FRA, and in continuous (except for routine maintenance) operation in Lessee's business.

“Continuation Date” as defined in Section 5(h).

“D Noticed Payment Date” as defined in Section 18(d).

“Default” means any event or condition which after the giving of notice or lapse of time or both would become an Event of Default.

“Dollars” or “\$” means the currency of the United States of America.

“ERISA” means the Employment Retirement Income Security Act of 1974, as amended.

“Event of Default” as defined in Section 17 hereof.

“Event of Loss” with respect to any Unit means any of the following events: (i) a Unit shall be or become lost, stolen, destroyed, contaminated or irreparably damaged or permanently rendered unfit for use in interchange rail transportation, from any cause whatsoever during the Term hereof or until such Unit is returned in accordance with the provisions of this Lease, or during any free storage period under Section 7 hereof, or (ii) title to or use of such Unit shall be taken by any governmental authority, or (iii) at Lessee’s option, as a result of any rule, regulation, order or other action by the AAR, the FRA or any government or any agency or instrumentality thereof, the use of such Unit in the normal course of interchange rail transportation and interchange shall have been prohibited for a continuous period of 180 days.

“Equipment” as defined in the recitals hereto.

“Equipment Schedule” means Schedule A attached hereto, pursuant to which each of the Units are accepted by Lessee hereunder and become subject to this Lease.

“Excessive Use” as defined in Section 15(c).

“Fair Market Value” means, with respect to the Closing Date and as estimated for the end of the Base Term and each Renewal Term, the amount determined by the appraisal delivered pursuant to Section 3(c)(v).

“First Renewal Term” as defined in Section 4(b).

“Fixed Price Purchase Option” as defined in Section 8(a)(ii).

“FRA” means the Federal Railroad Administration or any successor agency having similar jurisdiction or responsibilities.

“Funding” as defined in Section 3.

“Funding Request” as defined in Section 3.

“GAAP” means generally accepted accounting principles in effect from time to time in the United States.

“Governmental Body” means any federal, state, municipal or other governmental subdivision, department, commission, board, bureau, court, legislature, agency, instrumentality or authority, of any country, including, without limitation, the United States of America, domestic or, to the extent binding under federal law on any Person or any Unit, international or transnational including Canada and Mexico.

“Income Taxes” as defined in Section 16(b).

“Interest Period” means the period commencing on the Closing Date or on a Continuation Date and ending on the date one, three or six months thereafter, as selected by the Lessee in its Funding Request or Notice of Continuation, as applicable; provided that:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the following Business Day unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period shall extend beyond the last day of the Base Term or any Renewal Term then in effect unless Lessee has elected or is deemed to have elected the Renewal Option for the next succeeding Renewal Term.

“Lease” and the terms “hereof,” “hereto,” and “hereunder,” when used in this Railcar Lease Intended as Security, means and include this Railcar Lease Intended as Security and each

supplement and amendment hereto, as the same may from time to time be amended, modified or supplemented.

“Lease Balance” means, as of any determination date, the aggregate Purchase Price of all of the Units, minus all amounts of Fixed Rent actually paid to the date of determination and all amounts paid for the purchase of any Units pursuant to an Event of Loss to the date of determination, provided that such amounts shall not include any Variable Rent, or any costs, expenses or taxes to be paid by Lessee in connection with such purchase.

“Lease Term” or “Term” means, with respect to any Unit, the term of the lease of such Unit hereunder as specified in Section 4 hereof.

“Lessee” as defined in the introductory paragraph to this Lease.

“Lessor” as defined in the introductory paragraph to this Lease.

“Lessor’s Lien” means any mortgage, pledge, lien, security interest, charge, encumbrance, financing statement; title retention or any other right or claim of any Person created by, or claiming through or under, Lessor.

“LIBOR” means, for any Interest Period, an interest rate per annum (rounded upwards, if necessary to make such rate an integral multiple of 1/16 of 1%, to the next higher 1/16 of 1%) equal to LIBOR. “LIBOR” means the average interest rate per annum at which dollar deposits approximately equal in principal amount to the Lease Balance for which such rate is being determined and for a maturity equal to the applicable Interest Period are generally offered in immediately available funds in the London interbank market for eurodollars at approximately 11:00 a.m., London time, as determined by reference to Telerate Service, two Business Days before the commencement of such Interest Period.

“Lien” means any mortgage, pledge, lien, security interest, charge, encumbrance, financing statement, title retention or any other right or claim of any Person, other than any Lessor’s Lien.

“Loss Payment Date” for purposes of Section 14(b) hereof and otherwise, means, as to any Event of Loss, (a) if Variable Rent is then determined by reference to LIBOR, the last day of the next succeeding Interest Period ending at least thirty (30) days after Lessee provides notice under Section 14(b) of such Event of Loss giving rise to a payment of Stipulated Loss Value or (b) if Variable Rent is then determined by reference to Offered Rate, the next succeeding Rent Payment Date that is at least thirty (30) days after such notice; *provided, however*, that if there is no remaining scheduled Rent Payment Date that is at least 30 days after Lessee provides, or should have provided, such notice of such Event of Loss, the Loss Payment Date shall be the first Business Day that is at least 30 days after Lessee provides such notice of such Event of Loss giving rise to a payment of a Stipulated Loss Value.

“Make Whole Amount” means all amounts payable under Section 15(e) with respect to a prepayment and, in the case of prepayments in connection with an Event of Default, an amount equal to interest accrued on the Lease Balance so paid for the period from the last day of the Interest Period then in effect, if any, and if no Interest Period is then in effect, from the date of such prepayment, to the last day of the Base Term or any Renewal Term then in effect at the rate per annum equal to 57 basis points.

“Notice of Continuation” as defined in Section 5(h).

“Offered Rate” means the interbank offered rate for Dollar transactions set forth on the display designated as “Page 3750” on the Telerate Service (or such other display as may replace Page 3750 on the Telerate Service or successor publication). For any determination of Offered Rate, the Offered Rate shall be determined for overnight transactions and shall change on a daily basis.

“Officer’s Certificate” means with respect to any corporation, a certificate of a Responsible Officer of such corporation.

“Permitted Liens” means (a) the respective rights and interests of each of Lessee and Lessor as specifically provided in this Lease, (b) Liens for taxes, levies, imposts, duties, license, permit or inspection fees or other governmental charges of any kind either not yet due or being contested in good faith and by appropriate proceedings that suspend the collection thereof and for the payment of which Lessee shall have provided adequate reserves on its books, so long as such proceedings shall not involve any material danger of the sale, forfeiture or loss of the Units, or any part thereof, title thereto or any interest therein and shall not interfere with the use of the Units, or the payment of rent, (c) construction, materialmen’s, mechanics’, workers’, suppliers’, repairmen’s, employees or other like Liens arising in the ordinary course of business for amounts either not yet due or being contested in good faith and by appropriate proceedings, so long as such proceedings shall not involve any material danger of the sale, forfeiture or loss of the Units or any part thereof, title thereto or any interest therein and shall not interfere with the use of the Units or the payment of rent, (d) Liens arising out of judgments or awards with respect to which a stay of execution has been obtained pending appeal or proceeding for review and the payment of which Lessee shall have adequately bonded to discharge such Lien, and (e) Liens arising out of the maintenance of court actions being defended in good faith by appropriate and timely proceedings that are being diligently pursued (and as to which adequate reserves have been provided and maintained).

“Permitted Sublease” as defined in Section 20(b).

“Person” means an individual, partnership, corporation, trust, or unincorporated organization, and a government or agency or political subdivision thereof.

“Proceeds” as defined in Section 8(a).

“Purchase Agreement” as defined in the recitals hereto.

“Purchase Agreement Assignment” means the Purchase Agreement Assignment dated as of June 28, 1996, in the form of Exhibit B hereto.

“Purchase Price” means, with respect to any Unit, the aggregate cost of such Unit reflected on Equipment Schedule A therefor delivered to Lessor with the Purchase Agreements pursuant to Section 3, exclusive of any transfer costs, applicable sales, use or similar taxes imposed on any Unit.

“Renewal Option” as defined in Section 8(a).

“Renewal Term” means each of the First Renewal Term, the Second Renewal Term and the Third Renewal Term.

“Rent” means, with respect to each Lease Term, the sum of Fixed Rent and Variable Rent for such Lease Term determined in accordance with Sections 5(a) and (b).

“Rent Payment Date” as defined in Section 5(c).

“Responsible Officer” means, in the case of any corporation or other entity, the Chairman of the Board of Directors, the President, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary.

“Sale Option” as defined in Section 8(a).

“Sale Recourse Amount” as defined in Section 8(a).

“Second Renewal Term” as defined in Section 4(c).

“Seller” as defined in the recitals hereto.

“Stipulated Loss Value” means, with respect to any Unit, the amount set forth on Schedule B attached hereto opposite the applicable Rent Payment Date; *provided*, that for purposes of Sections 7(c), 14(b), 18(c) and 18(d) hereof, any determination of Stipulated Loss Value as of a date occurring after the final Rent Payment Date with respect to such Unit shall be the last amount set forth at the end of Schedule B.

“STB” means the Surface Transportation Board or any successor agency having similar jurisdiction or responsibilities.

“Tax Counsel” means independent tax counsel selected by Lessor and approved by Lessee (which approval shall not unreasonably be withheld or delayed).

“Taxes” as defined in Section 16(a).

“Termination Date” means the date the Lease Term including any Renewal Term, ends pursuant to Section 8 or 18.

“Third Renewal Term” as defined in Section 4(d).

“UCC” means the Uniform Commercial Code, as in effect from time to time in any applicable jurisdiction.

“Unit” means any one of the Units.

“Units” means the units of Equipment, together with any and all accessories, appliances, attachments, appurtenances, additions, substitutions, replacement parts and repairs, whether now owned or hereafter acquired, from time to time incorporated or installed therein or thereon, which units are delivered to and accepted by Lessee under and pursuant to the terms of this Lease are declared to be and constitute a part of the Units.

“Variable Rent” means, with respect to each calendar month, an amount equal to interest accrued on the Lease Balance outstanding during such calendar month at the Interest Rate or, if an Event of Default exists, the Late Rate; *provided, however*, for any Interest Period of three or six months, Variable Rent shall be determined by reference to the Lease Balance outstanding on the first day of the Interest Period notwithstanding that the Lease Balance will be reduced monthly during such Interest Period.

(b) All accounting terms not specifically defined herein shall be construed in accordance with GAAP.

2. PURCHASE AND LEASE OF UNITS.

Subject to the satisfaction or waiver of the conditions set forth in Section 3 on the Closing Date, without necessity of any further act or evidence by either party hereto, each Unit listed on Equipment Schedule A delivered on the Closing Date shall be deemed examined and accepted by Lessee for all purposes and shall be deemed delivered and leased by Lessor to Lessee for the Basic Term and, if Lessee so elects pursuant to Section 8(a), the applicable Renewal Term.

3. PAYMENT OF PURCHASE PRICE; CONDITIONS TO FUNDING ON THE CLOSING DATE.

The obligations of Lessor to disburse funds in payment of the Purchase Price (“Funding”) on the Closing Date and lease the Units to Lessee under this Lease are subject to the fulfillment

(in form and substance) to the satisfaction of, or waiver by, Lessor on or before the Closing Date of the following conditions precedent:

(a) Lessor shall have received a Funding request (the "Funding Request") to be received by Lessor not later than 9:00 a.m. (New York City time) at least five Business Days in advance of the Closing Date, specifying:

- (i) the proposed Closing Date;
- (ii) the aggregate Purchase Price of the Units, and
- (iii) the duration of the requested initial Interest Period.

(b) All actions, approvals, consents, waivers, exemptions, variances, franchises, orders, permits, authorizations, rights, licenses, registrations, filings and notices required to be taken, obtained, made or given by the parties to the Basic Documents in respect of any Governmental Body in connection with the transactions contemplated by the Basic Document to occur on the Closing Date shall have been duly taken, obtained, made or given, as the case may be, shall be in full force and effect on such date, shall not be subject to any pending proceedings (administrative, judicial or otherwise) and shall be adequate to authorize the consummation of such transactions and the performance by the parties of their respective obligations with respect to the purchase of the Units under such Basic Documents to which each is a party, and copies thereof, certified by the appropriate party, shall have been delivered to Lessor.

(c) The following documents shall have been duly authorized, executed and delivered by the parties thereto; an executed counterpart or copy of each thereof shall have been delivered to Lessor; each such document shall be in full force and effect on such date without any event or condition having occurred or existing that constitutes, or which with the giving of notice or lapse of time or both would constitute, a default thereunder or a breach thereof or would give any party thereto the right to terminate any thereof:

- (i) this Lease;
- (ii) the Purchase Agreements;
- (iii) Bills of Sale;
- (iv) the Purchase Agreement Assignment;
- (v) a report, by an appraiser nominated by Lessee, evidencing the current Fair Market Value of the Units as of the Closing Date and the Fair Market Value of the Units as at the end of the Base Term and each Renewal Term; and
- (vi) such other documents and certificates as any party shall reasonably request in connection with the transactions contemplated hereby, including, without limitation,

certificates or other documents confirming the truth of any representations or warranties on such date.

(d) Lessor shall have a duly perfected first priority security interest in the Units and all other Collateral then in existence, enforceable in accordance with the terms hereof. Accordingly, Lessor's security interest in the Units (1) shall have been perfected by filing with the STB and any other Governmental Body in the United States any document other than UCC financing statements required by Applicable Law to be filed to perfect such security interest, in proper form, and (2) shall be perfected by filing UCC financing statements covering all the interests created by the Lease in such Units having been executed and delivered by Lessor, as lessor or secured party, and by Lessee, as lessee or debtor, such filing to occur in Illinois and in all other places as specified in the opinions of counsel of Lessee delivered pursuant to paragraph (1) below as necessary or desirable to perfect such security interests. In addition, such other UCC financing statements or other financing or similar statements from any party hereto as are deemed reasonably necessary or desirable by Lessor or its counsel to protect its interests shall have been executed and delivered, and all such financing or similar statements (or, when necessary, any of the Basic Documents) shall have been duly filed or will be filed immediately after the Closing Date in all places as, in the opinion of Lessor or its counsel, are necessary or desirable to perfect such security or other interests.

(e) Lessor shall have received satisfactory evidence of the insurance required by Section 10.

(f) No action or proceeding shall be pending or be threatened by or before any court or governmental agency of competent jurisdiction, nor shall any order, judgment or decree have been issued binding or proposed to be binding on any of the parties hereto by any Governmental Body, at the time of the Closing Date to set aside, restrain, enjoin, prevent or substantially impair the completion and consummation of the transactions.

(g) Lessor shall have received such documents and evidence with respect to Lessee and Existing Lessors as any party hereto may reasonably request in order to consummate the transactions contemplated by the Basic Documents, and to the taking of all corporate proceedings in connection therewith and compliance with the conditions herein or therein set forth.

(h) Lessor shall have received evidence to the effect that, as of the Closing Date, no event that, upon the effectiveness of this Lease, would constitute an Event of Loss with respect to such Units has occurred and that Lessor has received on the Closing Date whatever title to the Units was granted and conveyed by Existing Lessors free and clear of all Liens and rights of others.

(i) Lessor shall have received opinions, dated on the Closing Date from:

(i) Myles Tobin, Assistant General Counsel, counsel to Lessee, which shall include availability of protection under 11 U.S.C. § 1168; and

(ii) Alvord & Alvord, counsel to Lessee, as to perfection under United States Federal law of security interests in the Units.

(j) Lessor shall have received from Lessee evidence that any approvals for the transactions contemplated by the Basic Documents specified as necessary in the opinions of counsel referred to in paragraph (i) have been duly given.

(k) No requirement of law or any directive (whether or not having the force of law), or any change therein or in the interpretation or application thereof, shall have made it unlawful or impractical for Lessor to make a dollar denominated Funding to or to purchase dollar denominated obligations from United States borrowers or to obtain the United States dollar funding reasonably necessary in order to make or maintain such Funding.

(l) No Default or Event of Default exists.

(m) At least three (3) Business Days prior to the Closing Date, Lessee shall have delivered to Lessor copies of its most recent financial statements prepared in accordance with GAAP, applied on a consistent basis throughout the periods covered thereby and on a basis consistent with prior periods; and such financial statements fairly present the financial condition of Lessee.

(n) There shall have been no material adverse changes in the condition (financial or otherwise), results of operations, business, assets or prospects of Lessee since the date of the financial statements referred in paragraph (m).

(o) Lessor shall have received such other documents, approvals, consents and certificates as it shall have reasonably requested in connection with the Purchase.

4. TERM.

(a) The term of the lease of each Unit hereunder shall commence on the Closing Date and, unless earlier terminated as to such Unit pursuant to the provisions hereof, shall terminate upon the expiration of the Base Term or, if Lessee elects pursuant to Section 8(a), upon the expiration of the applicable Renewal Term. Lessee shall have no right to terminate early the Lease Term of any Unit except with respect to an Event of Loss according to the terms of Section 14.

(b) Upon the expiration of the Basic Term, Lessee may elect to renew this Lease pursuant to the terms and conditions of Section 8(a) for a period of one year with respect to all, but not less than all, of the Units (the "First Renewal Term").

(c) Upon the expiration of the First Renewal Term, Lessee may elect to renew this Lease pursuant to the terms and conditions of Section 8(a) for a period of one year with respect to all, but not less than all, of the Units (the "Second Renewal Term").

(d) Upon the expiration of the Second Renewal Term, Lessee may elect to renew this Lease pursuant to the terms and conditions of Section 8(a) for a period of one year with respect to all, but not less than all, of the Units (the "Third Renewal Term").

5. RENT; UNCONDITIONAL OBLIGATIONS.

(a) Lessee shall pay to Lessor Rent for each Unit during the Basic Term in an amount per calendar month equal to the sum of Fixed Rent and Variable Rent accrued on the Lease Balance during such calendar month.

(b) Lessee shall pay to Lessor Rent for each Unit during each Renewal Term in an amount per calendar month equal to the sum of Fixed Rent and Variable Rent accrued on the Lease Balance during such calendar month.

(c) Rent shall be payable monthly in arrears, and due and payable (1) in any month in which an Interest Period is scheduled to expire, on the last day of that Interest Period, (2) in any month in which an Interest Period is in effect but not scheduled to expire during that month, on the last day of a fictional Interest Period that would have expired in that month had Lessee selected successive one month Interest Periods commencing on the commencement of the actual Interest Period then in effect, and (3) in any month in which no Interest Period is in effect, on the 28th calendar day of the month ("Rent Payment Date"). Variable Rent shall be computed on the basis of a 360-day year and actual days elapsed.

(d) All Rent and other payments made hereunder shall be paid in immediately available funds by wire transfer to the account designated by Lessor by not later than 9:00 a.m (New York City time) on the date due. If any Rent Payment Date referred to above is not a Business Day, the installment of rent otherwise payable on such date shall be payable on the next preceding Business Day.

(e) Lessee shall also pay to Lessor, on demand, late charge interest at the Late Rate on any installment of rent and on any other amount owing hereunder which is not paid when due, for any period for which the same shall be overdue. Each payment made under this Lease shall be applied first to the payment of late charge interest then owing and then to Rent or other amounts owing hereunder. The Late Rate shall be computed on the basis of a 360-day year and actual days elapsed.

(f) THIS LEASE IS A NET LEASE, AND LESSEE ACKNOWLEDGES AND AGREES THAT LESSEE'S OBLIGATION TO PAY ALL RENT HEREUNDER, AND THE RIGHTS OF LESSOR IN AND TO SUCH RENT, SHALL BE ABSOLUTE AND UNCONDITIONAL AND SHALL NOT BE SUBJECT TO ANY ABATEMENT, REDUCTION, SETOFF, DEFENSE, DISCLAIMER, COUNTERCLAIM OR RECOUPMENT ("ABATEMENTS") FOR ANY REASON WHATSOEVER, INCLUDING, WITHOUT LIMITATION, ABATEMENTS DUE TO ANY PRESENT OR FUTURE CLAIMS OF LESSEE AGAINST LESSOR UNDER THIS LEASE OR OTHERWISE, AGAINST ANY MODIFIER, MANUFACTURER, VENDOR OR EXISTING LESSOR, OR AGAINST ANY

OTHER PERSON FOR WHATEVER REASON, INCLUDING, WITHOUT LIMITATION:

(i) any default, misrepresentation, negligence, gross negligence, misconduct, or other action or inaction of any kind by Lessor, Existing Lessor, any manufacturer or Existing Lessor of any part of any Units, Lessee, or any other Person whether under or in connection with this Lease, or any other agreement relating to this Lease or in connection with any unrelated transaction (including, without limitation, the failure of Lessor to otherwise perform in accordance with this Lease or any other document related hereto other than by the material breach by Lessor of Lessee's right to quiet enjoyment of the Equipment); (ii) the insolvency, bankruptcy, reorganization or cessation of existence or discharge or forgiveness of indebtedness of, any Person referred to in clause (i) above or any other Person, including, without limitation, the disaffirmance or rejection of this Lease including any rejection pursuant to Section 365(a) of the United States Bankruptcy Code (or any successor thereto); (iii) the invalidity, unenforceability, impossibility or illegality of performance of this Lease or any other agreement referred to in clause (i) above for any reason; (iv) any defect in the title, condition, design, operation or fitness for use of, or any lien, claim, encumbrance or other charge or other restriction of any kind upon, all or any part of any Units, any loss or destruction of, or damage to, any Unit, or any interruption in or cessation of the ownership, possession, operation or use of any thereof for any reason; (v) any restriction, prevention or curtailment of or interference with any Units or the use thereof or any part thereof for any reason whatsoever, including, without limitation, by any governmental body other than by the material breach by Lessor of Lessee's right to quiet enjoyment of the Equipment; (vi) any applicable law now or hereafter in force; (vii) any amendment or other change of, or any assignment of any rights under, this Lease or any other document related hereto, or any waiver or other action or inaction under or in respect of this Lease or any other document related hereto, or any exercise or non-exercise of any right or remedy under or in respect of this Lease or any other document related hereto, including, without limitation, the exercise of any foreclosure or other remedy under any loan agreement or this Lease or the sale of any Unit or any portion thereof or interest therein, (viii) any failure to obtain any required governmental consent for a transfer of rights or title to Lessor, Lessee or any other Person; or (ix) any other cause or circumstance foreseen or unforeseen, whether similar or dissimilar to any of the foregoing, any present or future law notwithstanding. The parties hereto intend that all Rent payable by Lessee hereunder shall continue to be payable in all events in the manner and at the times provided herein. Lessee waives, to the extent permitted by applicable law, any and all rights that it may now have or that 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 this Lease is terminated in whole or in part by operation of law or otherwise except as specifically provided herein, Lessee nonetheless agrees to pay to Lessor an amount equal to each 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. Each rent payment made pursuant to this Lease by Lessee shall be final and Lessee will not seek to recover all or any part of such payment from Lessor for any reason. Nothing in this Section 5 shall be construed to preclude Lessee from bringing any suit at law or in equity which it would otherwise be entitled to bring for breach of any representation, warranty, covenant, or duty hereunder.

(g) The first Interest Period shall commence on the Closing Date, and each successive Interest Period shall commence on the last day of the preceding Interest Period; *provided, however*, no new Interest Period shall commence if and during the period when an Event of Default exists at the expiration of the prior Interest Period and the Interest Rate shall, subject to paragraph (e) above, be automatically converted to accrue interest on the Lease Balance at a rate per annum equal to the Late Rate.

(h) Lessee shall deliver a notice of Continuation ("Notice of Continuation") with respect to each successive Interest Period to be received by Lessor not later than 9:00 a.m. (New York City time) at least five Business Days in advance of the proposed Interest Period (a "Continuation Date"), specifying:

- (i) the proposed Continuation Date; and
- (ii) the duration of the requested Interest Period.

(i) If Lessee fails to deliver a Notice of Continuation pursuant to paragraph (h), and provided that no Event of Default exists at the expiration of the prior Interest Period, the Continuation Date shall automatically be the first day of the next succeeding Interest Period and the duration of the next succeeding Interest Period shall automatically be for (1) month.

(j) If Lessor shall have determined that by reason of circumstances affecting the interbank eurodollar market, adequate and reasonable means do not exist for ascertaining LIBOR for any Interest Period, Lessor shall forthwith give telex or telephonic notice of such determination, confirmed in writing, to Lessee at least two Business Days before the last day of such Interest Period, and the Interest Rate shall be automatically converted on the expiration of the then current Interest Period to accrue interest on the remaining Lease Balance at the Offered Rate plus 57 basis points.

6. REPRESENTATIONS AND WARRANTIES; DISCLAIMER; ASSIGNMENT OF WARRANTIES.

(a) Lessee Representations and Warranties.

Lessee represents and warrants to Lessor that:

(i) Lessee is a corporation duly organized, validly existing and in good standing under the laws of Delaware, and has full power and authority to own or hold under lease and operate its properties and to carry on its business as currently conducted and to enter into and perform its obligations under this Lease and is duly qualified to do business as a foreign corporation in good standing in each jurisdiction wherein failure to be so qualified or so to be in good standing would have a material adverse impact on its business or would impair its ability to perform its obligations under this Lease.

(ii) The execution, delivery and performance by Lessee of this Lease and compliance by Lessee with all of the provisions hereof have been duly authorized by all necessary corporate action on the part of Lessee and such document has been duly and validly executed and delivered by one of Lessee's officers who is duly authorized to execute and deliver such document on Lessee's behalf, and neither the execution, delivery and performance hereof, nor the consummation of the transactions contemplated hereby, nor compliance by Lessee with any of the terms and provisions hereof (A) require or will require any shareholder approval, or approval or consent of any trustee or holder of any indebtedness or obligations of Lessee or any of its Affiliates, (B) does or will violate or contravene the provisions of, or constitute a default or breach under, any Applicable Law (including any law limiting the rate of interest that may be received on loans or discount), or any corporate charter, bylaw or similar instrument of or applicable to or binding on Lessee or any of its Affiliates, or (C) does or will contravene or result in any breach of or constitute any default under, or result in the creation of any Lien (other than as permitted under the Lease) upon any property of Lessee or any of its Affiliates under any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, bank loan contract, credit agreement, corporate charter, bylaw or other agreement or instrument to which Lessee or any of its Affiliates is a party or by which Lessee or any of its Affiliates or their properties may be bound or affected.

(iii) Neither the execution, delivery and performance by Lessee of this Lease, nor the consummation of any of the transactions by Lessee contemplated hereby, including the operation of the Units by Lessee, requires the consent or approval of, the giving of notice to, or the registration with, the recording or filing of any document with or the taking of any other action (other than as specified in Section 3(d) in respect of any Governmental Body or any other Person, except for any normal periodic and other reporting requirements and renewals and extensions of exemptions.

(iv) This Lease has been duly executed and validly delivered by Lessee and constitutes the legal, valid and binding obligations of Lessee enforceable against Lessee in accordance with the terms hereof.

(v) There are no actions or proceedings pending or, to the knowledge of Lessee, threatened, and to the knowledge of Lessee there is no existing basis for any such proceedings, against Lessee before any court or administrative agency in any jurisdiction which, individually or in the aggregate, would, in Lessee's opinion, materially adversely affect the financial or other condition, business, assets, liabilities, or operations of Lessee, or the ability of Lessee to carry on its business or to perform its obligations hereunder.

(vi) Neither the nature of Lessee, or of any of its businesses or properties, nor any relationship between Lessee and any other Person, nor any circumstance in connection with the execution, delivery and performance of this Lease, nor the consummation of any of the transactions by Lessee contemplated hereby, is such as to require a consent, approval or authorization of, or filing, registration or qualification with, any Governmental Body (including, without limitation, the STB or the Department of Transportation) on the part of Lessee (except as

contemplated in Section 3(d)) in connection with the execution, delivery and performance of this Lease and consummation of the transactions contemplated hereby, including the operation of the Units (other than those generally applicable to the operation of railroads).

(vii) The Units are covered by the insurance required by Section 10 and all premiums due in respect of insurance have been paid.

(viii) Lessee holds all necessary licenses, certificates, permits, franchises and permits, authorizations, rights, concessions and consents of or from any Governmental Body which are required for the operation of the Units in Commercial Operation and the conduct of its respective business as now being conducted and Lessee is in compliance with all laws, ordinances, governmental rules and regulations to which it is subject.

(ix) The Units will be used by Lessee in "interstate commerce" within the meaning of 49 U.S.C. § 11301 and ownership thereof and leasing hereunder, alone, will not subject Lessor to the provisions of 49 U.S.C. § 10101 et seq. or the authority of the STB.

(x) Neither the execution and delivery hereof by Lessee nor the performance of its obligations hereunder shall constitute or result in a violation of the provisions of Section 7A of the Clayton Act.

(xi) The Chief Executive Office (as such term is defined in Division [9-103(3)(d)] of the UCC [of the State of Illinois]) of Lessee is located at the address of Lessee provided in Section 24; Lessee's records with respect to the Units are located at such address; and Lessee agrees, with respect to any relocation of said Chief Executive Office, chief place of business or said records from its or their present or future location (A) to give Lessor at least 30 days prior written notice if such relocation is to a place outside the State of Illinois, and (B) to give Lessor written notice within 30 days of such relocation if such relocation is not to a place outside the State of Illinois.

(xii) Lessee is not in default, and no condition exists that with notice or lapse of time or both would constitute a default by Lessee, under any mortgage, deed of trust, indenture, security, loan agreement or other instrument or agreement or evidence of any obligation for borrowed money, to which Lessee is a party or by which any of its properties or assets may be bound, that has or can reasonably be expected to have a material adverse effect on Lessee or on any of the transactions contemplated hereby the Basic Documents, and Lessee is not in violation of any Applicable Law that has or can reasonably be expected to have a material adverse effect on Lessee or on any of the transactions contemplated hereby.

(xiii) No broker's, finder's or similar fee is payable based upon arrangements made by or on behalf of Lessee other than Macdonald & King, Incorporated, engaged by Lessee as its advisor in connection with the transactions contemplated by this Agreement, to whom Lessee shall be responsible for the payment of all fees arising or otherwise payable on account of any work performed by Macdonald & King, Incorporated, relating to this Agreement.

(xiv) Lessee has filed or caused to be filed all Federal, state, local and foreign tax returns, if any, required to be filed and has paid or caused to be paid all taxes shown to be due and payable on such returns or any assessment received by Lessee (other than assessments the payment of which is being contested in good faith by Lessee and adequate reserves for the payment of which have been set aside on the books of Lessee), and Lessee has no knowledge of any actual or proposed deficiency or additional assessment in connection therewith which either in any case or in the aggregate would be materially adverse to Lessee's financial condition or operations; and the charges, accruals and reserves on the books of Lessee in respect of federal, state, local and foreign taxes for all open years, and for the current fiscal year, make adequate provisions for all of their respective unpaid tax liabilities for such periods.

(xv) Neither the execution and delivery nor the performance hereof will involve any prohibited transaction within the meaning of ERISA (the representation by Lessee in this sentence being made in reliance upon and subject to the accuracy of the representations contained in or made by Lessor in clause (ii) of paragraph (b) below).

(xvi) Lessee is not an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

(xvii) The Units are rolling stock equipment pursuant to, and subject to, Section 1168 ("Section 1168") of the Bankruptcy Code of 1978, as amended (the "Bankruptcy Code"). This Lease is to be treated as a "financing" for federal income tax purposes. Lessor is entitled to the rights of a secured party as to the Units under Section 1168 to take possession of the Units, subject to Section 1168(a)(1)(A) and Section 1168(a)(1)(B). Lessee is a "railroad" as defined in the Bankruptcy Code (11 U.S.C. §101(441)) and as used in subchapter 4 of Chapter 11 of the Bankruptcy Code.

(xviii) There is no material fact known to Lessee which has not been previously disclosed in writing to Lessor and which has a material adverse effect on the business, financial condition, operations or any material portion of the properties of Lessee or the ability of Lessee to perform its obligations hereunder.

(b) Lessor Representations and Warranties.

Lessor warrants and represents to Lessee that:

(i) The execution, delivery and performance by Lessor hereof constitutes the legal, valid and binding obligation of Lessor enforceable against Lessor in accordance with the terms hereof.

(ii) No part of the funds used or to be used by Lessor to acquire the ownership interest in the Units constitutes assets of any employee benefit plan (or its related trust) as defined in Section 3(3) of ERISA or of any plan (or its related trust) as defined in Section 4975(e)(1) of the Code.

(iii) On the Closing Date, Lessor shall receive whatever title to the Units is conveyed to it by Existing Lessors.

(c) **Disclaimer of Warranties.** LESSOR HEREBY LEASES THE UNITS AS-IS, WHERE IS, IN WHATEVER CONDITION THEY MAY BE, AND LESSOR NEITHER MAKES NOR SHALL BE DEEMED TO HAVE MADE, AND LESSEE HEREBY EXPRESSLY WAIVES, ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE UNITS, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OR REPRESENTATION AS TO (A) THE DESIGN, QUALITY OR CONDITION OF THE UNITS OR ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE (B) ANY PATENT, TRADEMARK OR COPYRIGHT OWNERSHIP OR INFRINGEMENT (C) LESSOR'S TITLE THERETO, OR (D) ANY OTHER MATTER WHATSOEVER; IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN LESSOR AND LESSEE, ARE TO BE BORNE BY LESSEE.

LESSEE CONFIRMS THAT IT HAS SELECTED THE UNITS AND EACH PART THEREOF ON THE BASIS OF ITS OWN JUDGMENT AND EXPRESSLY DISCLAIMS RELIANCE UPON ANY STATEMENTS, REPRESENTATIONS OR WARRANTIES MADE BY LESSOR, AND LESSEE ACKNOWLEDGES THAT LESSOR IS NOT A MERCHANT WITH RESPECT TO THE UNITS OR A MANUFACTURER OF ANY PART OF THE UNITS.

It is the intent of the Lessor and Lessee that: (a) the transaction contemplated hereby constitutes an operating lease from Lessor to Lessee for purposes of Lessee's financial reporting, (b) the transaction contemplated hereby preserves ownership in the Units to Lessee for purposes of Federal and state income tax, bankruptcy and UCC purposes, (c) the Lease grants a security interest in the Units and the other Collateral to Lessor, and (d) the obligations of Lessee to pay Fixed Rent and Variable Rent shall be treated as payments of principal and interest, respectively. Nevertheless, Lessee acknowledges that LESSOR NEITHER MAKES NOR SHALL BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY AS TO THE ACCOUNTING TREATMENT TO BE ACCORDED BY LESSEE TO THE TRANSACTIONS CONTEMPLATED BY THIS LEASE OR AS TO ANY TAX CONSEQUENCES AND/OR TAX TREATMENT THEREOF.

(d) Lessor hereby appoints and constitutes Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of Lessor and Lessee, as their interests may appear, but in all cases at the sole cost and expense of Lessee, whatever claims and rights Lessor may have as owner of the Units against Existing Lessor; *provided, however*, that if at any time a Default or an Event of Default exists, Lessor may assert and enforce, at Lessee's sole cost and expense, such claims and rights and *provided*, further, that Lessor has, at any time, the right, but not the obligation, to proceed on its own behalf against Existing Lessor. Lessee's delivery of this Lease shall be conclusive evidence as between Lessee and Lessor that all Units described in Equipment Schedule A are in all

respects satisfactory to Lessee. Lessor shall not have any responsibility or liability to 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 Unit or part thereof 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 Unit or part thereof 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, modification, repair, improvement or replacement of any Unit or part thereof. Lessee will not assert any claim of any nature whatsoever against Lessor based on any of the foregoing matters.

7. RETURN; STORAGE.

(a) Upon the expiration of the Lease Term and subject to Lessor's rights under Section 7(b) hereof, Lessee shall, at Lessee's expense and risk, return the Units to Lessor at one mutually agreed location on the rail lines of Lessee, as Lessor and Lessee may reasonably designate not less than 45 days prior to such expiration date; *provided*, that prior to any return of Units under this Section 7(a) or placement of Units in storage under Section 7(b), Lessor or its agent shall have the right to inspect such Units and Lessee shall cause any deviation from the return conditions, as specified in this Section 7(a), to be remedied at the sole expense of Lessee prior to expiration of the Lease Term with respect to such Units. Until all Units are returned to Lessor pursuant to the provisions of this Section 7(a) (including with respect to condition and repair), all of the provisions of this Lease with respect to such Units shall, except as otherwise provided in Section 7(c), continue in full force and effect. Lessee shall pay all costs and expenses in connection with or incidental to the return of the Units, including, without limitation, the cost of assembling, insuring and transporting the Units and the costs of removing the railroad marks and running numbers (and, if requested by Lessor, the stenciled language required under Section 13(b)); *provided*, that if the existing railroad marks and running numbers are necessary to transport the Units as provided under this Section 7, Lessee shall not remove such marks, numbers and stenciled language but shall reimburse Lessor for its actual costs incurred in removing such marks and numbers (and such stenciled language required under Section 13(b)). At the time of such return, the Units shall be: (i) in the condition and repair required to be maintained by Section 11 hereof, (ii) subject to the proviso of the immediately preceding sentence, free of the railroad marks and running numbers (and, if requested by Lessor, the stenciled language required under Section (13)(b)), (iii) free of all excessive accumulations or residues, and (iv) free and clear of all Liens for which Lessee is responsible hereunder.

(b) On or before the expiration of the Lease Term and subject to Lessor's rights under Section 7(a) hereof, Lessee shall cause the Units to be moved at Lessee's own expense and risk, onto storage facilities of Lessee in one location as to which Lessor shall mutually agree and specify in writing. If Lessor does not specify such location, Lessee will inform Lessor of the location at which it intends to store such Units at least thirty (30) days prior to moving such Units to storage. Lessee shall provide or arrange for storage of Units, at no cost to Lessor, for a period ending 60 days after the later to occur of the (i) end of the Lease Term as to the Units and (ii) return or placement in storage of all of the Units upon the expiration of the Lease Term, in

full compliance with the provisions hereof. At the request of Lessor, Lessee shall provide an additional 45 days' storage (where the Units are then being stored) for which Lessor will pay a storage fee at the then prevailing fair market rate. Lessee shall, at Lessee's expense, transport the Units one time within such storage period to any reasonable place on any railroad lines operated by Lessee or to any connecting carrier for shipment, all as directed by Lessor upon not less than 15 days' written notice to Lessee. During any such storage period Lessee will permit Lessor or any Person designated by it, including the authorized representative or representatives of any prospective purchaser of any Units, upon prior notice to Lessee to inspect the same

(c) The assembling, delivery, return, storage and transporting of the Units as provided in Sections 7(a) and (b) hereof are of the essence of this Lease, and upon application to any court having jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so to cause the assembling, delivery, return, storage and transporting of the Units. If any Unit suffers an Event of Loss during any storage period provided for in this Section 7 other than during any storage period where Lessor is required to pay Lessee a storage fee at the then prevailing market rate, Lessee shall pay to Lessor the Stipulated Loss Value of such Unit as determined in accordance with this Lease. Commencing upon the expiration or termination of the Lease Term for the Units and until all Units have been returned to Lessor in full compliance with the provisions hereof or placed in storage in accordance with the terms hereof, Lessee shall pay rent (payable monthly in arrears), equal to the interest that would accrue at the Late Rate on the entire Lease Balance until such time as not less than all of the Units have been removed from service and tendered by Lessee for return or storage in accordance with the terms and conditions of this Section 7. Nothing contemplated by this Section 7, including payment of the above-specified amounts, shall be deemed to relieve Lessee from its obligations to Lessor to deliver and store the Units or affect Lessor's rights and remedies with respect to such obligations.

8. PURCHASE OPTION; APPRAISAL PROCEDURE.

(a) **Lessee's Options.** Not later than one hundred and eighty (180) days prior to the last day of the Base Term or any Renewal Term then in effect or within five (5) Business Days after Lessor notifies Lessee of an event under either Section 15(f) or (g), Lessee shall, by delivery of written notice to Lessor, exercise one of the following options:

(i) renew this Lease with respect to all, but not less than all, of the Units then subject hereto for an additional one year Renewal Term (the "Renewal Option") on the terms and conditions set forth herein; or

(ii) purchase for cash for the Purchase Option Exercise Amount all, but not less than all, of the Units then subject to this Lease on the last day of the Base Term or Renewal Term with respect to which such option is exercised (the "Fixed Price Purchase Option"); or

(iii) sell on behalf of the Lessor for cash to a purchaser or purchasers not in any way affiliated with Lessee all, but not less than all, of the Units then subject to this Lease on

the last day of the Base Term or of any Renewal Term then in effect with respect to which such option is exercised (the "**Sale Option**") Simultaneously with a sale pursuant to the Sale Option, Lessee shall pay to Lessor, as supplemental Rent, from the gross proceeds of sale of Units, without deductions or expense reimbursements (the "**Proceeds**"), the aggregate Lease Balance as of the Termination Date (as determined after any payment of Rent on such date). If the Proceeds exceed the aggregate Lease Balance, Lessee will retain the portion of the Proceeds in excess thereof. If the Proceeds are less than the aggregate Lease Balance as of such date, Lessee will pay or will cause to be paid to Lessor, as supplemental Rent, on the Termination Date, in addition to the Proceeds, the Sale Recourse Amount, it being understood, however, that the amount payable pursuant to this Section 8(a) shall in no event be construed to limit any other obligation of Lessee under this Lease, including, without limitation, pursuant to Sections 15 and 16 of this Lease. The "Sale Recourse Amount" applicable to Lessee shall be equal to the Guaranteed Residual; *provided, however*, that in no event shall the Sale Recourse Amount exceed the aggregate Lease Balance (after taking into account all payments of Fixed Rent and Proceeds applied against such Lease Balance on the Termination Date). The obligation of Lessee to pay the amounts determined pursuant to this Section 8(a) shall be payable on the Termination Date.

(b) **Election of Options.** Lessee's election of the Fixed Price Purchase Option will be irrevocable at the time made, but if Lessee fails to make a timely election, Lessee will be deemed, in the case of the Lease Term and each Renewal Term then in effect (other than the last Renewal Term) to have irrevocably elected the Renewal Option. In addition, the Sale Option shall automatically be revoked if there exists a Default or Event of Default at any time after the Sale Option is properly elected and Lessor shall be entitled to exercise all rights and remedies provided in Section 18. Lessee may not elect the Sale Option if there exists on the date the election is made a Default or an Event of Default.

(c) **Sale Option Procedures.** If Lessee elects the Sale Option, Lessee shall use its best commercial efforts to obtain the highest all cash purchase price for the Units. All reasonable costs related to such sale and delivery, including, without limitation, the cost of sales agents, removal of the Units, delivery of documents and Units, certification and testing of the Units in any reasonable location chosen by the buyer or prospective buyer, legal costs, costs of notices, any advertisement or other similar costs, or other information and of any parts, configurations, repairs or modifications desired by a buyer or prospective buyer shall be borne entirely by Lessee, without regard to whether such costs were incurred by Lessor, Lessee or any potentially qualified buyer, and shall in no event be paid from any of the Proceeds. Lessor shall not have any responsibility for procuring any purchaser. If, nevertheless, Lessor undertakes any sales efforts with Lessee's approval (not to be unreasonably withheld, delayed or conditioned), Lessee shall promptly reimburse Lessor for any charges, costs and expenses incurred in such effort, including any allocated time charges, costs and expenses of internal counsel or other attorneys' fees and disbursements. Upon a sale pursuant to the Sale Option, the Units shall be in the condition required by Section 11 and shall have been maintained in good appearance for comparable equipment of an equivalent period of service. Lessor shall determine whether to accept the highest all cash offer for the Units and, other than with respect to any such offer that

by itself is, or together with such reasonable assurance that Lessee will supplement such offer to be in the aggregate, sufficient to satisfy the full amount due and payable to Lessor with respect to such Units, Lessor may reject any offer in its sole and absolute discretion without impairing the obligation of Lessee hereunder. Any purchaser or purchasers of the Units shall not in any way be affiliated with Lessee.

9. OWNERSHIP, GRANT OF SECURITY INTEREST TO LESSOR AND FURTHER ASSURANCES.

(a) **Grant of Security Interest.** Lessee hereby assigns, grants and pledges to Lessor a security interest in all of its right, title and interest, whether now or hereafter existing or acquired, in the Units together with all accessories, equipment, parts and appurtenances appertaining or attached to any of such Units and books and records related thereto (collectively, together with all rights assigned to Lessor under the Purchase Agreement Assignment, the "Collateral"), to secure the payment and performance of all obligations of Lessee now or hereafter existing under this Lease. Lessee shall, at its expense, do any further act and execute, acknowledge, deliver, file, register and record any further documents which Lessor may reasonably request in order to protect its title to and perfected security interest in the Units, subject to no Liens other than Permitted Liens, and Lessor's rights and benefits under this Lease. Lessee shall promptly and duly execute and deliver to Lessor such documents and assurances and take such further action as Lessor may from time to time reasonably request in order to carry out more effectively the intent and purpose of this Lease, to establish and protect the rights and remedies created or intended to be created in favor of Lessor hereunder and thereunder, and to establish, perfect and maintain the right, title and interest of Lessor in and to the Units, subject to no Lien other than Permitted Liens, or of such financing statements or fixture filings or other documents with respect hereto as Lessor may from time to time reasonably request, and Lessee agree to execute and deliver promptly such of the foregoing financing statements and fixture filings or other documents as may require execution by Lessee. Without limiting the foregoing, on and after the date the Lessee elects or is deemed to have elected the Fixed Price Purchase Option or the Sale Option, Lessor shall have the unconditional right to demand the execution and delivery by Lessee of bills of sale with respect to the Units leased by Lessee or such documentation as may be necessary to cause title to the Units to be recorded in the name of Lessor. To the extent permitted by applicable laws, Lessee hereby authorizes any such financing statements and other documents to be filed without the necessity of the signature of Lessee, if Lessee has failed to sign any such instrument within 10 days after request therefor by Lessor. Upon Lessee's request, Lessor shall at such time as all of the obligations of Lessee under this Lease have been indefeasibly paid or performed in full (other than Lessee's contingent obligations, if any, under Sections 15 and 16), execute and deliver termination statements and other appropriate documentation reasonably requested by Lessee, all at Lessee's expense, to evidence Lessor's release of its security interest in the Equipment. At such time, Lessor shall execute and deliver to Lessee such documents as may be reasonably necessary (without representations or warranties except that the Units are free and clear of Lessor Liens) to release Lessor's security interest in the Units.

(b) **Retention of Proceeds in the Case of Default.** If Lessee would be entitled to any amount (including any Proceeds) but for the existence of any Default or Event of Default, Lessor shall hold such amount as part of the collateral and shall be entitled to apply such amounts against any amounts due hereunder; *provided*, that Lessor shall distribute such amount or transfer such Unit in accordance with the other terms of this Lease if and when no Default or Event of Default exists.

(c) **Attorney-in-fact.** Lessee hereby irrevocably appoints Lessor as Lessee's attorney-in-fact, with full authority in the place and stead of Lessee and in the name of Lessee or otherwise, from time to time in Lessor's discretion, upon the occurrence and during the continuance of an Event of Default, to take any action (including any action that such Lessee is entitled to take) and to execute any instrument which Lessor may deem necessary:

(i) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for money due and to become due under or in connection with the Equipment;

(ii) to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with the foregoing clause (a);

(iii) to file any claim or take any action or institute any proceedings which Lessor may deem to be necessary or advisable for the collection thereof or to enforce compliance with the terms and conditions of any provision hereof; and

(iv) to perform any affirmative obligations of Lessee hereunder.

Lessee hereby acknowledges, consents and agrees that the power of attorney granted pursuant to this Section 9 is irrevocable and coupled with an interest.

(d) **Release of Liens.** Upon the replacement or substitution of any Unit, or the payment of all amounts required pursuant to Section 14 in connection with an Event of Loss, in each case in compliance with the applicable provisions of the Lease, such Unit shall be released from the security interest created hereunder as provided in Section 14.

(e) **Further Assurances.** Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to the Units other than Permitted Liens. Lessee's obligations under this Section 9 shall survive the expiration or earlier termination of this Lease.

10. INSURANCE.

Lessee will at all times during the Term of this Lease with respect to any Unit and during any return and storage period hereunder, at its own cost and expense, carry and maintain all-risk property insurance and public liability insurance in amounts, with deductibles or self insurance retention limits and against risks, customary for insurance obtained by Class I railroads on similar equipment, and in any event in amounts, with deductibles or self insurance retention

limits and against risks comparable to those provided for in insurance maintained by Lessee on similar equipment owned or leased by it and in an amount with respect to property insurance in an amount not less than the aggregate Stipulated Loss Value. Such insurance policies and self insurance will, among other things, name Lessor as additional insured with respect to public liability insurance and as sole loss payee with respect to the Units on any property insurance policies, shall require that the insurer give Lessor at least thirty (30) days prior written notice (at the address for notice to Lessor set forth in Section 24 hereof) of any alteration in or cancellation of the terms of such policy (which prior notice shall be reduced to ten (10) days for nonpayment of premiums), and shall require that the interests of Lessor be continually insured regardless of any breach of or violation by Lessee of any warranties, declarations or conditions contained in such insurance policy. The insurance maintained by Lessee shall be primary without any right of contribution from insurance which may be maintained by Lessor. The obligations of Lessee under this Section 10 shall be independent of all other terms under this Lease and shall in no event relieve Lessee from any indemnity obligation hereunder. Lessee shall annually provide Lessor with certificates evidencing the insurance maintained by Lessee hereunder.

11. COMPLIANCE WITH LAWS; OPERATION AND MAINTENANCE; ADDITIONS.

(a) Lessee will (i) use the Units only in the manner for which such Units were designed and intended and such that the value thereof will be preserved to the fullest extent consistent with normal railroad operations, (ii) comply with and conform to all governmental laws, rules, requirements, and regulations relating thereto, and (iii) maintain such Units in a condition such that such Units are acceptable in interchange in the United States and incidental service in Canada and Mexico. Without limiting the generality of the foregoing, Lessee will (1) cause the Units to be used, operated, maintained, and repaired in compliance with all rules of the AAR and the FRA and any other state, federal or foreign agency having jurisdiction over the condition, maintenance, repair or safety of the Units, (2) use its best efforts not to permit any Unit to be loaded improperly or in excess of any load limit stenciled thereon or otherwise applicable thereto, (3) in no event permit any hazardous material (as defined in 49 CFR 171.8 or any amended or successor provision or regulation) or any toxic or radioactive material, commodity, waste or substance to be loaded in any Unit, and (4) not permit any Unit to be outside the continental United States or incidentally in Canada and Mexico at any time.

(b) Lessee will, at its own expense, keep and maintain or cause to be kept and maintained the Units in good repair, condition and working order and, at Lessee's expense, furnish all parts, replacements, mechanisms, devices and servicing required therefor so that the condition and operating efficiency thereof will at all times be maintained and preserved, reasonable wear and tear excepted, but in any event to a standard at least equal to the standard and frequency of maintenance customarily performed on other similar equipment owned or leased by Lessee. Lessee will cause each Unit to be maintained in conformity with all rules and regulations of the AAR and the FRA (including, without limitation, Title 49 of the United States Code of Federal Regulations and the AAR Field Manual of Interchange Rules, as amended) and any other state, federal or foreign agency having jurisdiction over the condition, maintenance,

repair or safety of the Units and, if mandated by the AAR, the FRA or any such other state, federal or foreign agency, modified at Lessee's expense so that such Units will qualify for interchange in the United States, Canada and Mexico and remain suitable for loading, transporting and unloading of cargo. All such repairs, parts, mechanisms, devices, replacements and modifications shall immediately, without further act, become the property of Lessor and part of the affected Unit

(c) Lessee will not make or authorize any improvement, change, addition or alteration to the Units (i) if such improvement, change, addition or alteration will impair the originally intended function or use of the Units or impair the value of the Units as they existed immediately prior to such improvement, change, addition or alteration, (ii) unless the parts installed are in compliance with all rules and recommendations of the AAR and the FRA and any other state, federal or foreign agency having jurisdiction over the condition, maintenance, repair or safety of the Units, or (iii) if any parts installed in or attached to or otherwise becoming a part of the Units as a result of any such improvement, change, addition or alteration shall not be readily removable without damage to the Units (unless such improvement is mandated by the AAR, the FRA and any other state, federal or foreign agency having jurisdiction over the condition, maintenance, repair or safety of the Units). All such parts shall be and remain free and clear of any Liens. Any such part attached to any Unit shall, without further act, become the property of Lessor and part of such Unit.

12. INSPECTION.

Lessor and its authorized representatives may at any reasonable time or times and, unless an Event of Default exists, not to exceed once per calendar year, upon prior notice to Lessee inspect the Units (where then located) and the maintenance and movement records of Lessee. Lessee will at all times requested by Lessor or its authorized representatives cooperate with and assist such Persons in locating and gaining access to the Units.

13. OWNERSHIP AND MARKING OF UNITS.

(a) Lessor, as between Lessor and Lessee, shall and hereby does retain full legal title to the Units notwithstanding the delivery thereof to and possession and use thereof by Lessee; *provided, however*, Lessee shall treat itself as owner of the Units for United States Federal income tax purposes and Lessor shall not claim any depreciation with respect to the Units.

(b) Lessee shall, at its own expense, attach to and cause to be maintained on each Unit a notice satisfactory to Lessor disclosing Lessor's security interest in such Unit.

(c) Lessee will cause each Unit to be kept marked and numbered with the identifying mark and number set forth in Equipment Schedule A. Lessee will not place or permit any Unit to be placed in operation or exercise any control or dominion over the same until such number shall have been so marked on all sides thereof and will replace or cause to be replaced promptly any such name and words which may be removed, defaced, obliterated or destroyed. Lessee will not change or permit to be changed the identifying mark or number of any Unit unless and until (i) a

statement of new mark and/or number or numbers to be substituted therefor shall have been filed, recorded or deposited by Lessee in all public offices where this Lease shall have been filed, recorded and deposited, and (ii) Lessee shall have furnished to Lessor an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect Lessor's interests in such Units, and no additional filing, recording, deposit or giving of notice with or to any other federal, state, foreign or local government or agency thereof is necessary to protect the interests of Lessor in such Units. During the Lease Term, Lessee will not alter, deface, cover or remove such markings without the written consent of Lessor.

14. LOSS OR DAMAGE.

(a) All risk of loss, theft, damage or destruction to the Units or any Unit or any part thereof, however incurred or occasioned, shall be borne by Lessee and, unless such occurrence constitutes an Event of Loss pursuant to Section 14(b) hereof, Lessee shall promptly cause the affected part or parts of any Unit to be replaced or restored to the condition and repair required to be maintained by Section 11 hereof.

(b) If an Event of Loss with respect to any Unit shall occur, Lessee shall give Lessor written notice thereof not later than 30 days after a Responsible Officer of Lessee has knowledge of such Event of Loss, and if, the aggregate Purchase Price of Units subject to an Event of Loss (from the Closing Date until such date of determination) does not exceed \$500,000, Lessee shall either (i) continue to pay Rent with respect to such Unit or (ii) provided that no Default or Event of Default exists, substitute a comparable item of equipment for such Unit in accordance with the terms of paragraph (c) below. If, at any time, the aggregate Purchase Price of Units subject to an Event of Loss (from the Closing Date until such date of determination) exceeds \$500,000, Lessee shall either (A) pay to Lessor on or before the Loss Payment Date an amount equal to the sum of (x) the Stipulated Loss Value of such Unit computed as of such Loss Payment Date with respect to such Unit, and (y) all Rent and other amounts due and owing hereunder for such Unit on or prior to such Loss Payment Date or (B) provided that no Default or Event of Default exists, substitute a comparable item of equipment for such Unit in accordance with the terms of paragraph (c) below. If a Unit is damaged on the line of a railroad of Lessee, Lessee shall determine whether an Event of Loss has occurred promptly but in any event within 90 days following the event causing such damage. An Event of Loss shall be deemed to have occurred with respect to any Unit damaged on the line of a railroad other than that of Lessee on the date that Lessee receives notice that the Unit has been declared destroyed for the purpose of Rule 107 of the AAR interchange rules.

(c) If Lessee shall elect to substitute an item of equipment for a Unit pursuant to clause (ii) or clause (B) of paragraph (b) above, Lessee shall, at its sole cost and expense, not later than the 30th day following the Event of Loss with respect to such Unit convey to Lessor a comparable item of equipment, free and clear of all Liens, that has at least the value, utility and remaining useful life and is in as good operating condition as such Unit, assuming that such Unit had been maintained in accordance with this Lease. Upon compliance by Lessee with the

preceding sentence of this paragraph (c) or upon payment to Lessor of such amount as determined pursuant to clause (A) of paragraph (b) above, the lease of such Unit hereunder shall terminate and Lessor will transfer to Lessee Lessor's right, title and interest in and to such Unit, on an "as-is, where-is" basis, without recourse and without representation or warranty, express or implied, other than a representation and warranty that such Unit is free and clear of any Lessor's Liens as evidenced by a bill of sale.

(d) Any payments received at any time by or for the benefit of Lessor or Lessee from any insurer or railroad with respect to loss or damage to a Unit shall be applied as follows: (i) if such payments are received with respect to an Event of Loss they shall be paid to Lessor, but to the extent received by Lessor, they shall reduce or discharge, as the case may be, Lessee's obligation to pay the amounts due to Lessor under Section 14(b) hereof with respect to such Event of Loss and any excess over the amounts due Lessor under Section 14(b) hereof will be paid to Lessee; or (ii) if such payments are received with respect to any loss of or damage to any Unit other than an Event of Loss, such payments shall, unless a Default or Event of Default shall have occurred and be continuing, be paid over to Lessee to reimburse Lessee for its payment of the costs and expenses incurred by Lessee in replacing or restoring pursuant to Section 14(a) hereof, the Unit or part thereof which suffered such loss or damage.

15. GENERAL INDEMNITY.

(a) Lessee assumes liability for, and shall defend, indemnify, protect, save and keep harmless Lessor and its agents, servants, officers, directors, employees, affiliates, successors and assigns (each, an "Indemnified Person") from and against any and all liabilities, obligations, losses, damages, penalties, claims, demands, actions, suits, costs and expenses (including, without limitation, reasonable legal fees and expenses) of whatsoever kind or nature, imposed on, incurred by or asserted against any Indemnified Person, in any way relating to, arising out of, or in respect of this Lease or the enforcement hereof, or the manufacture, purchase, acceptance, rejection, ownership, selection, delivery, non-delivery, lease, possession, operation, use, marking, repair, modification, replacement, transportation, storage, condition, sale hereunder, return, repossession, or other disposition of the Units or any Unit or any part thereof (including, without limitation, latent or other defects, whether or not discoverable by Lessee or any other Person, any claim in tort for strict liability and any claim for patent, trademark or copyright infringement); *provided, however*, that Lessee shall not be required under this Section 15 to defend, indemnify, protect, save or keep harmless any Indemnified Person for (i) loss or liability arising from acts or events which occur after the Units have been returned to Lessor in accordance with this Lease and not related to events or circumstances occurring earlier, (ii) loss or liability resulting predominately from any willful misconduct or gross negligence of such Indemnified Person, (iii) loss or liability arising from a Lessor Lien, or (iv) any Taxes or Income Taxes described in Section 16, except any amount necessary under this Section 15 to hold such Indemnified Person harmless from all Taxes or Income Taxes required to be paid by such Indemnified Person with respect to the receipt or accrual of such indemnity under the laws of any taxing authority.

(b) Lessor shall not be liable for any loss or damage to any commodity or freight of any kind, or any part thereof, loaded or shipped in or on the Units. Lessee agrees to assume responsibility for any liability arising from any such loss or damage, and further agrees to indemnify Lessor against, and hold Lessor harmless from, claims for any such loss or damage.

(c) In the event that at the end of the Lease Term: (a) Lessee elects the Sale Option; and (b) after paying to Lessor any amounts due under Section 8(a), Proceeds and the Sale Recourse Amount, Lessor does not receive sufficient funds to reduce the Lease Balance to zero, then Lessee shall promptly pay to Lessor the shortfall, unless Lessee delivers a report from the Appraiser in form and substance satisfactory to Lessor which establishes that the decline in value in each Unit which was sold pursuant to the Sale Option from that amount anticipated for such date in the Appraiser's report delivered with respect to such Unit was not due to extraordinary use, failure to maintain or replace, failure to use, workmanship or method of installation or removal or any other cause or condition within the power of Lessee to control or effect (each an "Excessive Use").

(d) Notwithstanding any other provision herein, if any Applicable Law or any directive (whether or not having the force of law), or any change therein or in the interpretation or application thereof, shall make it unlawful for Lessor to make or maintain a funding at the Interest Rate determined by reference to LIBOR as contemplated by this Lease or to accept deposits in order to make or maintain such funding, (i) Lessor shall promptly notify Lessee thereof, and (ii) the Interest Rate shall be automatically converted to accrue interest on the Lease Balance at the Offered Rate plus 57 basis points. Lessee hereby agrees promptly to pay to Lessor, upon demand, any additional amounts necessary to compensate Lessor for any costs incurred by Lessor in making any conversion in accordance with this Section 15(d).

(e) Lessee agrees to pay and indemnify Lessor for, and to hold Lessor harmless from, any loss or expense which Lessor may sustain or incur, including, but not limited to, any such loss or expense arising from interest or fees payable by Lessor to lenders of funds obtained by it in order to maintain funding at the Interest Rate determined by reference to LIBOR, or in its reemployment of funds obtained in connection with the making or maintaining of such funding as a consequence of (x) any default by Lessee in payment of any Fixed Rent or Variable Rent on the date required hereunder, (y) any failure by Lessee to complete the Funding on the Closing Date after a Funding Request, or (z) any prepayment of Rent or the payment of Stipulated Loss Value other than on the last day of an Interest Period. Without limiting the effect of the foregoing, Lessee agrees to pay to Lessor an amount equal to the excess, if any, of (i) the amount of Variable Rent which otherwise would have accrued on the Lease Balance paid or not funded for the period from the date of such payment or failure to fund to the last day of the then current Interest Period at the applicable rate of Variable Rent for such Lease Balance, minus (ii) the interest rate which Lessor would have bid in the London interbank market for Dollar deposits of leading banks in amounts and with maturities comparable to such period (as reasonably determined by Lessor). A certificate as to any additional amounts payable pursuant to this Section 15(e) submitted by Lessor to Lessee shall be conclusive and binding absent manifest error. The agreements in this Section 15(e) shall survive termination of this Lease.

(f) If Lessor determines (which determination shall, absent manifest error, be final and conclusive and binding upon Lessee) at any time that Lessor shall incur increased costs or reductions in the amounts received or receivable hereunder with respect to this Lease because of any change after the date hereof in any applicable law or governmental rule, regulation, order or request (whether or not having the force of law) (or in the interpretation or administration thereof, and including the introduction of any new law or governmental rule, regulation, order or request), such as, for example, but not limited to, (i) a change which subjects Lessor or will subject Lessor to any additional tax of any kind whatsoever with respect to the Lease, or changes the basis or the applicable rate of taxation of payments due under the Lease to the Lessor (except for the imposition of or change in any tax on or measured by the overall net income of the Lessor (other than any such tax imposed by means of withholding) or otherwise excluded from the tax indemnification in Section 16), or (ii) a change in official reserve requirement; then, and in any such event, Lessor shall promptly give notice (in writing or by telephone confirmed in writing) to Lessee, and Lessee shall pay to Lessor, upon written demand therefor, such additional amounts (in the form of an increased rate of, or a different method of calculating, interest, or otherwise as Lessor in its sole discretion shall determine) as shall be required to compensate Lessor for such increased costs or reductions in amounts received or receivable hereunder.

(g) If, after the date hereof, the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by Lessor with any request or directive made or adopted after the date hereof regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on Lessor's capital or assets as a consequence of Lessor's commitments or obligations under this Lease to a level below that which Lessor could have achieved but for such adoption, effectiveness, change or compliance (taking into consideration Lessor's policies with respect to capital adequacy), then from time to time, within 15 days after demand by Lessor, Lessee shall pay to Lessor such additional amount or amounts as will compensate Lessor for such reduction. Lessor, upon determining in good faith that any additional amounts shall be payable pursuant to this Section 15(h), will give prompt written notice thereof to Lessee, which notice shall set forth in reasonable detail the basis of the calculation of such additional amounts, although the failure to give any such notice shall not release or diminish any of Lessee's obligations to pay additional amounts pursuant to this Section 15(h) upon receipt of such notice.

(h) Any payments made by Lessee under this Section 15 shall be made on an After-Tax Basis. The provisions of this Section 15 shall survive the expiration or earlier termination of this Lease.

16. GENERAL TAX INDEMNITY.

(a) Except as provided in Section 16(b), Lessee agrees to pay and to indemnify and hold Lessor and its agents, servants, officers, directors, employees, affiliates, successors and

assigns and any partner or shareholder in any of the foregoing (each a "Tax Indemnitee"), harmless on an After-Tax Basis from and against all license and registration fees and all taxes, assessments, rates and charges, excises, permit fees, inspection fees, levies, imposts, duties, charges or withholding of any nature whatsoever, including, without limitation, sales, gross receipts, transfer, property, stamp, use, value-added or similar taxes, together with any penalties, additions to tax, fines or interest thereon imposed against each such Tax Indemnitee, Lessee, this Lease, any sublessee or any Person in possession of any Unit or part thereof, or any Unit or part thereof by any federal, state or local government or taxing authority in the United States or by any foreign government or any subdivision or taxing authority thereof, or by any international taxing authority, upon, with respect to, as a result of, arising out of, measured by, or in any way relating to (i) any Unit or part thereof, (ii) the purchase, acquisition, acceptance, repair, abandonment, storage, importation, exportation, rejection, modifying, reconstruction, ownership, delivery, redelivery, manufacture, modification, documentation, mortgaging, maintenance, location, financing, refinancing, leasing, subleasing, possession, use, non-use, repossession, substitution, operation, transfer of title, registration, reregistration, transfer of registration, return, or sale or other disposition of any Unit or part thereof or the imposition of any Lien, or the incurring of any liability to refund or pay over any amount as the result of any Lien, on any Unit or part thereof, (iii) the rentals, receipts, income or earnings arising from any Unit or part thereof, (iv) any sublease of any Unit or part thereof, or the issuance, modification, re-issuance, or acquisition thereof, any payment made pursuant to any such agreement or upon or with respect to any property, or the income or other proceeds received with respect to any property (all such fees, taxes, assessments, rates and charges, excises, levies, imposts, duties, charges and withholdings, penalties, additions to tax, fines and interest being hereinafter called, for purposes of this Section 16, "Taxes").

(b) The indemnity set forth in Section 16(a) shall not apply to: (i) any income, franchise, net worth and capital taxes, in each case that are on or measured by net income (including any minimum or alternative minimum income taxes and any income taxes on or measured by items of tax preference, but excluding any and all taxes in the nature of or in lieu of sales, use, value-added, transfer or similar taxes) (hereinafter referred to, for the purposes of this Section 16, as "Income Taxes"), imposed by (1) the United States Federal government, or (2) any state or local taxing jurisdiction of the United States in which Tax Indemnitee is incorporated or maintains its principal office or principal place of business or in which Tax Indemnitee is subject to such taxes by reason of activities wholly unrelated to any of the transactions contemplated by this Lease; (ii) Income Taxes imposed by a foreign government or foreign or international taxing authority except as a result of the location, operation, use, leasing or rental in its jurisdiction of any Unit or part thereof or the location in its jurisdiction of Lessee or any sublessee; (iii) Taxes imposed on a Tax Indemnitee resulting from (1) a voluntary or involuntary sale, assignment, transfer or other disposition by Lessor of any Unit or interest therein or any of this Lease or rights created thereunder (it being understood that for purposes of this clause (1) the lease from Lessor to Lessee hereunder shall not be treated as such a sale, assignment, transfer or other disposition) except if (A) an Event of Default shall have occurred in the case of an Event of Default described in Section 17(e) or (f), or shall have occurred and be continuing in the case of any other Event of Default, (B) such taxes result from the exercise by Lessee of any right (or the

sf-135717 30

performance of any obligation) to repair, rebuild, replace, substitute, modify, improve or add to or remove from service any Unit or part thereof, or (C) such disposition is a purchase pursuant to Section 8 hereof, or (2) a disposition in connection with a bankruptcy or similar proceeding involving Lessor, except if an Event of Default shall have occurred in the case of an Event of Default described in Section 17(e) or (f), or shall have occurred and be continuing in the case of any other Event of Default; (iv) Taxes that are imposed in respect of, and fairly attributable to, any period after the expiration or early termination of this Lease with respect to each Unit, so long as Lessee shall have discharged all its obligations under this Lease; (v) Taxes imposed on Tax Indemnitee that arise out of or are caused by the gross negligence or willful misconduct of Tax Indemnitee; (vi) Taxes owing as a result of the failure of Tax Indemnitee to have contested any claim that Tax Indemnitee is required to contest in accordance with Section 16(g); (vii) any interest, penalties or additions to tax that result from the failure of Tax Indemnitee to file when due any report or return required by a taxing authority or to pay or remit any tax when due, except to the extent attributable to the failure of Lessee to perform properly and on a timely basis its obligations under Sections 16(c) and (d); or (viii) any withholding tax under Code sections 871, 881, 1441 or 1442.

(c) If an Indemnified Person or Tax Indemnitee shall not be entitled to a corresponding and equal deduction with respect to any payment or imposition which Lessee is required to pay or reimburse under Section 15 or Section 16 (each such payment or reimbursement under Section 15 or Section 16 an "original payment") and which original payment constitutes income to such Indemnified Person or Tax Indemnitee, then Lessee shall pay to such Indemnified Person or Tax Indemnitee on demand the amount of such original payment on a gross-up basis such that, after subtracting all Taxes imposed on such Indemnified Person or Tax Indemnitee with respect to such original payment by Lessee (including any Taxes otherwise excluded by Section 16(b) and assuming for this purpose that such Indemnified Person or Tax Indemnitee was subject to taxation at the applicable Federal, state, local or foreign marginal rates used to compute such Indemnified Person's or Tax Indemnitee's tax return for the year in which such income is taxable), such payments shall be equal to the original payment to be received (net of any credits, deductions or other tax benefits then actually recognized that arise from the payment by such Indemnified Person or Tax Indemnitee of any amount, including Taxes, for which the payment to be received is made.)

(d) Lessee shall report the Units for ad valorem property tax purposes in each applicable state or locality and no Tax Indemnitee shall include any Unit in any personal property, ad valorem tax or other similar tax returns filed by it in such states or localities. In the event any reports with regard to private railroad car mileage or a similar type of taxes are required to be made by any jurisdiction with respect to Lessee's operation of the Units or any item thereof in such jurisdiction, Lessee shall make and timely file such reports, and in the event any reports with regard to private railroad car mileage or a similar type of taxes are required to be made by Lessor by any jurisdiction with respect to the Units or any item thereof, Lessee shall prepare such reports in order for Lessor to make and timely file such reports. All other tax returns or reports (excluding any return or report applicable to foreign or United States Federal, state or local Income Taxes of Lessor) required to be filed with any jurisdiction with respect to

any Unit, or in regard to the ownership, leasing, possession, use, operation, rent or other sums payable by Lessee hereunder on or with respect to the transactions contemplated by the Lease shall be prepared by Lessee; *provided, however*, in those jurisdictions where Lessor is required to file returns for the taxable year applicable to such taxes by reason of activities unrelated to the transactions contemplated by the Lease, and Lessor is required to include information on transactions subject to this Lease in such returns, Lessee shall not be required to prepare and file such returns but shall, upon Lessor's written request, provide to Lessor information with respect to the transactions contemplated by the Lease.

(e) All payments required to be made by Lessee pursuant to this Section 16 shall be made in immediately available funds (or by any other form of payment permitted by the applicable taxing authority) no later than the date on which the indemnified Taxes are required to be paid and shall be made directly to the taxing authority if legally permissible, unless Tax Indemnitee shall timely demand otherwise. Any payments by Lessee to a governmental agency in satisfaction of Taxes for which it is obligated to indemnify a Tax Indemnitee under this Section 16 shall be given full credit against Lessee's obligation to indemnify such Tax Indemnitee. Lessee shall provide to the appropriate Tax Indemnitee proof of all payments, copies of relevant portions of returns, and proofs of filing of all returns required to be filed by Lessee pursuant to this Section 16. If Lessee and Tax Indemnitee shall not be able to agree upon the computation of any amount required to be paid pursuant to this Section 16, Tax Indemnitee shall present its computation in reasonable detail in a written statement to Lessee. Such statement shall be binding and conclusive on Lessee, unless within 15 days following Lessee's receipt of such statement, Lessee requests that such computation be verified by an independent nationally recognized accounting firm (which shall be selected by such Tax Indemnitee and reasonably acceptable to Lessee). If such accounting firm determines that Tax Indemnitee's computation is incorrect, the computation of such accounting firm of the correct amount shall be binding and conclusive upon the parties. The accounting firm shall be requested to make its determination within 30 days of Lessee's request for verification. The Tax Indemnitee shall cooperate with such accounting firm and shall supply it with all information necessary to permit it to make its determination. Lessee shall not have any right to inspect the books, records or tax returns of Tax Indemnitee to verify the computation of either Tax Indemnitee or the accounting firm (or for any other purpose). All fees and expenses of the accounting firm payable pursuant to this Section 16(e) shall be borne by Lessee unless it is determined that the actual amount payable is less than 90 percent of the amount originally determined by the Tax Indemnitee, in which case the costs will be borne by the Tax Indemnitee.

(f) If any claim is made against any Tax Indemnitee, by commencement of proceedings against such Tax Indemnitee or otherwise, for any Taxes as to which Lessee would have an indemnity obligation pursuant to this Section 16, such Tax Indemnitee shall promptly notify Lessee of such claim in writing and in any event within 30 days or earlier, if necessary to facilitate a timely response to the notice, and shall furnish Lessee with copies of all materials received from the applicable taxing authority solely with respect to such claim; *provided that* failure so to notify or to furnish any such information shall not reduce Lessee's obligations hereunder except to the extent that such failure materially prejudices Lessee's ability to pursue its

contest rights hereunder. Lessee may, at its expense, in good faith and by appropriate legal proceedings, contest or defend (and shall be entitled to control such contest or defense) on its own behalf (or if required by the applicable jurisdiction, in Tax Indemnitee's name on Tax Indemnitee's behalf) an asserted claim or claims or liability for which it is indemnifying under this Section 16 provided either (i) the return in respect of which the claim arises is filed under Lessee's name or (ii) claims for which an indemnity would be required are the only items being contested in respect of such return. Notwithstanding the foregoing, Tax Indemnitee has the right to require Lessee not to contest any claim that Lessee has a right to contest under this Section 16(f) if Tax Indemnitee agrees to relieve Lessee from any indemnification liability under this Section 16 with respect to the taxes at issue in such claim. In addition, Lessee shall not have any right to contest a claim pursuant to this Section 16(f) or Section 16(g) if (w) an Event of Default shall have occurred in the case of an Event of Default described in Section 17(e) or (f), or shall have occurred and be continuing in the case of any other Event of Default, (x) such Tax Indemnitee shall have determined that the contest will result in a material danger of sale, forfeiture or loss of any Unit (unless Lessee shall have made provision to protect the interests of such Tax Indemnitee in a manner reasonably satisfactory to such Tax Indemnitee), (y) such contest shall involve the payment of any amount by the Tax Indemnitee prior to the contest, unless Lessee shall provide the Tax Indemnitee an interest-free advance of such amount (with no additional net after-tax cost to such Tax Indemnitee), or (z) the amount of the claim does not exceed \$15,000

(g) (i) If Lessee is not permitted to contest a claim under the second sentence of Section (f) or does not elect to contest the claim thereunder, then Lessee's contest rights shall be governed by the provisions of this Section 16(g). If requested by the Lessee within 15 days of its having received notice of the proposed claim pursuant to Section 16(f), Tax Indemnitee, at Lessee's expense, shall request an opinion of Tax Counsel as to whether there is substantial authority within the meaning of Section 6662 of the Code for the position to be put forth by Tax Indemnitee in a contest of such proposed claim. If the opinion shall be to that effect and if the Lessee shall timely request Tax Indemnitee to do so, Tax Indemnitee shall contest the claim; *provided, however*, that Lessee (1) shall have acknowledged its liability to such Tax for an indemnity payment pursuant to this Section 16 if and to the extent such Tax Indemnitee shall not prevail in the contest of such claim, (2) shall have agreed to indemnify Tax Indemnitee in a manner reasonably satisfactory to Tax Indemnitee for any other cost or expense that Tax Indemnitee may reasonably incur as a result of contesting the claim and (3) shall have agreed to pay to Tax Indemnitee on demand all reasonable costs and expenses which Tax Indemnitee shall from time to time have incurred in connection with contesting the claim (including reasonable fees and disbursements of counsel and any payment of tax, interest or penalties applicable to such claim to be paid in advance in order to contest the claim).

(ii) Tax Indemnitee, after consulting with Tax Counsel, shall determine in its sole and absolute discretion the nature of all action to be taken to contest a claim pursuant to this Section 16(g) including (1) whether any action to contest such claim shall initially be by way of judicial or administrative proceedings, or both, (2) whether the claim shall

be contested by resisting payment thereof or by paying the same and seeking a refund thereof, and (3) if Tax Indemnitee shall undertake judicial action with respect to such claim, the court or other judicial body before which such action shall be commenced. If Tax Indemnitee, after consulting with Tax Counsel, shall determine to contest the claim by way of administrative proceedings, and such administrative proceedings result in an adverse determination, and Tax Counsel renders an opinion that it is more likely than not that the position to be put forth by Tax Indemnitee in such further contest of such claim would prevail. Tax Indemnitee shall further contest such proposed adjustment in a court of primary jurisdiction until a determination by such court with respect to the claim has been rendered. If such determination is adverse to Tax Indemnitee and Tax Counsel determines that it is more likely than not that an appeal of such determination will succeed, Tax Indemnitee shall appeal such determination if requested by Lessee. Tax Indemnitee shall not, without Lessee's written consent, settle any claim unless Tax Indemnitee relieves Lessee from any indemnity liability in respect of such claim.

(iii) Lessee shall be advised of all proceedings related to the contest of any claim pursuant to this Section 16(g), and shall have the right to attend the portions of such proceedings solely relating to matters for which Lessee has an indemnification obligation hereunder. Tax Indemnitee shall endeavor in good faith to advise Lessee of all action taken or proposed to be taken by the applicable taxing authority, and of all action proposed to be taken by Tax Indemnitee and shall, to the extent practicable in advance of any proceedings, permit the Lessee, upon request, reasonable opportunity to review the content of documentation, protests, memoranda of fact and law, briefs and stipulations of fact, each relating exclusively to the claim for which Lessee would be required to indemnify Tax Indemnitee; *provided, however*, that such opportunity to review shall not affect the Tax Indemnitee's absolute right to control the conduct of such proceedings and *provided, further, however*, that Lessee shall have no right to receive any confidential information relating to activities or transactions of Tax Indemnitee.

(h) If, by reason of any indemnity payment made by Lessee to any Tax Indemnitee pursuant to this Section 16, such Tax Indemnitee subsequently actually realizes a tax benefit as a result of any Taxes paid or indemnified against by Lessee under this Section 16 that was not previously taken into account in computing the amount of an indemnity payment, such Tax Indemnitee shall pay to Lessee an amount equal to the sum of (i) the actual reduction in Taxes realized by such Tax Indemnitee and attributable to such tax benefit, and (ii) the actual reduction in Taxes realized by such Tax Indemnitee as a result of its payment pursuant to this Section 16(h); *provided*, that such Tax Indemnitee shall be deemed to utilize tax benefits subject to indemnification under this Section 16(h) after all other available tax benefits; *provided, further*, that such Tax Indemnitee shall not be obligated to make any payment pursuant to this Section 16(h) in excess of the amount of all prior indemnity payments from Lessee to such Tax Indemnitee pursuant to this Section 16(h), less all prior payments from such Tax Indemnitee to Lessee pursuant to this Section 16(h); *provided, further*, that such Tax Indemnitee shall not be obligated to make a payment pursuant to this Section 16(h) if an Event of Default shall have

occurred in the case of an Event of Default described in Section 17(e) or (f), or shall have occurred and be continuing in the case of any other Event of Default.

(i) At least five (5) Business Days prior to the first date on which any Rent is payable hereunder for the account of any Lessor not incorporated under the laws of the United States or any state thereof, such Lessor agrees that it will have delivered to Lessee two duly completed copies of United States Internal Revenue Service Forms 1001, 4224, or W-8, or any successor form, certifying that such Lessor is entitled to receive payments under this Lease without deduction or withholding of any United States federal income taxes. Such Lessor further undertakes to deliver to Lessee two additional copies of such form (or any successor form) on or before the date that such form expires (currently, three successive calendar years for Form 1001 and one calendar year for Forms 4224 and W-8) or becomes obsolete or after the occurrence of any event requiring a change in the most recent forms so delivered by it, and such amendments thereto or extensions or renewals thereof as may be reasonably requested by Lessee, in each case certifying that such Lessor is entitled to receive payments under this Lease without deduction or withholding of any United States federal income taxes, unless prior to the date on which any such delivery would otherwise be required any change in treaty, law or regulation or in the interpretation thereof by the applicable taxing authority has rendered all such forms inapplicable or has prevented such Lessor from duly completing and delivering any such form with respect to it and such Lessor advises Lessee that, as a result of such change in treaty, law, regulation or interpretation, it is not capable of receiving payments without any withholding of United States federal income tax.

(j) The provisions of this Section 16 shall survive the expiration or earlier termination of this Lease.

17. EVENTS OF DEFAULT.

The following events shall each constitute an event of default (herein called "Event of Default") under this Lease:

(a) Lessor fails to receive any payment of Rent, Stipulated Loss Value, purchase price under Section 8 hereof, or any other amount owing hereunder within five (5) days after the date the same is due; or

(b) Lessee shall fail to observe or perform any covenant, condition, or agreement to be performed or observed on the part of Lessee contained in Sections 3, 7, 9, 10, 11(a)(iii), 11(c), 13(c), 20 or 21; or

(c) Lessee shall fail to perform or observe any other covenant, condition or agreement to be performed or observed on the part of Lessee with respect to this Lease, and such failure shall continue unremedied for 30 days after the earlier of (i) the date upon which a Responsible Officer of Lessee obtains knowledge of such failure, and (ii) the date on which written notice of such default and demand that the same be remedied shall be given by Lessor to Lessee; or

(d) any representation or warranty made by Lessee herein, or in any document, certificate or financial or other statement now or hereafter furnished to Lessor in connection with this Lease shall prove at any time to have been untrue or misleading in any material respect as of the time when made; or

(e) Lessee shall (i) be generally not paying its debts as they become due, (ii) file, or consent by answer or otherwise to the filing against it of a petition for relief or reorganization or liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, (iii) make an assignment for the benefit of its creditors, (iv) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers of itself or any substantial part of its property, or (v) take corporate action for the purpose of any of the foregoing; or

(f) a court or governmental authority of competent jurisdiction shall enter an order appointing, without the consent of Lessee, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of Lessee, and any such order or petition is not dismissed or stayed within 60 days after the earlier of the entering of any such order or the approval of any such petition.

18. REMEDIES.

If an Event of Default described in Sections 17(e) or (f) above shall occur, then, and in any such event, this Lease shall automatically, without any other or further notice or action by Lessor, be deemed to be in default, and if any other Event of Default shall occur and be continuing, then, and in any such event, Lessor may, at its option, declare this Lease to be in default. At any time after this Lease shall either be deemed to be in default or be declared by Lessor to be in default, pursuant to the preceding sentence, Lessor may do any one or more of the following with respect to all of the Units or any Unit or any part thereof as Lessor, in its sole discretion, shall elect, to the extent permitted by applicable law then in effect:

(a) by written notice to Lessee demand that Lessee return the Units, and Lessee shall thereupon at its expense return the Units promptly to Lessor at such place or places in North America as Lessor shall reasonably specify or store such Units on Lessee's railroad tracks at Lessee's expense until such time as Lessor shall complete a sale of such Units, or Lessor, at its option, may enter upon any property of Lessee (or any affiliate of Lessee) where any Unit is located and take immediate possession of such Unit and remove the same by summary proceedings or otherwise, all without liability for or by reason of such entry or taking of possession, whether for the restoration of damage of property caused by such taking or otherwise except as resulting from Lessor's gross negligence or willful misconduct; and

(b) use reasonable commercial efforts to sell all or any number of Units at public or private sale, with or without notice, advertisement or publication, as Lessor may determine, or

otherwise dispose of, hold, use, operate, lease to others or keep idle all or any number of Units as Lessor, in its sole discretion, may determine, all free from any rights of Lessee hereunder or otherwise and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto; and

(c) by written notice to Lessee specifying a payment date (the "C Noticed Payment Date"), demand that Lessee pay to Lessor, and Lessee shall thereupon pay to Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty, all accrued and unpaid rent for the Units due on all Rent Payment Dates up to and including the C Noticed Payment Date plus an amount (together with interest on such amount at the Late Rate, from the C Noticed Payment Date to the date of actual payment) equal to the excess, if any, of the Stipulated Loss Value of the Units as of the C Noticed Payment Date plus the Make Whole Amount, if any, over the amount Lessor reasonably estimates to be the fair market value of such Units as of the C Noticed Payment Date; and

(d) by written notice to Lessee specifying a payment date (the "D Noticed Payment Date"), demand that Lessee pay to Lessor, and Lessee shall thereupon pay to Lessor, on the D Noticed Payment Date, as liquidated damages for loss of a bargain and not as a penalty, all accrued and unpaid rent for the Units due on all Rent Payment Dates up to and including the D Noticed Payment Date, plus an amount (together with interest on such amount at the Late Rate, from the D Noticed Payment Date to the date of actual payment) equal to the Stipulated Loss Value for the Units computed as of the D Noticed Payment Date plus the Make Whole Amount, if any; and upon such payment of liquidated damages and the payment of all other amounts then due, hereunder, Lessor shall proceed to exercise commercially reasonable efforts to sell the Units in any quantity and shall pay over to Lessee the net proceeds of such sale (after deducting from such proceeds all costs and expenses whatsoever incurred by Lessor in connection therewith and all other amounts which may become payable by Lessor) up to the amount of the Stipulated Loss Value plus the Make Whole Amount, if any, actually paid by Lessee; and

(e) Lessor may exercise its remedies under the Purchase Agreement Assignment and exercise any other right or remedy which may be available to it under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof or to terminate this Lease.

In addition, Lessee shall be liable for any and all unpaid Rent and other amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Default or any Event of Default or the exercise of Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with return of any Unit or the placing of any Unit in the condition required by Section 11 hereof.

The remedies in this Lease provided in favor of 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 Lessee hereby waives (i) any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the fullest extent that such waiver is not, at the time in question, prohibited by law, and (ii) any and all existing or future claims to any offset against the rent payments regardless of any offset or claim which may be asserted by Lessee or on its behalf. The failure of 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

19. LESSOR'S RIGHT TO PERFORM.

If Lessee fails to make any payment required to be made by it under this Lease or fails to perform or comply with any of its other agreements contained under this Lease and after notice thereof delivered by Lessor to Lessee, Lessor may itself make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the reasonable expenses of Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the Late Rate, shall be deemed to be additional rent, payable by Lessee on demand.

20. ASSIGNMENT OR SUBLEASE.

(a) Subject to Section 20(b), Lessee will not, without the prior written consent of Lessor, assign this Lease or any interest herein or sublease or otherwise transfer or encumber its interest in any Unit; *provided, however*, Lessee may place the Units in interchange in accordance with industry custom so long as such Units remain subject to this Lease and Lessee remains the primary obligor hereunder.

(b) Lessee may, without Lessor's consent, enter into a Permitted Sublease. As used herein the term "Permitted Sublease" means any sublease that (i) is for a term not extending beyond the Term hereof (and in any event not greater than five (5) years), (ii) is to a corporation organized under the laws of the United States or any state thereof that is a Class I, Class II or Class III railroad subject to the jurisdiction of the STB (or any successor governmental agency exercising regulatory authority over railroads), (iii) is with a sublessee to which 11 U.S.C. § 1168 of the Bankruptcy Code shall apply for the benefit of Lessor, (iv) expressly provides that the rights of such sublessee shall be subject and subordinate to each and every term, condition and provision of this Lease and the rights of Lessor hereunder including, without limitation, the Lessor's rights to repossession under Section 18 of this Lease and to terminate such sublease upon such repossession, and (v) shall include maintenance provisions identical with Section 11 hereof.

(c) Promptly upon Lessee entering into any sublease including any Permitted Sublease, Lessee shall deliver to Lessor a copy thereof. **ANY ATTEMPTED ASSIGNMENT, SUBLEASE OR OTHER TRANSFER OR ENCUMBRANCE BY LESSEE IN VIOLATION OF THIS SECTION 20 SHALL BE VOID.** Anything herein to the contrary notwithstanding, no

sublease, whether or not a Permitted Sublease, shall in any way discharge or diminish any of the Lessee's obligations hereunder, and the Lessee shall remain primarily liable hereunder for the performance of all the terms, conditions and provisions of this Lease to the same extent as if such sublease had not occurred. Nothing in this Section 20 shall be deemed to constitute permission to any Person in possession of any Unit pursuant to any sublease to take any action inconsistent with the provisions of this Lease.

21. LESSEE AS RAILROAD.

Lessee will be and remain a railroad subject to the jurisdiction of the STB or any successor governmental agency having comparable jurisdiction for so long as railroads are subject to such jurisdiction.

22. FURTHER ASSURANCES; FINANCIAL INFORMATION; REPORTS.

(a) Lessee will promptly and duly execute and deliver to Lessor such further documents and assurances and take such further action as Lessor may from time to time reasonably request including, without limitation, any amendments hereto in order to establish and protect the rights, interests and remedies created or intended to be created in favor of Lessor hereunder.

(b) In connection with any sale of the Units and assignment of the Lease by Lessor, Lessee shall, upon the request of Lessor, marshal the Units on the date of transfer of such Units in state and local taxing jurisdictions whose laws exempt such transfer and this Lease from the imposition of sales or use taxes; *provided*, that (i) Lessor acknowledges that Lessee's efforts under this Section 22(b) may be constrained by its obligations to maintain efficient transportation operations and Lessor shall coordinate such date of transfer with Lessee to accommodate such operational constraints, and (ii) Lessee shall be entitled to be reimbursed by Lessor for (A) all out of pocket costs incurred by Lessee in transporting such Units to such designated taxing jurisdiction and (B) an amount for each Unit equal to the Offered Rate plus 57 basis points for each day that such Unit (1) is being transported from its then location to such taxing jurisdiction, (2) remains in such taxing jurisdiction (excluding any day included in clauses (1) or (3) hereof), or (3) is being transported from such taxing jurisdiction to such original location (or any another location), provided that the number of days included in this clause (3) shall not exceed the number of days included in clause (1). If requested by Lessor in connection with any such transfer, Lessee shall prepare and timely deliver to Lessor properly completed rolling stock exemption certificates, or railroad resale certificates and registration forms.

(c) Lessee will qualify to do business, and remain qualified in good standing, in each jurisdiction in which the nature of its activities from time to time may require.

(d) Lessee will furnish or cause to be furnished to Lessor the following reports: (i) as soon as available, but in any event not later than one hundred and twenty (120) days after the end of each fiscal year of Lessee, at any time that Lessee is not a publicly traded company, consolidated balance sheets as at the end of such fiscal year, and consolidated statements of

income and consolidated statements of cash flow for such fiscal year, prepared in accordance with GAAP applied on a basis consistently maintained throughout the period involved and audited and certified by certified public accountants of recognized national standing for Lessee or, at any time Lessee is a publicly traded company, its annual report; (ii) as soon as available, but in any event not later than sixty (60) days after the end of each of the first three quarterly periods of each fiscal year of Lessee, at any time that Lessee is not a publicly traded company, consolidated balance sheets as at the end of such quarterly period and consolidated statements of income for such quarterly period and for the portion of the fiscal year then ended, all in reasonable detail, prepared in accordance with GAAP applied on a basis consistently maintained throughout the period involved and certified by the chief financial officer of Lessee or, at any time Lessee is a publicly traded company, its quarterly report; (iii) promptly, such additional publicly available financial and other information of Lessee as Lessor may from time to time reasonably request; (iv) on or before May 31 of each year, a report or reports executed by an officer or officers of Lessee certifying as to the prior calendar year (A) whether there has been a casualty to such Unit, and (B) whether or not a Default has occurred under the Lease; and (v) immediately upon becoming aware of the existence of any condition or event which constitutes a Default, an Event of Default or an Event of Loss under this Lease, a written notice to Lessor specifying the nature and period of existence thereof and what action, if any, Lessee is taking or proposes to take with respect thereto.

(e) Lessee will, as soon as practicable after the beginning of each calendar year (or such other annual period as may be specified by Lessor to Lessee in writing), commencing with the calendar year 1997, provide Lessor with a report setting forth the number of days in the preceding calendar year (or such specified other annual period) that each Unit was located outside the United States; *provided*, that Lessee shall not be required to provide such report if, as to Lessor, no item of income, gain, deduction or loss with respect to the Units will be allocated to sources outside the United States for Federal income tax purposes due to the location or use of the Units outside the United States during such preceding calendar, year or other annual period, as determined under then applicable law; *provided, further*, that Lessee shall provide such report upon the request of Lessor, which request shall be made only in the event that Lessor's tax counsel or accountants determines that such a report is necessary for the preparation of any return by Lessor.

23. RECORDING.

Lessor will cause this Lease (or a memorandum hereof) to be duly filed with the STB pursuant to 49 U.S.C. Section 11301. Lessee will cause all supplements and amendments to this Lease (or memorandum thereof) to be duly filed with the STB pursuant to 49 U.S.C. Section 11301.

24. NOTICES.

Any notice required or permitted to be given by either party hereto to the other or to any other party listed below shall be in writing, and any such notice shall be deemed to have been given when actually received at the following addresses:

if to Lessor, at:

ING Lease (Ireland) B.V. Dublin Branch
49 St. Stephens Green
Dublin 2, Ireland
Attn: Account Manager
Telephone: . 353-1-662-2211
Facsimile: 353-1-662-2240

if to Lessee, at:

Illinois Central Railroad Company
455 North Cityfront Plaza Dr.
Chicago, IL 60611-5504
Attn: Treasurer
Telephone: (312) 755-7935
Facsimile: (312) 755-7839

Any person may change its address for receipt of notice by giving notice of such change in accordance with the provisions hereof.

25. ADDITIONAL SECURITY AND COVENANTS.

(a) Upon request, Lessee will provide to Lessor reports of information with respect to any register containing information relating to any Unit, including without limitation the Uniform Machine Language Units Register or any other register maintained by the AAR.

26. QUIET ENJOYMENT.

So long as no Event of Default shall have occurred and be continuing, neither Lessor nor any Person acting by, through or for Lessor shall disturb Lessee's quiet enjoyment of the Units.

27. MISCELLANEOUS.

(a) **Severability.** Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provision hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the fullest extent permitted by applicable law, Lessee hereby waives

any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

(b) **Amendment; Waiver.** NO TERM OR PROVISION OF THIS LEASE MAY BE CHANGED, WAIVED, DISCHARGED OR TERMINATED ORALLY, BUT ONLY BY AN INSTRUMENT IN WRITING SIGNED BY LESSOR AND LESSEE. No delay or failure on the part of Lessor to exercise any power or right hereunder shall operate as a waiver hereof, nor as an acquiescence in any default, nor shall any single or partial exercise of any power or right preclude any other or further exercise thereof, or the exercise of any other power or right. After the occurrence of any Default or Event of Default, the acceptance by Lessor of any payment of rent or other amount owed pursuant hereto shall not constitute a waiver by Lessor of such Default or Event of Default, regardless of Lessor's knowledge or lack of knowledge thereof at the time of acceptance of any such payment, and shall not constitute a reinstatement of this Lease if the Lease shall have been declared in default by Lessor pursuant to Section 17 hereof or otherwise, unless Lessor shall have agreed in writing to reinstate the Lease and to waive the Default or Event of Default.

(c) **Fees and Expenses.** Each party shall pay its own expenses in connection with the preparation, execution and delivery of this Lease and related documents.

(d) **Entire Agreement.** This Lease and the agreements referred to herein contain the full, final and exclusive statement of the agreement between Lessor and Lessee relating to the lease of the Units.

(e) **Lease Intended as Security.** This Lease shall constitute a lease intended as security and a financing for purposes of United States Federal income taxes.

(f) **Successors and Assigns.** This Lease and the covenants and agreements contained herein shall be binding upon, and inure to the benefit of, Lessor and its successors and assigns and Lessee and, to the extent permitted by Section 20 hereof, its successors and assigns.

(g) **Captions.** The headings of the Sections and Subsections are for convenience of reference only, are not a part of this Lease and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

(h) **Execution in Counterparts.** This Lease may be executed by the parties hereto on any number of 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. To the extent, if any, that this Lease constitutes chattel paper (as such term is defined in the UCC as in effect in any applicable jurisdiction), no security interest in this Lease may be created through the transfer or possession of any counterpart other than the original executed chattel counterpart, which shall be identified as the Counterpart No. 1 in the Signature Block of Lessee on the signature page thereof.

(i) **Governing Law.** This Lease shall be governed by and construed in accordance with the laws of the State of Illinois including all matters of construction, validity and performance.

(j) **Assignment By Lessor.** This Lease and Lessor's right, title and interest in and to the Units and all Rent and all other sums due or to become due hereunder may be assigned in whole or in part by Lessor without the consent of Lessee, but Lessee shall be under no obligation to any assignee of Lessor except upon written notice of such assignment from Lessor.

(k) **Submission to Jurisdiction.** Lessee (i) hereby irrevocably submits to the nonexclusive jurisdiction of any state or federal court in the State of New York for the purposes of any suit, action or other proceeding arising out of this Lease, or the subject matter hereof or thereof, and (ii) to the extent permitted by applicable law, hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of the above-named courts, that its property is exempt or immune from execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is inconvenient or otherwise improper, or that any of the above-mentioned documents or the subject matter thereof may not be enforced in or by such courts. Final judgment against Lessee in any such suit shall be conclusive, and may be enforced in other jurisdictions by suit on the judgment, a certified or true copy of which shall be conclusive evidence of the fact and of the amount of any indebtedness or liability of Lessee therein described. Lessee further hereby irrevocably consents to service of process by facsimile, first-class mail, postage prepaid, return receipt requested, to Lessee at its address provided in Section 24.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed and delivered, all as of the date first above written.

LESSEE:

ILLINOIS CENTRAL RAILROAD COMPANY

By: 
Name: D A KOMAN
Title: TREASURER

LESSOR:

ING LEASE (IRELAND) B.V. (Dublin Branch)

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed and delivered, all as of the date first above written.

LESSEE:

ILLINOIS CENTRAL RAILROAD COMPANY

By: _____

Name: _____

Title: _____

LESSOR:

ING LEASE (IRELAND) B.V. (Dublin Branch)

By:  _____

Name: ERIC SWELLEN

Title: Senior Manager

By:  _____

Name: CAROLINE MAGEE

Title: Account Manager

EXHIBIT A

Purchase Agreement

REDACTED IN ITS ENTIRETY

EXHIBIT B

PURCHASE AGREEMENT ASSIGNMENT

dated as of June __, 1996

Between

ILLINOIS CENTRAL RAILROAD COMPANY

as Assignor,

and

ING LEASE (IRELAND) B.V. DUBLIN BRANCH
as Assignee

PURCHASE AGREEMENT ASSIGNMENT

PURCHASE AGREEMENT ASSIGNMENT ("Assignment") dated as of June ____, 1996, between ILLINOIS CENTRAL RAILROAD COMPANY, a Delaware corporation ("Assignor"), and ING LEASE (IRELAND) B.V. DUBLIN BRANCH ("Assignee").

INTRODUCTION

A. Assignor and General Electric Railcar Services Corporation, a Delaware corporation (together with its successors and assigns, "Seller"), are parties to the Purchase Agreement, dated as of June ____, 1996 with respect to 124 covered hopper cars and the Purchase Agreement, dated as of June ____, 1996 with respect to 240 covered hopper cars and 119 gondola cars (as heretofore or hereinafter from time to time supplemented, amended or modified to the extent permitted by the terms thereof and the terms of this Assignment and the Lease Agreement, collectively, the "Purchase Agreement"), providing, among other things, for the sale by Seller to Assignor of certain equipment, including the Units.

B. Assignee wishes to acquire the Units and lease the Units to Lessee under a Lease Agreement dated as of June ____, 1996 (the "Lease Agreement").

C. Assignor, on the terms and conditions hereinafter set forth, is willing to assign to Assignee certain of Assignor's rights and interests under the Purchase Agreement, and Assignee is willing to accept such assignment, as hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. DEFINITIONS.

Unless the context otherwise requires, any term used herein in capitalized form shall have the meaning given such term in the Lease Agreement.

2. ASSIGNMENT.

Assignor hereby sells, assigns, transfers and sets over unto Assignee absolutely and not for security purposes all Assignor's right, title and interest in and to the Purchase Agreement, as and to the extent that the same relate to the Units and the purchase and operation thereof, including, without limitation, (a) the right, upon valid tender by Seller, to purchase each Unit pursuant to the Purchase Agreement (including the right to accept delivery of such Unit) and the right to take title to such Units and to be named the purchaser in any bill of sale to be delivered by Seller for such Unit pursuant to Sections 1.01 and 1.04 of the Purchase Agreement, (b) subject to the provisions of the Lease Agreement, all claims for damages in respect of such Unit arising as a result of any default by Seller under the Purchase Agreement, including, without limitation, all warranty and indemnification provisions in the Purchase Agreement in respect of such Unit and all claims thereunder, and (c) any and all rights of Assignor to compel performance of the

terms of the Purchase Agreement in respect of such Unit. It is expressly understood that the foregoing assignment is subject to the condition that concurrently with the tender and purchase of the Units under the Purchase Agreement the Assignee shall lease such Units to Assignor subject to the terms and conditions of the Lease Agreement.

3. ACCEPTANCE OF ASSIGNMENT.

Assignee hereby accepts the assignment contained in Section 2 subject to the terms hereof.

4. RIGHTS OF ASSIGNOR IN ABSENCE OF DEFAULT.

(a) Notwithstanding the foregoing, if and so long as no Event of Default exists under the Lease Agreement, Assignee authorizes Assignor, to the exclusion of Assignee, to exercise in Assignor's own name all rights and powers of the "Purchaser" under the Purchase Agreement and, subject to the provisions of the Purchase Agreement if and so long as no Event of Default exists under the Lease Agreement, to retain any recovery or benefit resulting from the enforcement of any warranty or indemnity or other claim under the Purchase Agreement or any bill of sale given by Seller pursuant thereto in respect of the Units while subject to the Lease Agreement, provided that (i) Assignor may not exercise any of the rights assigned hereunder referred to in Section 2(a) (except the right to accept delivery of the Units) unless, prior to the exercise thereof, Assignee delivers to Seller written notice that Assignee has released such rights with respect to such Units, and (ii) Assignor may not enter into any amendment, modification or supplement to the Purchase Agreement without the written consent or countersignature of Assignee if such amendment, modification or supplement would (A) change the number of Units to be delivered to Assignee pursuant to the Purchase Agreement and this Assignment (except amendments, modifications or supplements to effect reductions in the Units to be purchased as a result of a casualty or event of loss discovered prior to Closing in accordance with Section 1.05 of the Purchase Agreement), (B) result in any material adverse change in the value or utility of any Unit from that contracted for as of the date hereof, (C) increase the aggregate cost for any Units by any amount or (D) except as provided in the Purchase Agreement, result in any rescission, cancellation or termination of the Purchase Agreement with respect to any Unit.

(b) Seller shall not be deemed to have knowledge of the existence of any Default or Event of Default under the Lease Agreement, or the discontinuance of any thereof, unless and until Seller receives written notice thereof from Assignee. If Assignee notifies Seller of the existence of any such Default or Event of Default by written notice thereof it will also give prompt written notice to Seller when such Default or Event of Default is cured or waived.

5. CERTAIN RIGHTS AND OBLIGATIONS OF THE PARTIES.

(a) It is expressly agreed that, anything herein contained to the contrary notwithstanding: (i) Assignor shall at all times remain liable to Seller under the Purchase Agreement to perform all the duties and obligations (other than the obligation to pay the purchase price for each Unit to the extent and upon the terms and conditions set forth in the Lease Agreement) of the "Purchaser" thereunder to the same extent as if this Assignment had not

been executed; (ii) the exercise by Assignee of any of the rights assigned hereunder shall not release Assignor from any of its duties or obligations to Seller under the Purchase Agreement except to the extent that such exercise by Assignee constitutes performance of such duties and obligations; (iii) Assignee (A) has no obligation or liability under the Purchase Agreement by reason of, or arising out of, this Assignment and (B) is not obligated to perform any of the obligations or duties of Assignor under the Purchase Agreement or to make any payment (other than, in the case of Assignee, the obligation to pay the purchase price for each Unit to the extent and upon the terms and conditions set forth in the Lease Agreement) or, except to the extent set forth in the Lease Agreement, to make any inquiry as to the sufficiency of any payment received by any of them or to present or file any claim or to take any other action to collect or enforce any claim for any payment assigned hereunder. Assignor represents and warrants that upon making the payments described in Section 1.02 of the Purchase Agreement with respect to each Unit, there will be no amounts owing, contingently or otherwise, in respect of the purchase price of such Unit.

(b) Without in any way limiting the rights and obligations of Assignee set forth above, the Assignee confirms for the benefit of the Seller that, in exercising any rights under the Purchase Agreement, or in making any claim with respect to the Units or other goods and services delivered or to be delivered pursuant to the Purchase Agreement, the terms and conditions of the Purchase Agreement shall apply to, and be binding upon, the Assignee to the same extent as the Assignor.

(c) Nothing contained herein shall (i) subject Seller to any liability to which it would not otherwise be subject under the Purchase Agreement, (ii) modify in any respect Seller's contract rights thereunder, except as provided in the written consent of Seller to this Agreement or (iii) require Seller to divest itself of title to or possession of any Unit until delivery thereof and payment therefor as provided in the Purchase Agreement.

(d) Assignor does hereby constitute, effective at any time after there exists an Event of Default under the Lease Agreement, Assignee, its successors and assigns, as Assignor's true and lawful attorney, irrevocably, with full power (in the name of Assignor or otherwise) to ask, require, demand, receive, compound and give acquittance for any and all moneys and claims for moneys due and to become due under, or arising out of, the Purchase Agreement in respect of any Unit, to the extent that the same are assigned by this Assignment and, for such period as Assignee may exercise rights with respect thereto under this Assignment, to endorse any checks or other instruments or any action or institute (or, if previously commenced, assume control of) any proceedings and to obtain any recovery in connection with its rights under the Purchase Agreement which have been assigned by this Assignment and which Assignee may deem to be necessary or advisable under the circumstances. Assignee shall hold any moneys received by it pursuant to this Section 5(d) as security for Assignor's obligations hereunder and under the Lease Agreement. At such time as any such Event of Default is cured, such moneys, unless otherwise applied in exercise of Assignee's remedies under the Lease Agreement, shall be paid to Assignor.

6. PURCHASE OF UNITS.

Assignee agrees in favor of Assignor and Seller on the Closing Date, subject to satisfaction or waiver of the conditions set forth in Section 3 of the Lease Agreement, to purchase the Units being delivered on such Closing Date from Seller and to pay to Seller an amount equal to the purchase price payable to Seller on such Closing Date pursuant to the Purchase Agreement, as such purchase price may be adjusted in accordance with the terms thereof on or before such Closing Date and set forth in the certificates of the purchase price to be executed by both Seller and Assignor and acknowledged by Assignee pursuant to Section 5 of the Purchase Agreement.

7. FURTHER ASSURANCES.

Assignor agrees that at any time and from time to time, upon the written request of Assignee, Assignor will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as may reasonably be requested by Assignee in order to obtain the full benefits of this Assignment and of the rights and powers herein granted.

8. REPRESENTATIONS, WARRANTIES AND COVENANTS.

Assignee hereby represents and warrants to Assignor and Seller that the execution, delivery and performance of this Assignment and the transactions contemplated hereby, including without limitation the purchase of the Units from Seller and the payment of the purchase price therefore by Assignee, have been duly authorized by all necessary action on the part of Assignee and this Assignment constitutes the legal, valid and binding obligation of Assignee, enforceable against Assignee in accordance with the terms hereof.

Assignor represents and warrants that the Purchase Agreement as it relates to each Unit is in full force and effect and is a legal, valid, binding and enforceable obligation of Assignor and that Assignor is not in default thereunder. Assignor does hereby further represent and warrant that, except as provided in the Lease Agreement, Assignor has not assigned or pledged, and hereby covenants that it will not assign or pledge, so long as this Assignment remains in effect, the whole or any part of the rights hereby assigned, or in any of its rights with respect to any Unit under the Purchase Agreement not assigned hereby, to anyone other than Assignee. Assignor has furnished a true, correct and complete copy of the Purchase Agreement to Assignee.

9. NO AMENDMENT OF PURCHASE AGREEMENT.

Assignor agrees that it will not enter into any agreement that would amend, modify, supplement, rescind, cancel or terminate the Purchase Agreement in respect of any Units without the prior written consent of Assignee (except as otherwise expressly set forth in Section 4(a)).

10. COUNTERPARTS.

This Assignment may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original but all of such counterparts shall together constitute but one and the same instrument.

11. EXECUTION OF ASSIGNMENT.

This Assignment is being executed by Assignor and Assignee concurrently with the execution and delivery of the Lease Agreement and other documents executed pursuant thereto.

12. GOVERNING LAW.

This Assignment shall be governed by, and construed in accordance with, the laws of the State of Illinois, including all matters of construction, validity and performance.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be duly executed by their respective officers or agents duly authorized as of the day and year first above written.

ILLINOIS CENTRAL RAILROAD COMPANY,
as Assignor

By _____

Its _____

ING LEASE (IRELAND) B.V. DUBLIN BRANCH,
as Assignee

By _____

Its _____

SCHEDULE A

Description of Equipment

One hundred twenty-four (124), 100 ton covered hopper cars with 4750 cubic foot capacity manufactured by Pullman Standard and bearing reporting marks ICG 766700 to 766832 (both inclusive, but excluding numbers ICG 766701, 766742, 766748, 766784, 766785, 766795, 766798, 766800 and 766828.)

Nineteen (19) 48 foot GBSR gondola cars, equipped with 100-ton trucks and 2,011 cubic foot capacity, manufactured by Evan Products Co. and bearing reporting marks set forth below.

ICG 299500	ICG 299502	ICG 299503
ICG 299504	ICG 299505	ICG 299507
ICG 299508	ICG 299509	ICG 299510
ICG 299511	ICG 299512	ICG 299513
ICG 299515	ICG 299517	ICG 299518
ICG 299519	ICG 299522	ICG 299523
ICG 299524		

One hundred (100) 65 foot GB gondola cars, equipped with 5 foot 6 inch sides and 100-ton trucks and 3,243 cubic foot capacity, manufactured by Bethlehem Steel Car and bearing reporting marks set forth below.

		IC 097600
	IC 097601	
IC 097602	IC 097603	IC 097604
IC 097605	IC 097608	IC 097609
IC 097611	IC 097612	IC 097613
IC 097614	IC 097615	IC 097616
IC 097617	IC 097618	IC 097619
IC 097620	IC 097621	IC 097622
IC 097624	IC 097625	IC 097626
IC 097627	IC 097628	
IC 097629	IC 097900	IC 097903
IC 097904	IC 097912	IC 097913
IC 097914	IC 097916	IC 097918
IC 097919	IC 097920	IC 097923
IC 097924	IC 097925	IC 097926
IC 097927	IC 097929	IC 097929
IC 097930	IC 097932	IC 097933
IC 097934	IC 097935	IC 097937
IC 097941	IC 097942	IC 097943

IC 097944	IC 097945	IC 097946
IC 097949	IC 097950	IC 097951
IC 097952	IC 097954	IC 097955
IC 097956	IC 097957	IC 097958
IC 097961	IC 097964	IC 097965
IC 097966	IC 097967	IC 097968
IC 097969	IC 097970	IC 097971
IC 097972	IC 097973	IC 097974
IC 097977	IC 097978	IC 097979
IC 097980	IC 097981	
IC 097982	IC 097983	IC 097985
IC 097986	IC 097987	IC 097988
IC 097989	IC 097990	IC 097994
IC 097997	IC 097998	IC 097999
IC 249207	IC 249210	IC 249215
IC 249239	IC 299506	IC 299514
IC 299520		

Two hundred forty (240) 100-ton covered hopper cars, with 4700 cubic foot capacity, manufactured by General American Transportation Company and bearing reporting marks set forth below.

	IC 755183	IC 755188
IC 755190	IC 755197	IC 755205
IC 755210	IC 755211	IC 755221
IC 755227	IC 755241	IC 755243
IC 755254	IC 755263	IC 755265
IC 755285	IC 755289	IC 755295
IC 755298	IC 755306	IC 755310
IC 755316	IC 755319	IC 755321
IC 755325	IC 755330	IC 755331
IC 755340	IC 755342	IC 755345
IC 755347	IC 755357	IC 755358
IC 755361	IC 755365	IC 755366
IC 755374	IC 755375	
IC 755379	IC 755383	IC 755386
IC 755389	IC 755390	IC 755395
IC 755399	IC 755405	IC 755442
IC 755458	IC 755461	IC 755468
IC 755469	IC 755471	IC 755476
IC 755481	IC 755482	IC 755483
IC 755487	IC 755489	IC 755490

ICG 755171	ICG 755169	ICG 755170
ICG 755182	ICG 755174	ICG 755180
ICG 755199	ICG 755191	ICG 755196
ICG 755214	ICG 755206	ICG 755207
ICG 755219	ICG 755216	ICG 755218
ICG 755223	ICG 755222	
ICG 755234	ICG 755229	ICG 755232
ICG 755247	ICG 755237	ICG 755244
ICG 755255	ICG 755250	ICG 755253
ICG 755270	ICG 755260	ICG 755269
ICG 755280	ICG 755275	ICG 755278
ICG 755288	ICG 755282	ICG 755284
ICG 755302	ICG 755291	ICG 755294
ICG 755314	ICG 755311	ICG 755312
ICG 755328	ICG 755317	ICG 755322
ICG 755343	ICG 755334	ICG 755341
ICG 755356	ICG 755353	ICG 755355
ICG 755363	ICG 755359	ICG 755360
ICG 755378	ICG 755364	ICG 755369
ICG 755391	ICG 755381	ICG 755387
ICG 755396	ICG 755393	ICG 755394
ICG 755408	ICG 755398	ICG 755400
ICG 755414	ICG 755410	ICG 755412
ICG 755422	ICG 755415	ICG 755416
ICG 755427	ICG 755426	
ICG 755431	ICG 755429	ICG 755430
ICG 755437	ICG 755432	ICG 755433
ICG 755445	ICG 755439	ICG 755443
ICG 755451	ICG 755446	ICG 755449
ICG 755464	ICG 755454	ICG 755459
ICG 755486	ICG 755477	ICG 755480
ICG 755499	ICG 755497	ICG 755498

~~Two hundred forty (240) 100-ton covered hopper cars, with 4700 cubic foot capacity, manufactured by General American Transportation Company and bearing reporting marks set forth below.~~

IC 056465	IC 056467	IC 056468
IC 056476	IC 056478	IC 056479
IC 056481	IC 056484	IC 056485
IC 056486	IC 056489	IC 056492

IC 056493
IC 056501
IC 056512
IC 056517
IC 056525
IC 056538
IC 056548
IC 056556
IC 056567
IC 056581
IC 056592
IC 056608
IC 056633
IC 056637
IC 056651
IC 056668
IC 056682
IC 056701
IC 056704
IC 056718
IC 056728
IC 056736
IC 056750
IC 056766
IC 056773
IC 056795

IC 056494
IC 056503
IC 056513
IC 056520
IC 056533
IC 056540
IC 056549
IC 056557
IC 056572
IC 056586
IC 056596
IC 056609
IC 056635
IC 056646
IC 056662
IC 056672
IC 056685
IC 056702
IC 056706
IC 056720
IC 056734
IC 056741
IC 056752
IC 056767
IC 056774
IC 056796

IC 056495
IC 056509
IC 056515
IC 056524
IC 056535
IC 056545
IC 056552
IC 056566
IC 056573
IC 056587
IC 056599
IC 056626
IC 056636
IC 056649

IC 056677
IC 056688
IC 056703
IC 056711
IC 056725
IC 056735
IC 056744
IC 056753
IC 056772
IC 056775

SCHEDULE B

Stipulated Loss Value

REDACTED IN ITS ENTIRETY

