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WRITER'S DIRECT NUMBER:

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October 20, 1993

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INTERSTATE COMMERCE COMMISSION

Mr. Sidney Strickland, Jr.
Secretary
Interstate Commerce Commission
Washington, DC 20434

File: A-13777
EOC: 0-097

Dear Mr. Strickland:

Pursuant to Section 11303 of Interstate Commerce Act, enclosed for recordation are 2 counterparts of Lease of Railroad Equipment (CNW 1993-B) (the "Lease Agreement") dated October 14, 1993 between Chicago and North Western Transportation Company, as Lessee and Shawmut Bank Connecticut, National Association, as Lessor, covering 1,000 Covered Jumbo Hopper Railcars as described on Schedule A to the Lease Agreement.

Also enclosed for recordation in connection with the above Lease Agreement are 2 counterparts of the Trust Indenture and Security Agreement (CNW 1993-B) dated October 14, 1993 between Shawmut Bank Connecticut, National Association, as Owner Trustee and Harris Trust and Savings Bank, as Indenture Trustee.

The names and addresses of the parties to the above agreements are as follows:

Chicago and North Western Transportation Company
165 North Canal Street Lessee
Chicago, IL 60606

Shawmut Bank Connecticut, National Association
777 Main Street
Hartford, CT 06115 owner trustee

Harris Trust and Savings Bank
311 West Monroe
Chicago, IL 60606 Indenture Trustee

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Counterpart Jay C Rhodes

Enclosed are two checks for $16.00 to cover recording fees. Please assign recordation numbers, retain one counterpart for your files, and return the remaining counterpart with the stamped recordation data.

Sincerely,

Denise M. Grant

Enclosures

EXECUTION COPY

LEASE OF RAILROAD EQUIPMENT

CNW 1993-B

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INTERSTATE COMMERCE COMMISSION

Dated as of October 14, 1993

Between

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY,
the Lessee,

and

Shawmut Bank Connecticut, National Association
not in its individual capacity except
as otherwise expressly provided,
but solely as Owner Trustee
under a Trust Agreement,
the Lessor,

Covered Jumbo Hoppers

CERTAIN OF THE RIGHT, TITLE AND INTEREST OF LESSOR IN AND TO THIS LEASE, THE EQUIPMENT COVERED HEREBY AND THE RENT DUE AND TO BECOME DUE HEREUNDER HAVE BEEN ASSIGNED AS COLLATERAL SECURITY TO, AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF, HARRIS TRUST AND SAVINGS BANK, NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS INDENTURE TRUSTEE UNDER A TRUST INDENTURE AND SECURITY AGREEMENT (CNW 1993-B), DATED AS OF OCTOBER 14, 1993 BETWEEN SAID INDENTURE TRUSTEE, AS SECURED PARTY, AND LESSOR, AS DEBTOR. INFORMATION CONCERNING SUCH SECURITY INTEREST MAY BE OBTAINED FROM THE INDENTURE TRUSTEE AT ITS ADDRESS SET FORTH IN SECTION 27 OF THIS LEASE. THIS LEASE AGREEMENT HAS BEEN EXECUTED IN SEVERAL COUNTERPARTS. ONLY THAT COUNTERPART TO BE DEEMED THE ORIGINAL COUNTERPART FOR CHATTEL PAPER PURPOSES CONTAINS THE RECEIPT THEREFOR EXECUTED BY HARRIS TRUST AND SAVINGS BANK, AS INDENTURE TRUSTEE, ON THE SIGNATURE PAGES THEREOF. SEE SECTION 33 FOR INFORMATION CONCERNING THE RIGHTS OF THE HOLDERS OF THE VARIOUS COUNTERPARTS HEREOF.

Filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 on _____, 1993, at __:__, Recordation Number _____, and deposited in the office of the Registrar General of Canada pursuant to § 90 of the Railway Act of Canada on _____, 1993, at __:__.

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Schedule A. Description of Equipment

Appendix A. Definitions

Exhibit A. Form of Lease Supplement

THIS LEASE OF RAILROAD EQUIPMENT (CNW 1993-B) dated as of October 14, 1993, (this "Lease") between CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, a Delaware corporation (the "Lessee"), and SHAWMUT BANK CONNECTICUT, NATIONAL ASSOCIATION, a national banking association, not individually but solely as Owner Trustee (the "Lessor") under a Trust Agreement (CNW 1993-B) dated as of the date hereof (the "Trust Agreement").

W I T N E S S E T H T H A T:

WHEREAS, the Lessee has entered into a Purchase Agreement with the Seller (such term and other capitalized terms used herein being defined as hereinafter provided), pursuant to which the Seller has agreed to sell to the Lessee the Units of Equipment described in Schedule A hereto, and the Lessee is assigning its rights in such Purchase Agreement to the Lessor pursuant to the Purchase Agreement Assignment;

WHEREAS, the Owner Participant has entered into the Trust Agreement with the Lessor whereby the Lessor is to acquire and hold the Trust Estate for the benefit of the Owner Participant;

WHEREAS, pursuant to the Pass Through Trust Agreement, a separate grantor trust will be created to facilitate the financing contemplated hereby;

WHEREAS, the Owner Participant, the Lessor, the Lessee, the Indenture Trustee, the Pass Through Trustee and the Owner Trustee have entered into the Participation Agreement, subject to the terms and conditions of which the Owner Participant and the Loan Participant agree to finance the purchase of the Equipment;

WHEREAS, the Owner Trustee and the Indenture Trustee, for the benefit of the Holders, are concurrently entering into the Indenture, whereby the Owner Trustee agrees, among other things, (i) to provide for the issuance by the Owner Trustee of the Equipment Notes and (ii) to provide for the assignment, mortgage and pledge by the Owner Trustee to the Indenture Trustee, as part of the Indenture Estate under the Indenture, among other things, of, and the grant of a security interest in, certain of the Owner Trustee's right, title and interest in and to the Equipment and the Operative Agreements and certain payments and other

amounts received under any Operative Agreement, in accordance with the terms thereof, in trust, as security for, among other things, the Owner Trustee's obligations under the Equipment Notes;

WHEREAS, concurrently the Lessor desires to undertake herein to lease to the Lessee, and the Lessee desires to undertake herein to lease from the Lessor, the Equipment, as more fully hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions.

All capitalized terms used herein shall have the respective meanings set forth in Appendix A hereto for all purposes of this Lease. All references in this Lease to Sections and Exhibits refer, unless otherwise specified, to Sections of and Exhibits to this Lease.

Section 2. Net Lease.

This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent or additional rent, or setoff (except as provided in Section 4.3) against or recoupment or reduction of rent or additional rent, including, but not limited to, abatements, setoffs, reductions or recoupments due or alleged to be due by reason of any past, present or future claims or counterclaims of the Lessee against the Lessor, the Owner Participant, the Indenture Trustee or any Loan Participant under this Lease or the Participation Agreement or otherwise. The Lessee's obligations hereunder, including its obligations to pay all rentals, additional rentals and other amounts hereunder, shall be absolute and unconditional under any and all circumstances, and, except as otherwise expressly provided herein, this Lease shall not terminate, nor shall the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in, whether latent or patent, or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any Person, the invalidity or unenforceability or lack of due authorization

of this Lease, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

To the extent permitted by Applicable Law, the Lessee hereby waives any and all rights which it may now have, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor or the Indenture Trustee for any reason whatsoever. If for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise, except as specifically provided herein, the Lessee nonetheless agrees, subject to Section 4.3, to the maximum extent permitted by law, to pay to the Lessor or to the Indenture Trustee, as the case may be, an amount equal to each installment of Basic Rent and all Supplemental Rent due and owing 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. Nothing contained herein shall be construed to waive any claim which the Lessee might have under any of the Operative Agreements or otherwise or to limit the right of the Lessee to make any claim it might have against the Lessor or any other Person or to pursue such claim in such manner as the Lessee shall deem appropriate.

Section 3. Delivery, Acceptance and Leasing of Units.

The Lessor hereby authorizes one or more employees of the Lessee, designated by the Lessee, to act on behalf of the Lessor as its authorized representative or representatives to accept delivery of each Unit from Seller, as evidenced by the Lessee's execution and delivery of a Certificate of Acceptance with respect to such Unit, all in accordance with Section 2.1 of the Participation Agreement. The Lessee hereby agrees that such acceptance of delivery by such authorized representative or representatives on behalf of the Lessor shall, without further act, irrevocably

constitute acceptance by the Lessee of such Unit for all purposes of this Lease; provided, that the delivery and acceptance hereunder of any Unit excluded from the Participation Agreement pursuant to Section 4.5 thereof shall be null and void and ineffective to subject such Unit to this Lease or to constitute acceptance thereof on behalf of the Lessor for any purpose.

On each Funding Date, the Lessee and the Lessor will execute a Lease Supplement covering the Equipment purchased by the Lessor on such Funding Date, and the Lessor agrees to lease such Equipment to Lessee hereunder, and Lessee agrees to lease from the Lessor hereunder, such Equipment on each such Funding Date.

Section 4. Rent.

4.1 Basic Rent. (a) The Lessee agrees to pay to the Lessor, as installments of Basic Rent for each Unit throughout the Base Lease Term applicable thereto in consecutive semiannual installments, Basic Rent payable on the Rent Payment Dates set forth in Schedule 3 to the Participation Agreement. The installments of Basic Rent for each Unit shall each be in an amount equal to the percentage set forth under the caption "Total Rent" in Schedule 3 to the Participation Agreement for the applicable Rent Payment Date multiplied by the Equipment Cost of such Unit.

(b) If any Adjustment Event set forth in Section 2.7 of the Participation Agreement occurs, Basic Rent and the related Stipulated Loss Values, Termination Values and the EBO Amount will be adjusted, as provided in Section 2.7 of the Participation Agreement but subject in all cases to Section 4.1(c) hereof.

(c) Anything contained herein or in the Participation Agreement to the contrary notwithstanding, each installment of Basic Rent (both before and after any adjustment pursuant to Section 2.7 of the Participation Agreement) and the related Stipulated Loss Values, Termination Values and the EBO Amount shall be, under any circumstances and in any event, in an amount which, together with any other amounts required to be paid by Lessee, will be at least sufficient for the Lessor to pay in full, as of the due date of such installment, any payment of principal of and interest on the Equipment Notes in addition to any other amounts required to be paid by the Lessor pursuant to the Indenture on such due date.

(d) Basic Rent shall be payable in advance on certain Rent Payment Dates, and in arrears on certain Rent Payment Dates, as specified in Schedule 3 to the Participation Agreement, such Schedule 3 to the Participation Agreement as so adjusted from time to time being incorporated herein by reference.

(e) If any of the Rent Payment Dates referred to above are not Business Days, the installment of Basic Rent otherwise payable on such Rent Payment Date shall be payable on the next succeeding Business Day.

(f) The aggregate installment of Basic Rent paid by the Lessee on each Rent Payment Date shall be allocated and applied ratably among the Lease Supplements delivered hereunder in the same proportion that the amount of Basic Rent then due and payable with respect to each such Lease Supplement bears to the aggregate amount of Basic Rent then due and payable hereunder.

4.2 Supplemental Rent. The Lessee also agrees to pay to the Lessor, or to whomsoever shall be entitled thereto, any and all Supplemental Rent, promptly as the same shall become due and owing, or where no due date is specified, promptly after demand by the Person entitled thereto, and in the event of any failure on the part of the Lessee to pay any Supplemental Rent, the Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise as in the case of nonpayment of Basic Rent. The Lessee will also pay, as Supplemental Rent (i) on demand, to the extent permitted by Applicable Law, an amount equal to interest at the applicable Late Rate on any part of any installment of Basic Rent not paid when due for any period for which the same shall be overdue and on any payment of Supplemental Rent not paid when due or demanded, as the case may be, for the period from such due date or demand until the same shall be paid, (ii) in the case of the termination of this Lease with respect to any Unit pursuant to Section 11, on the applicable Termination Date, an amount equal to the estimated Make-Whole Premium, if any, with respect to the principal amount of each Equipment Note to be prepaid as a result of such termination, and on the date each such Equipment Note is prepaid the amount, if any, by which the actual Make-Whole Premium exceeds the estimated Make-Whole Premium, and (iii) in the case of the refinancing of the Equipment Notes pursuant to Section 10.2 of the Participation Agreement, on the date of such refinancing, an amount equal to the Make-Whole Premium, if any, with respect to the aggregate principal amount of the Equipment Notes to be prepaid on such date. All Supplemental Rent to be paid pursuant to this Section 4.2 shall be payable in the type of funds and in the manner set forth in Section 4.4.

4.3 Advances. The Lessee shall pay as Supplemental Rent, in one installment due on January 30, 1994 and a second installment due on the Base Lease Term Commencement Date, an amount, if any, equal to the amounts then due and payable to the Loan Participants on each such date under the Equipment Notes (each such payment being referred to herein as an "Advance") unless the Indenture Trustee on January 30, 1994 or the Base Lease Term Commencement Date, as the case may be, shall have received funds from the Owner Trustee sufficient for the payment in full of the amounts then due and owing on the Equipment Notes. The aggregate amount of each Advance shall be allocated and applied ratably among the Lease Supplements delivered hereunder in the same proportion that the amount of interest then due with respect to the Equipment Notes issued on the same date as the date of each such Lease Supplement bears to the aggregate amount of interest then due with respect to all the Equipment Notes then outstanding. In the event the Lessee makes any Advance pursuant to this Section 4.3 and is not promptly reimbursed therefor by the Owner Participant after demand for such reimbursement, the Lessee shall be entitled to offset and deduct (without duplication) against each succeeding payment or portion thereof of Basic Rent, Supplemental Rent, Stipulated Loss Value, Termination Value or any other amount due from the Lessee to Persons other than the holders of the Equipment Notes, the Indenture Trustee and the Owner Trustee in its individual capacity an amount equal to such Advance plus interest on such amount at the Late Rate until the Lessee has been fully reimbursed for such Advance plus such interest and, in each such case, such offset shall be deemed to constitute a reduction in the amount of such Advance so payable. No such offset or aggregate combined effect of separate offsets shall reduce the amount of any installment of Basic Rent to an amount that is insufficient to pay in full the payments then required to be made on account of the principal and interest on the Equipment Notes then outstanding.

4.4 Manner of Payments. All Rent (other than Supplemental Rent payable to Persons other than the Lessor, which shall be payable to such other Persons in accordance with written instructions furnished to the Lessee by such Persons, as otherwise provided in any of the Operative Agreements or as required by law) shall be paid by the Lessee to the Lessor at its offices at 777 Main Street, Hartford, Connecticut 06115, Attention: Corporate Trust Administration - Chicago and North Western Transportation Company (CNW 1993-B). All Rent shall be paid by the Lessee in funds consisting of lawful currency of the United States of America, which shall be immediately available to the recipient not later than 12:00 noon (New York City time) on the date of such payment, provided that, so long as the Indenture shall not have been discharged pursuant to the

terms thereof, the Lessor hereby directs, and the Lessee agrees, that all Rent (excluding payments in respect of Excepted Property) payable to the Lessor and assigned to the Indenture Trustee shall be paid directly to the Indenture Trustee (for application as provided in the Indenture) at the times and in funds of the type specified in this Section 4.4 at the office of the Indenture Trustee at 311 West Monroe Street, Chicago, Illinois 60606, Attention: Indenture Trust Division (CNW 1993-B), or at such other location in the United States of America as the Indenture Trustee may otherwise direct.

Section 5. Term of Lease.

The Interim Term of this Lease (the "Interim Term") for each Unit shall commence on the Acceptance Date of such Unit and shall terminate at 11:59 P.M. (Chicago time) on the day immediately preceding the Base Lease Term Commencement Date. The basic term of this Lease (the "Base Lease Term") shall commence at 12:00 midnight (Chicago time) on the Base Lease Term Commencement Date and, subject to earlier termination pursuant to this Lease, shall expire at 11:59 P.M. (Chicago time) on the Base Lease Term Expiration Date. Subject and pursuant to Section 18, the Lessee may elect one Renewal Term with respect to the Units subject to this Lease. The obligations of the Lessee hereunder (including, but not limited to, the obligations under Sections 4, 7, 8, 10 and 20 hereof) and under the Tax Indemnity Agreement shall survive the expiration or termination of the term of this Lease and the full payment of all amounts payable under this Lease.

Section 6. Ownership of and Identification Marks on Equipment.

6.1 Retention of Title. The Lessor shall and hereby does retain full legal title to and beneficial ownership of the Equipment notwithstanding the delivery of the Equipment to the Lessee hereunder.

6.2 Duty to Number and Mark Equipment. As soon as practicable after the execution of the respective Certificate of Acceptance, the Lessee will cause each Unit to be numbered with its reporting mark shown on Schedule A hereto and covering such Unit, and will from and after such date keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting colors upon each side of each Unit, in letters not less than one inch in height, a legend substantially as follows:

"SUBJECT TO A TRUST INDENTURE AND SECURITY AGREEMENT RECORDED WITH THE INTERSTATE COMMERCE COMMISSION"

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's right, title and interest in and to such Unit, its rights under this Lease and the rights of the Indenture Trustee. Except as provided hereinabove, the Lessee will not place any such Units in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof, and will replace promptly any such word or words in such legend which may be removed, defaced, obliterated or destroyed. The Lessee will not change the reporting mark of any Unit except in accordance with a statement of new reporting marks to be substituted therefor, which statement shall be delivered to the Lessor by the Lessee and a supplement to this Lease and the Indenture with respect to such new reporting marks shall be filed or recorded in all public offices where this Lease and the Indenture shall have been filed or recorded and upon delivery to the Lessor and the Indenture Trustee of an opinion of counsel to the effect that such statement has been so filed and deposited, that such filing and deposit will protect the Lessor's, the Owner Participant's and the Indenture Trustee's rights in such Units and that no other filing, deposit or giving of notice with or to any Governmental Authority is necessary to protect the rights of the Lessor, the Owner Participant and the Indenture Trustee in such Units. The costs and expenses of all such supplements, filings and recordings shall be borne by the Lessee.

6.3 Prohibition against Certain Designations. Except as above provided, the Lessee will not allow the name of any Person to be placed on any Unit as a designation that might reasonably be interpreted as a claim of ownership; provided, however, that, subject to the delivery of the statement specified in the last sentence of Section 6.2, the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or any permitted sublessees or any of their respective Affiliates on railroad equipment used by it of the same or a similar type.

Section 7. Indemnification.

7.1 Tax Indemnity. Whether or not any of the transactions contemplated hereby are consummated, the Lessee agrees to pay, or cause to be paid, and to indemnify and hold each Tax Indemnitee harmless from, all Taxes as provided in Section 7.1 of the Participation Agreement.

7.2 General Indemnity. Whether or not any of the transactions contemplated hereby are consummated, the Lessee agrees to pay, or cause to be paid, and to indemnify and hold each Indemnified Person harmless from, all Claims (as such

term is defined in Section 7.2 of the Participation Agreement) as provided in Section 7.2 of the Participation Agreement.

Section 8. Maintenance; Operation; Possession.

8.1 Maintenance. The Lessee, at its own cost and expense, shall maintain, service, overhaul, test, repair and keep each Unit (i) in good operating order and repair, with all mechanical and electrical devices working properly, (ii) in good physical condition acceptable for commercial use, reasonable wear and tear excepted, (iii) in accordance with prudent Class I railroad industry maintenance practices in existence from time to time, (iv) in a manner consistent with maintenance practices used by the Lessee in respect of equipment owned or leased by the Lessee similar in type to such Unit and consistent with prudent industry practice, (v) in accordance with maintenance requirements of insurance policies covering such Unit and (vi) in compliance, in all material respects, with all Applicable Laws and regulations, including any applicable Interchange Rules, the ICC and the Federal Railroad Administration as applicable to continued use by the Lessee and at all times qualified for interchange; provided, however, that the Lessee may, in good faith and by appropriate proceedings diligently conducted, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner that does not materially interfere with the use, possession, operation or return of any Unit or materially adversely affect the rights or interests of the Lessor or the Indenture Trustee in the Equipment or hereunder or otherwise expose the Lessor, the Indenture Trustee or any Participant to criminal sanctions or release the Lessee from the obligation to return the Equipment in compliance with the provisions of Section 20. Lessee shall provide Lessor with notice of any contest of the type described in the preceding sentence in detail sufficient to enable Lessor to ascertain whether such contest may have an effect of the type described in the preceding sentence. In no event shall the Lessee discriminate as to the use or maintenance of any Unit (including the periodicity of maintenance or recordkeeping in respect of such Unit) as compared to equipment of a similar nature which the Lessee owns or leases. Lessee will maintain all records, logs and other materials required by relevant industry standards or any governmental authority having jurisdiction over the Units required to be maintained in respect of a Unit, all as if Lessee were the owner of such Units, regardless of whether any such requirements, by their terms are nominally imposed on Lessee, Lessor or the Owner Participant. Lessee shall not

change the Association of American Railroads classification of any Unit without obtaining the prior consent of Lessor, such consent not to be unreasonably withheld.

8.2 Possession. The Lessee shall be entitled to the possession of the Equipment and to the use of the Equipment by it or any Affiliate upon lines of railroad owned or operated by it or any such Affiliate, upon lines of railroad over which the Lessee or any such Affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such Affiliate is regularly operated pursuant to contract and on railroad lines of other railroads in the United States, Canada and Mexico, in the usual interchange of traffic or in through or run-through service and shall be entitled to permit the use of such Unit upon connecting and other carriers in the usual interchange of traffic or pursuant to through or run-through agreements. In no event shall the Lessee make use of any Equipment in any jurisdiction not included in the insurance coverage required by Section 10. In no event shall more than seven percent (7%) of the Units be assigned to service in Mexico at the same time. Nothing in this Section 8.2 shall be deemed to constitute permission by the Lessor to any Person that acquires possession of any Unit to take any action inconsistent with the terms and provisions of this Lease and any of the other Operative Agreements. The rights of any Person that acquires possession of any Unit pursuant to this Section 8.2 shall be subject and subordinate to the rights of the Lessor hereunder.

Section 9. Loss, Destruction, Requisition, Etc.

9.1 Event of Loss. In the event that any Unit shall (i) become, in the reasonable opinion of the Lessee, worn out from any cause whatsoever (other than any breach of any of the Lessee's obligations under this Lease, including, without limitation, any obligations under Section 8 of this Lease); (ii) suffer an event that involves an actual, constructive or compromised total loss as a result of an insurance settlement or be returned permanently to the builder thereof in connection with a warranty or patent indemnity settlement; (iii) be destroyed or damaged beyond economic repair; (iv) be stolen or disappear so that the Lessee will lose the use thereof for a period equal to the lesser of 60 consecutive days and the number of days remaining in the term of this Lease for such Unit; or (v) be condemned, confiscated, seized or title taken for use by a foreign government for a period equal to the lesser of 180 consecutive days and the number of days remaining in the term

of this Lease for such Unit or by a government of or in the United States (the "Government") for one year (or, if such taking, requisition or condemnation shall occur during the renewal term, for a stated period that shall exceed such then remaining renewal term or for an indefinite period) (any such occurrence being hereinafter called an "Event of Loss"), prior to the return of such Unit in the manner set forth in Section 20 hereof, the Lessee shall promptly and fully notify the Lessor, the Owner Participant and the Indenture Trustee with respect thereto as provided below.

9.2 Payment of Stipulated Loss Value. Upon the occurrence of an Event of Loss with respect to any Unit, the Lessee shall within 30 days after a Responsible Officer of the Lessee shall have actual knowledge of such occurrence of an Event of Loss give the Lessor and the Indenture Trustee notice of such occurrence. On or before the Stipulated Loss Payment Date next succeeding the 60th day following the date of notice of such Event of Loss, the Lessee shall pay or cause to be paid to the Lessor or, in the case of Supplemental Rent, to the Persons entitled thereto, in funds of the type specified in Section 4.4, (A) an amount equal to the Stipulated Loss Value of each such Unit determined as of such Stipulated Loss Payment Date, (B) all Basic Rent payable in arrears on such date in respect of such Unit and (C) all other Rent then due and payable hereunder, it being understood that, until such Stipulated Loss Value is paid, there shall be no abatement or reduction of Rent.

9.3 Rent Termination. Upon the payment of all sums required to be paid pursuant to Section 9.2 above in respect of any Unit or Units which have suffered an Event of Loss, the Lease Term with respect to such Unit or Units and the obligation to pay Rent for such Unit or Units accruing subsequent to the date of payment of Stipulated Loss Value pursuant to Section 9.2 above shall terminate; provided that the Lessee shall be obligated to pay all Rent in respect of such Unit or Units that has accrued up to and including the date of payment of Stipulated Loss Value pursuant to Section 9.2 above.

9.4 Disposition of Equipment. (a) Upon the payment of all sums required to be paid pursuant to Section 9.2 in respect of any Unit or Units, the Lessor will convey to the Lessee or, upon request of the Lessee, to Lessee's designee, all right, title and interest of the Lessor in and to such Unit or Units, "as is", "where is", without recourse or warranty, except for a warranty against the Lessor's

Liens, and shall execute and deliver to the Lessee or, upon request of the Lessee, to Lessee's designee, such bills of sale and other documents and instruments as the Lessee or its designee may reasonably request to evidence such conveyance; provided, however, that, with respect to any Event of Loss referred to in clause (i) of Section 9.1, such Unit or Units shall not be conveyed to Lessee, but rather the Lessee shall be obligated to sell such Units, as agent for the Lessor, to a third party (who shall not be the Lessee or any Affiliate or Tax Affiliate of the Lessee) as soon as practicable. As to each separate Unit so disposed of, the Lessee or its designee shall be entitled to any amounts arising from such disposition, plus any awards, insurance or other proceeds and damages (including any Association of American Railroads interline settlement paid upon an Event of Loss) received by the Lessee, the Lessor or the Indenture Trustee by reason of such Event of Loss after having paid the Stipulated Loss Value attributable thereto and all other sums required to be paid pursuant to Section 9.2; provided, however, that, (i) with respect to any Event of Loss referred to in clause (v) of Section 9.1, any excess of such condemnation awards over the amount of the Stipulated Loss Value of such Unit shall be paid to the Lessor and (ii) with respect to any Event of Loss referred to in clause (i) of Section 9.1, any sales proceeds in excess of the amount of Stipulated Loss Value of such Unit shall be paid to the Lessor.

(b) Whenever any Unit shall suffer an Event of Loss after the final payment of Basic Rent in respect thereof is due and has been paid pursuant to Section 4 hereof and before (i) such Unit shall have been returned in the manner provided in Section 20 hereof and (ii) the storage period therein provided with respect to such Unit shall have expired, the Lessee shall promptly (as provided above) and fully notify the Lessor and the Owner Participant (and, if any of the Equipment Notes is outstanding, the Indenture Trustee) with respect thereto and pay to the Lessor an amount equal to (x) the Stipulated Loss Value of such Unit, which shall be an amount equal to the Stipulated Loss Value for such Unit set forth opposite the last Stipulated Loss Payment Date on Schedule 4 to the Participation Agreement, and (y) all other amounts required to be paid pursuant to Section 20(d).

9.5 Eminent Domain. In the event of the requisition (other than a requisition that constitutes an Event of Loss) for use by the Government of any Unit during the term of this Lease, all of the Lessee's obligations (including, without limitation, the obligation to pay Rent) under this Lease with respect to such Unit shall continue to

the same extent as if such requisition had not occurred, except that, if such Unit is returned by the Government at any time after the end of the term of this Lease, the Lessee shall be obligated to return such Unit to the Lessor in the manner set forth in Section 20 hereof promptly upon such return by the Government, but the Lessee shall in all other respects comply with the provisions of said Section 20 with respect to such Unit. All payments received by the Lessor or the Lessee from the Government for the use of such Unit in respect of the term of this Lease shall be paid over to, or retained by, the Lessee, provided no Lease Event of Default or Default shall have occurred and be continuing, in which case any such payments shall be paid over to, or retained by, the Lessor; and all payments received by the Lessor or the Lessee from the Government for the use of such Unit in respect of the period after the term of this Lease shall be paid over to, or retained by, the Lessor.

Except as hereinabove in this Section 9 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Event of Loss or other damage to or destruction or loss of any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

Section 10. Insurance.

10.1 Property Damage and Public Liability Insurance. (a) The Lessee will, at all times prior to the return of the Units to the Lessor, at its own expense, cause to be carried and maintained with reputable insurance companies (i) property damage insurance in respect of such Units at the time subject hereto and (ii) public liability insurance with respect to third-party personal and property damage, and the Lessee will continue to carry such insurance in such amounts and for such risks and with such insurance companies and subject to such self-insurance as deemed appropriate by the Lessee, but in any event not less comprehensive in amounts and against risks customarily insured against by the Lessee in respect of equipment owned or leased by it similar in type to the Equipment and consistent with prudent Class I railroad industry standards, if any. Any policies of insurance carried in accordance with this Section 10.1 and any policies taken out in substitution or replacement for any of such policies (A) shall provide that the Lessee shall receive 30 days' prior notice of such cancellation, (B) shall name the Owner Participant, the Lessor, as the Lessor of the Equipment and in its individual capacity, and the Indenture Trustee as additional insureds as

their interests may appear, (C) shall be primary without right of contribution from any insurance carried by Lessor, the Owner Participant or the Indenture Trustee and (D) shall provide that the insurers waive any rights of set-off, counterclaim, deduction or subrogation against the additional insureds, (E) as to the public liability insurance referred to above, shall provide that in as much as such policies cover more than one insured, all terms, conditions, insuring agreements and endorsements, with the exceptions of limits of liability and liability for premiums, commissions, assessments or calls (which shall be solely a liability of Lessee), shall operate in the same manner as if there were a separate policy or policies covering each insured, and (F) shall provide that neither the Owner Participant, the Lessor, as Lessor of the Equipment and in its individual capacity, nor the Indenture Trustee shall have any responsibility for any insurance premiums, whether for coverage before or after cancellation or termination of any such policies as to the Lessee. Lessee shall use its reasonable efforts to obtain public liability insurance policies which do not invalidate coverage thereof (as to the Owner Participant, the Lessor, as Lessor of the Equipment and in its individual capacity, and the Indenture Trustee) due to any action or inaction of the Lessee or any other Person (other than the Owner Participant, the Lessor or the Indenture Trustee, but only in respect of their respective coverages), but shall be under no obligation to obtain such policies if they are not available to the Lessee at commercially reasonable rates in the markets in which Lessee has placed its insurance program. Promptly upon receipt by the Lessee of any notice of cancellation pursuant to clause (A) above, the Lessee shall notify the Lessor, the Indenture Trustee and the Owner Participant of such cancellation. In addition, the Lessee shall cause its insurance broker to promptly notify the Lessor, the Indenture Trustee and the Owner Participant of the cancellation of any policy placed by such broker. The Lessee shall, at its own expense, be entitled (so long as no Event of Default shall have occurred and be continuing) to make all proofs of loss and take all other steps necessary to collect the proceeds of such insurance.

(b) Certificate of Insurance. The Lessee shall, as soon as practicable after delivery and acceptance of any Unit but in any event prior to the Debt Closing Date and when the renewal certificate referred to below is sent (but in any event not less than annually), furnish the Lessor, the Owner Participant and the Indenture Trustee with a certificate signed by the insurer or an independent insurance broker showing the insurance then maintained by the Lessee pursuant

to this Section 10.1 and that all premiums thereon have been paid, or other evidence of maintenance of the insurance required hereunder satisfactory to the Lessor and the Indenture Trustee, and, with respect to any renewal policy or policies, shall furnish certificates or binders evidencing such renewal as soon as practicable, but in no event later than 30 days after such renewal is effected or, if earlier, the expiration date of the original policy or policies.

10.2 Proceeds of Insurance. The entire proceeds of any property or casualty insurance or third party payments for damages to any Unit (including any Association of American Railroads interline settlements) received by the Lessor or the Indenture Trustee shall be held by such party until, with respect to such Unit, the repairs referred to in clause (a) below are made as specified therein or payment of the Stipulated Loss Value is made, and such entire proceeds will be paid, so long as no Event of Default set forth in paragraph (a), (b), (c), (h) or (i) of Section 14 shall have occurred and be continuing, either: (a) to the Lessee promptly following receipt by the Indenture Trustee or the Lessor, as the case may be, of a written application signed by the Lessee for payment to the Lessee for repairing or restoring the Units which have been damaged so long as (i) the Lessee shall have complied with the applicable provisions of the Lease, and (ii) the Lessee shall have certified that any damage to such Units shall have been fully repaired or restored; or (b) if this Lease is terminated with respect to such Unit because of an Event of Loss and the Lessee has paid the Stipulated Loss Value and other sums required to be paid pursuant to Section 9.2 due as a result thereof, such proceeds shall be promptly paid over to, or retained by, the Lessee. During the continuance of any Event of Default set forth in paragraph (a), (b), (c), (h) or (i) of Section 14, such proceeds shall be paid, so long as any Equipment Notes are outstanding, to the Indenture Trustee or, in the event that no Equipment Notes are outstanding, to the Lessor.

10.3 Additional Insurance. In the event that the Lessee shall fail to maintain insurance as herein provided, the Lessor may at its option, upon ten Business Days' prior written notice to the Lessee, provide such insurance and, in such event, the Lessee shall, upon demand from time to time, reimburse the Lessor for the cost thereof together with interest from the date of payment thereof, on the amount of the cost to the Lessor of such insurance which the Lessee shall have failed to maintain, at the applicable Late Rate. In addition, at any time the Lessor (either directly or in

the name of the Owner Participant) may at its own expense carry insurance with respect to its interest in the Units, provided that such insurance does not interfere with the Lessee's ability to insure the Equipment as required by this Section 10 or adversely affect the Lessee's insurance or the cost thereof, it being understood that all salvage rights to each Unit shall remain with the Lessee's insurers at all times. Any insurance payments received from policies maintained by the Lessor pursuant to the previous sentence shall be retained by the Lessor without reducing or otherwise affecting the Lessee's obligations hereunder.

Nothing herein shall be construed to prohibit the Lessor, the Owner Participant or the Indenture Trustee from carrying any insurance on the Equipment for its own benefit; provided, however, that any such insurance shall not require any premiums to be paid by the Lessee nor shall any such insurance require the Lessee to carry additional insurance not specifically required of the Lessee herein.

Section 11. Voluntary Termination.

11.1 Right of Termination. (a) In the event that the Lessee shall, in its sole judgment, exercised in good faith, determine that (i) not less than 50% of the Units subject to this Lease have become obsolete or shall be surplus to the Lessee's requirements or (ii), in the case of Required Modifications that would cause the Units to become economically obsolete, 100% of the Units subject to this Lease have become obsolete, and in either case the Lessee shall have delivered to the Lessor and the Indenture Trustee an Officer's Certificate to such effect, so long as no Lease Default or Event of Default shall have occurred and be continuing, Lessee shall have the right, at its option after the seventh anniversary of the Base Lease Term Commencement Date to terminate the Lease Term with respect to the Units referred to in (i) or (ii) above, as the case may be, on at least 180 days' (and not more than 360 days') prior irrevocable written notice to the Lessor, the Owner Participant and the Indenture Trustee, to terminate this Lease as to such Units as of a succeeding Rent Payment Date specified in such notice (hereinafter called the "Termination Date"); provided that on the Termination Date each such Unit shall be in the same condition as if redelivered pursuant to Section 20 hereof.

(b) During the period from the date of the termination notice until the fifth Business Day preceding the Termination Date, the Lessee, at its sole cost and expense,

shall use its best efforts to, and each of the Lessor and the Owner Participant may if it so chooses, obtain bids for the purchase of all the Units referred to in (i) or (ii) above, as the case may be, and the Lessee shall at least five Business Days prior to the Termination Date certify in writing to the Lessor and the Owner Participant the amount of each such bid and the name and address of the party submitting such bid. Subject to Section 11.2, on the Termination Date the Lessor shall sell all the Units referred to in (i) or (ii) above, as the case may be, for cash to the bidder (who shall not be the Lessee or any Affiliate or Tax Affiliate thereof) who shall have submitted the highest bid prior to the Termination Date. The total sale price (which amount could be equal to $1.00) realized at any such sale shall be retained by the Lessor and on the Termination Date the Lessee shall pay to the Lessor (i) the excess, if any, of (x) in the case of any Unit referred to in clause (a)(i) above, the Termination Value for each such Unit and (y) in the case of any Unit referred to in clause (a)(ii) above, the Stipulated Loss Value for each such Unit, in either case, computed as of such date over the sale price of such Unit after the deduction of all expenses incurred by the Lessor and the Owner Participant in connection with the sale, (ii) an amount equal to the Make-Whole Premium, if any, required to be paid by the Lessor under the Indenture in respect of such termination, (iii) all other Supplemental Rent due and owing on such Termination Date and (iv) the Basic Rent due and payable in arrears on or prior to such Termination Date. Upon payment to the Lessor of the sale price in immediately available funds (and all other amounts due pursuant to this clause (b) on the Termination Date) the Lessor shall sell all right, title and interest of the Lessor in and to such Units to the purchaser, and this Lease and the obligations (other than those that survive pursuant to Section 35 hereof) of the Lessee with respect to such Units hereunder shall terminate concurrently with such sale. On the Termination Date, the Lessor shall execute and deliver to such purchaser a bill of sale and such other instruments as such purchaser may reasonably request to evidence the valid consummation of such transfer. In connection with such sale, Lessee shall ensure that such Units meet the requirements of Section 8.1 hereof on the Termination Date. If on such Termination Date the Lessee shall have failed to fulfill its obligations under this clause (b) to sell the affected Units or to pay the amounts required to be paid pursuant to clauses (i)-(iv) above, the Lease shall not terminate with respect to such Units and the Lessee shall have no further right after such Termination Date to terminate this Lease with respect thereto.

11.2 Retention of Equipment by the Lessor. Notwithstanding the provisions of Section 11.1, the Lessor may, by irrevocable written notice to the Lessee given prior to the Termination Date, elect to retain all of the Units referred to in clause (i) or (ii) above, as the case may be, in which case (1) the Lessee shall pay to the Lessor (x) the excess, if any, of the Termination Value or Stipulated Loss Value for each such Unit, as the case may be, computed as of the Termination Date over the net Fair Market Sales Value of each such Unit, (y) an amount equal to the Make-Whole Premium, if any, required to be paid by the Lessor under the Indenture in respect of such termination and (z) all other Supplemental Rent due and owing on such Termination Date and the Basic Rent due and payable in arrears on or prior to such Termination Date; provided that any Supplemental Rent to be paid to Persons other than the Lessor shall be paid directly to such Persons and (2) the Lessee shall deliver all such Units to the Lessor in accordance with the provisions of Section 20 hereof.

11.3 Expiration of Lease. Upon the sale or transfer, or retention by the Lessor, of any Unit in compliance with Sections 11.1 or 11.2 (including the making of all payments therein specified), and upon compliance by Lessee with the other provisions of this Section 11, including, without limitation, Lessee's obligation to pay the amounts required pursuant to Section 20(d), the term of this Lease with respect to such Unit shall expire, and after such expiration the Lessee shall have no further obligation to pay Basic Rent in respect thereof.

Section 12. Reports and Inspection.

12.1 Reports. (a) On or before March 31 of each year, commencing in 1994, the Lessee will furnish to the Lessor, the Owner Participant and the Indenture Trustee an accurate statement (i) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder, the amount, description and numbers of all Units that have suffered an Event of Loss during the preceding calendar year or are then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Lessor, the Owner Participant or the Indenture Trustee may reasonably request and (ii) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by Section 6 hereof have been preserved or replaced. In addition, within 30 days following the renewal date of any insurance coverage hereunder, the Lessee shall so furnish a verification or certification of insurance coverage

from the Lessee's insurer or independent broker stating the amounts of such insurance in effect and the amounts of deductibles.

(b) (i) The Lessee shall promptly notify the Lessor, the Owner Participant and the Indenture Trustee of any material changes or any material proposed changes of which the Lessee has knowledge in its insurance coverage in effect with respect to the Units pursuant to Section 10 hereof.

(ii) The Lessee shall promptly notify the Lessor, the Owner Participant, the Indenture Trustee and the Pass Through Trustee of any occurrence of a Lease Event of Default or Lease Default, specifying such Lease Event of Default or Lease Default and the nature and status thereof.

12.2 Lessor's Inspection Rights. The Lessor, the Owner Participant or the Indenture Trustee, at its sole cost and expense, shall have the right by its agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor, the Owner Participant or the Indenture Trustee may request during the continuance of this Lease, but neither the Lessor nor the Owner Participant nor the Indenture Trustee shall have any obligation to do so.

Section 13. Disclaimer of Warranties; Compliance with Laws and Rules.

13.1 Disclaimer of Warranties. Without waiving any claim Lessee may have against any seller, supplier or manufacturer, LESSEE ACKNOWLEDGES AND AGREES THAT LESSOR LEASES AND LESSEE TAKES EACH UNIT "AS-IS", "WHERE-IS" AND "WITH ALL FAULTS", IN WHATEVER CONDITION IT MAY BE, AND LESSEE ACKNOWLEDGES THAT NEITHER THE LESSOR, AS LESSOR OR IN ITS INDIVIDUAL CAPACITY, NOR THE OWNER PARTICIPANT NOR THE INDENTURE TRUSTEE MAKES, HAS MADE NOR SHALL BE DEEMED TO MAKE AND EACH EXPRESSLY DISCLAIMS, ANY AND ALL RIGHTS, CLAIMS, WARRANTIES OR REPRESENTATIONS, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, OPERATION, DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN OR CONFORMITY THEREOF TO SPECIFICATIONS, FREEDOM FROM PATENT, COPYRIGHT OR TRADEMARK INFRINGEMENT, THE ABSENCE OF ANY LATENT OR OTHER DEFECT OR AS TO THE ABSENCE OF ANY OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, THE UNITS OR ANY COMPONENT DELIVERED TO THE LESSEE HEREUNDER, AND NEITHER THE LESSOR NOR THE OWNER PARTICIPANT NOR THE INDENTURE TRUSTEE MAKES ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR AS TO THE LESSEE'S RIGHT TO QUIET ENJOYMENT THEREOF (EXCEPT, IN THE CASE OF THE LESSOR, AS TO ACTS OR OMISSIONS OF THE LESSOR), OR ANY OTHER

REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT OR ANY COMPONENT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as among the Lessor, the Owner Participant, the Indenture Trustee and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the manufacturer of the Units; provided, however, that if at any time a Lease Default or Lease Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights and terminate such power of attorney. Neither the Lessor nor the Owner Participant nor the Indenture Trustee shall have any responsibility or liability to the Lessee or any other Person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, subleasing, servicing, maintenance, repair, improvement or replacement of any Units. The acceptance of any Unit by the Lessee under Section 3 hereof shall be conclusive evidence as between the Lessee and the Lessor (but not as between any party and any such manufacturer) that such Unit is in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor or the Owner Participant or the Indenture Trustee based on any of the foregoing matters.

13.2 Compliance with Laws. The Lessee agrees, for the benefit of the Lessor, the Owner Participant and the Indenture Trustee, at all times to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all Applicable Laws of the jurisdictions in which operations involving the Units extend, including, without limitation, the Interchange Rules, to the extent applicable, and all lawful rules of the United States Department of Transportation and the ICC, to the extent that such Applicable Laws affect the title, operation or use of the Units, and in the event that, prior to the expiration of the term of this Lease, any Applicable Law requires any alteration, replacement, addition or modification of or to any part on any Unit, the Lessee will conform therewith at its own expense in accordance with Section 25 below.

Section 14. Events of Default.

The following events shall constitute "Events of Default" hereunder (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) and each such Event of Default shall be deemed to exist and continue so long as, but only so long as, it shall not have been remedied:

(a) the Lessee shall fail to make any payment of Basic Rent after the same shall have become due and such failure shall continue unremedied for 5 Business Days after receipt by the Lessee of written notice of such failure from the Lessor or the Indenture Trustee;

(b) the Lessee shall fail to make any payment of Stipulated Loss Value or Termination Value after the same shall have become due and such failure shall continue unremedied for 10 Business Days after receipt by the Lessee of written notice of such failure from the Lessor or the Indenture Trustee;

(c) the Lessee shall fail to make any other payment of Supplemental Rent, including indemnity or tax indemnity payments, after the same shall have become due and such failure shall continue unremedied for a period of 10 days after receipt by the Lessee of written notice of such failure from the Lessor or the Indenture Trustee;

(d) the Lessee shall fail to maintain (i) the public liability insurance coverage required by Section 10.1 hereof or (ii) the property insurance coverage required by Section 10.1 hereof and if, and only if, such failure was caused by a reason other than the failure of the Lessee to pay premiums and the Lessee is diligently attempting to remedy the same, such failure shall continue unremedied for 20 days;

(e) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease or its leasehold interest hereunder in violation of Section 17; or the Lessee shall make or permit any unauthorized use or transfer of the possession of any Unit and shall fail to recover such Unit within 30 days of such use or transfer;

(f) any representation or warranty made by Lessee in this Lease or in the Participation Agreement is untrue or incorrect in any material respect as of the date of issuance or making thereof and such untruth or incorrectness shall continue to be material and

unremedied for a period of 30 days after receipt by Lessee of written notice thereof from the Lessor or the Indenture Trustee; provided that, if such untruth or incorrectness is capable of being remedied, no such untruth or incorrectness shall constitute an Event of Default hereunder for a period of 60 days after receipt of such notice so long as the Lessee is diligently proceeding to remedy such incorrectness;

(g) the Lessee shall fail to return all of the Units when required by the terms of Section 20; provided that no such failure to return any Unit shall constitute an Event of Default hereunder for a period of 60 days after the expiration of the Lease Term so long as the Lessee is (i) diligently proceeding to return the Units and (ii) complying with the provisions of Section 20; provided further that time is of the essence with respect to such 60-day period;

(h) the Lessee shall (i) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect, or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or (ii) consent to any such relief or to the appointment of or taking possession by any such official in any voluntary case or other proceeding commenced against it, or (iii) admit in writing its inability to pay its debts generally as they come due, or (iv) make a general assignment for the benefit of creditors or (v) take any corporate action to authorize any of the foregoing;

(i) an involuntary case or other proceeding shall be commenced against the Lessee seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect, or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 90 days; or

(j) the Lessee shall fail to observe or perform any other of the covenants or agreements to be observed or performed by the Lessee hereunder or under the Participation Agreement and such failure shall continue

unremedied for 30 days after the earlier of (x) knowledge of such Default by a Responsible Officer of the Lessee and (y) written notice from the Lessor or the Indenture Trustee to the Lessee, specifying the failure and demanding the same to be remedied; provided that, if such failure is capable of being remedied, no such failure shall constitute an Event of Default hereunder for a period of 180 days after receipt of such notice so long as the Lessee is diligently proceeding to remedy such failure;

provided that, notwithstanding anything to the contrary contained in this Lease, any failure of the Lessee to perform or observe any covenant or agreement herein shall not constitute an Event of Default if such failure is caused solely by reason of an event referred to in the definition of "Event of Loss" so long as the Lessee is continuing to comply with the applicable terms of Section 9.

Section 15. Remedies.

15.1 Remedies. Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, the Lessor may, at its option, declare this Lease to be in default by a written notice to the Lessee; and at any time thereafter, so long as the Lessee shall not have remedied all outstanding Events of Default, the Lessor may do one or more of the following as the Lessor in its sole discretion shall elect, to the extent permitted by, and subject to compliance with any mandatory requirements of, Applicable Law then in effect:

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

(b) by notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the possession and use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may demand that the Lessee, and the Lessee shall, upon written demand of the Lessor and at the Lessee's expense, forthwith return all of the Equipment to the Lessor or its order in the manner and condition required by, and otherwise in accordance with, all of the provisions of Section 20; or the Lessor with or without notice or judicial process may by its

agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of and remove all or any of the Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successor or assigns, to use such Units for any purpose whatever;

(c) sell any Unit at public or private sale, as the Lessor may determine, free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such sale or for the proceeds thereof (except to the extent required by paragraph (f) below if the Lessor elects to exercise its rights under said paragraph), in which event the Lessee's obligation to pay Basic Rent with respect to such Unit hereunder due for any periods subsequent to the date of such sale shall terminate (except to the extent that Basic Rent is to be included in computations under paragraph (e) or (f) below if the Lessor elects to exercise its rights under either of said paragraphs);

(d) hold, keep idle or lease to others any Unit as the Lessor in its sole discretion may determine, free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such action or inaction or for any proceeds with respect thereto, except that the Lessee's obligation to pay Basic Rent with respect to such Unit due for any periods subsequent to the date upon which the Lessee shall have been deprived of possession and use of such Unit pursuant to this Section 15 shall be reduced by the net proceeds, if any, received by the Lessor from leasing such Unit to any Person other than the Lessee;

(e) whether or not the Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under paragraph (a), (b), (c) or (d) above with respect to any Unit, the Lessor, by written notice to the Lessee specifying a payment date (which date shall be a Determination Date for the purposes of computing Stipulated Loss Value) which shall be not earlier than 30 days after the date of such notice, may demand that the Lessee pay to the Lessor, and the Lessee shall pay to the Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent and other Rent for such Unit due after the payment date specified in such notice), whichever of the following amounts the Lessor, in its sole discretion, shall specify in such notice:

(i) an amount equal to the excess, if any, of the Stipulated Loss Value for such Unit, over the present value of the Fair Market Rental Value of such Unit or, if the Lessor has leased such Unit to others pursuant to paragraph (d) above, for the period of such lease the periodic rent payable thereunder, in each case for the remainder of the Base Lease Term or any Renewal Term then in effect, as the case may be, as of the payment date specified in such notice, such present values to be computed on the basis of a per annum rate of discount equal to the Debt Rate, compounded semi-annually, from the respective dates upon which such rents would be paid; or (ii) an amount equal to the excess, if any, of the Stipulated Loss Value for such Unit computed as of the payment date specified in such notice over the Fair Market Sales Value of such Unit as of the payment date specified in such notice or (iii) an amount equal to the higher of Stipulated Loss Value for such Unit computed as of the payment date specified in such notice and the Fair Market Sales Value of such Unit as of the payment date specified in such notice, and upon payment by Lessee pursuant to this clause (iii) of such Stipulated Loss Value or Fair Market Sales Value, as the case may be, and of all other amounts payable by Lessee under this Lease and under the other Operative Agreements in respect of such Unit, Lessor shall transfer without recourse or warranty all right, title and interest of Lessor in and to such Unit to Lessee or as it may direct, and Lessor shall execute and deliver such documents evidencing such transfer as Lessee shall reasonably request;

(f) if the Lessor shall have sold any Unit pursuant to paragraph (c) above, the Lessor, in lieu of exercising its rights under paragraph (e) above with respect to such Unit may, if it shall so elect, demand that the Lessee pay to the Lessor, and the Lessee shall pay to the Lessor, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent and any other Rent for such Unit due subsequent to the Rent Payment Date next preceding such sale), any accrued and unpaid Rent for such Unit arising in any period up to and including the date of such sale or, if that date is a Rent Payment Date, the Basic Rent payable in arrears due on that date, plus the amount, if any, by which the Stipulated Loss Value of such Unit computed as of the Rent Payment Date next preceding the date of such sale or, if such sale occurs on a Rent Payment Date, then computed as of such Rent Payment Date, exceeds the net proceeds of such sale; and

(g) Lessor may exercise any other right or remedy that may be available to it under Applicable Law.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid Rent due hereunder before or during the exercise of any of the foregoing remedies, and for legal fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto (whether exercised by the Lessor or the Indenture Trustee), including without limitation the repayment in full of any reasonable costs and expenses necessary to be expended in repairing any Unit in order to cause it to be in compliance with all maintenance and regulatory standards imposed by this Lease.

15.2 Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims of any right to assert any offset or counterclaim against the rent payments due hereunder, and agrees to make the rent payments regardless of any offset or counterclaim or claim which may be asserted by the Lessee on its behalf in connection with the lease of the Equipment. To the extent permitted by Applicable Law, Lessee hereby waives any rights now or hereafter conferred by statute or otherwise that may require Lessor to sell, lease or otherwise use the Equipment in mitigation or Lessor's damages as set forth in Section 15.1 or that may otherwise limit or modify any of Lessor's rights and remedies provided in this Section 15.

15.3 No Waiver. No delay or omission to exercise any right, power or remedy accruing to the Lessor upon any breach or default by the Lessee under this Lease shall impair any such right, power or remedy of the Lessor, nor shall any such delay or omission be construed as a waiver of any breach or default, or of any similar breach or default hereafter occurring; nor shall any waiver of a single breach or default be deemed a waiver of any subsequent breach or default.

Section 16. Return of Units upon Event of Default.

If this Lease shall terminate pursuant to Section 15 hereof, the Lessee shall forthwith deliver possession of the

Units to the Lessor. Except as hereinafter provided, each Unit so delivered shall be in the condition required by Sections 8.1 and 20(b). For the purpose of delivering possession, the Lessee shall at its own cost, expense and risk:

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

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge for insurance (which shall conform to the provisions of Section 10 hereof), rent or storage until the date on which such Units are sold, leased or otherwise disposed of by the Lessor and during such period of storage Lessee shall continue to maintain all insurance required by Section 10.1 hereof; and

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

Concurrently with the delivery to the Lessor of any Unit hereunder, the Lessee will deliver to the Lessor all records relating to such Unit required to be delivered by Section 20(e).

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and, upon application to any court having jurisdiction, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. Except as hereinafter provided, during any storage period, the Lessee will, at its own expense, maintain and keep the Equipment in the condition required by Section 8.1 hereof and will permit the Lessor or any Person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of any such Unit, to inspect the same. All rent earned in

respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor.

In the event any Unit is not assembled, delivered and stored as hereinabove provided within 15 days after the termination of this Lease, Lessee shall, in addition, pay to Lessor as liquidated damages and not as a penalty, for each day thereafter an amount equal to the amount, if any, by which the higher of (i) an amount equal to the daily equivalent of the Basic Rent in effect immediately prior to the expiration of the Lease for such Unit and (ii) 125% of the Fair Market Rental Value for such Unit for each such day, exceeds the amount, if any, received by Lessor (either directly or from the Lessee) for such day for such Unit pursuant to the last sentence of the preceding paragraph.

Without in any way limiting the foregoing obligations of the Lessee under this Section 16, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

Section 17. Assignment; Sublease; Possession and Use; Liens.

17.1 Assignment. (a) This Lease shall be assignable by the Lessor to any successor of the Lessor which may be appointed pursuant to Article IX of the Trust Agreement. All the rights of the Lessor hereunder shall inure to the benefit of the Lessor's successors and assigns.

(b) The Lessee may assign or transfer its leasehold interest under this Lease in the Units or possession of the Units only in accordance with Section 6.7 of the Participation Agreement.

17.2 Sublease. (a) So long as no Event of Default has occurred and is continuing, the Lessee may sublease (which sublease by its terms shall be subject and subordinate to this Lease and the rights and remedies of the Lessor, the Owner Participant and the Indenture Trustee hereunder) or permit the use of any Unit (but only to or by an entity that is not insolvent or bankrupt immediately prior to such sublease or use), (i) for a period of up to one year, without the prior written consent of the Lessor and the Indenture

Trustee; provided, however, that if, as a result of such sublease, the Lessor or the Owner Participant shall suffer any adverse tax consequences, the Lessee shall indemnify the Lessor and the Owner Participant with respect thereto in a manner satisfactory to the Lessor and the Owner Participant and (ii) only with the prior written consent of the Lessor and the Indenture Trustee (such consent not to be unreasonably withheld), for a period of more than one year; provided further, however, that, in the case of clause (ii) above, the Owner Participant shall have received an opinion of tax counsel selected by the Owner Participant that any such sublease shall not result in any adverse tax consequence. No such sublease shall relieve the Lessee of its obligations hereunder, which shall be and remain those of a principal and not a surety.

(b) The Lessee shall not use or permit the use by any Person, including, without limitation, any sublessee, of any Unit in service involving operation or maintenance outside the United States of America except that occasional service in Canada and Mexico shall be permitted so long as such service in Canada or Mexico is on a temporary basis which is not expected to exceed a total of 90 days in any taxable year of the Owner Participant.

(c) The Lessee shall not sublease to or permit the use of any Unit by any Person in whose possession such Unit would qualify as tax-exempt use property under Section 168(g) of the Code.

17.3 Liens. The Lessee will not create or suffer to exist and as soon as possible, at its own expense, will cause to be duly discharged, any lien, charge, security interest or other encumbrance which may at any time be imposed on or with respect to any Unit including any Modifications or accession thereto or the interest of the Lessor, the Owner Participant, the Indenture Trustee or any Loan Participant therein; except Permitted Liens, Lessor's Liens and Liens described in Section 6.4 of the Participation Agreement.

17.4 Possession and Use. So long as (i) no Lease Event of Default exists and (ii) the Lessee is complying with the provisions hereof and of the Participation Agreement and the Tax Indemnity Agreement, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease.

Section 18. Right of Renewal.

(a) So long as no Lease Event of Default or Lease Default shall have occurred and be continuing, the Lessee shall have the right, upon no less than 210 days' (nor more than 360 days') prior irrevocable written notice to the Lessor, on the Base Lease Term Expiration Date, to renew this Lease with respect to all Units for one renewal term (the "Renewal Term"); provided that (i) the aggregate duration of the Renewal Term for such Units, when added to the duration of the Interim Term for such Units and the Base Lease Term for such Units, shall not exceed 80% of the sum of (x) the Interim Term, (y) Base Lease Term and (z) the remaining estimated useful life of such Unit of Equipment at the time of such renewal and (ii) at the end of the Renewal Term, the Fair Market Sales Value of such Unit is reasonably expected to be at least 20% of the Equipment Cost of such Unit (determined after eliminating any inflation or deflation since the date of the purchase thereof but taking into account any costs of Lessor to obtain possession of the Equipment at the end of the Lease Term), in each case as determined by appraisal (in accordance with the procedures set forth in the definition of "Fair Market Sales Value"), completed no more than sixty (60) days prior to the end of the Base Lease Term by an appraiser selected by the Lessee with the consent of Lessor, at rentals equal to 50% of the average annual Basic Rent of such Unit over the Base Lease Term payable in semiannual payments in arrears on the dates on which such Basic Rent was payable for such Units in each year of the Base Lease Term.

(b) The amounts which are payable during any Renewal Term in respect of Termination Value and Stipulated Loss Value with respect to each Unit shall be determined on the basis of the higher of Fair Market Sales Value and the last Stipulated Loss Value as of the Renewal Term Commencement Date and amortized on a straight-line basis over such Renewal Term to the projected Fair Market Sales Value of the Unit as of the expiration of such Renewal Term; provided, that in no event during the Renewal Term shall the Stipulated Loss Value or Termination Value of any Unit be less than twenty percent (20%) of the Equipment Cost of such Unit.

Section 19. Early Buyout Option.

Provided that this Lease has not been earlier terminated and no Lease Event of Default or Lease Default shall have occurred and be continuing, the Lessee shall have the right on the EBO Date, by irrevocable written notice

delivered to the Lessor not less than 180 days (nor more than 360 days) prior to such EBO Date, to elect to purchase not less than 50% of the Units then subject to this Lease in the fixed amounts set forth in Schedule 6 to the Participation Agreement payable in immediately available funds on such EBO Date. In addition, the Lessee shall pay to the Indenture Trustee any accrued and unpaid Basic Rent due and payable in arrears on the EBO Date and all other Supplemental Rent due and owing on such EBO Date. Upon payment for any Unit pursuant to such exercise by the Lessee of its right to purchase such Units, the Lessor shall execute and deliver to the Lessee, or upon request of the Lessee, to the Lessee's assignee or nominee, a bill of sale (without warranties except as hereinafter provided in this sentence) for such Units such as will transfer to the Lessee title to such Units on an "as-is," "where-is" basis, free and clear of all claims, liens, security interests and other encumbrances created by or arising through the Lessor, other than claims, liens, security interests and encumbrances which the Lessee is obligated to pay or discharge under or pursuant to this Lease. The Lessor shall not be required to make any other representation or warranty as to the condition of the Units, and may specifically disclaim any such representations or warranties. Such bill of sale shall be accompanied by a certificate of the Lessor to the effect that the Lessor is authorized to complete such transaction and represents and warrants that the title to such Equipment is free and clear of all Lessor's Liens and Owner Participant's Liens.

Section 20. Return of Units upon Expiration of Lease Term.

(a) On the expiration of the Base Lease Term or Renewal Term with respect to any Unit, the Lessee will, at its own cost and expense, deliver possession of such Unit (if not purchased by the Lessee) to the Lessor upon such storage tracks of the Lessee as the Lessee may reasonably designate and as shall be acceptable to the Lessor at no more than three locations east of the Missouri River and permit the Lessor to store such Unit on such tracks for a period not exceeding 90 days following notification from the Lessee to the Lessor that such Unit has been delivered for storage and upon not less than 30 days' prior written notice from the Lessor to the Lessee, transport the same, at any time within such 90-day period but not more than one time, to any reasonable place on the lines of railroad operated by the Lessee, or to any connecting carrier for shipment, all as reasonably directed by the Lessor and as acceptable to the Lessee, the movement and storage of such Units to be at the

expense and risk of the Lessee (which shall during such period maintain the insurance required by Section 10 hereof), and in the event that any Unit shall suffer an Event of Loss during such storage period, the Lessee shall pay the Lessor the Stipulated Loss Value set forth opposite the last Stipulated Loss Payment Date set forth on Schedule 4 to the Participation Agreement. During any such storage period the Lessee will permit the Lessor, the Owner Participant, the Indenture Trustee or any Person designated by any of them, including the authorized representatives of any prospective purchaser, lessee or user of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of willful misconduct, negligence or strict liability of the Lessee or of its employees or agents, for any injury to, or the death of, any Person exercising, on behalf of either the Lessor, the Owner Participant, the Indenture Trustee or any prospective purchaser, lessee or user, such rights of inspection.

(b) Except as hereinafter provided in this Section 20, each Unit returned to the Lessor pursuant to this Section 20 shall (except for additions, modifications and improvements which the Lessee is entitled to remove and does remove pursuant to Section 25 hereof) be in the condition required by Section 8.1 hereof. In addition, each such Unit shall be suitable for use in unrestricted interchange by the Lessor or any of its transferees. Upon the return of any Unit, the Lessor shall be afforded the opportunity to inspect such Unit and the Lessee shall repair any deficiencies identified by such inspection. In the event that any deficiencies are identified by such inspection, the Lessee shall pay the cost of such inspection. Each Unit when returned shall be (i) capable of performing the functions for which it was designed, with all loading and unloading components operating in good working order with allowance for normal wear and tear, (ii) free from accumulations or deposits from the commodities transported in or on the Unit during the Lease Term and be scrubbed clean and be free of any Hazardous Substances, and Lessee shall provide appropriate certificates or other evidence with respect to such compliance and (iii) free and clear of all Liens except Lessor's Liens, Owner Participant's Liens and Permitted Liens of the type described in clause (iv) of the definition of

Permitted Liens and of which Lessee does not have actual knowledge.

(c) The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and, upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance thereof. During any storage period, the Lessee will, at its own expense, maintain and keep the Units (except for additions, modifications and improvements which the Lessee is entitled to remove and does remove pursuant to Section 25 hereof) in the condition required by Section 8.1 hereof. All rent earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor.

(d) In the event any Unit is not returned on the last day of the Base Lease Term or Renewal Term, as the case may be, the Lessee shall pay to the Lessor on each day thereafter, as liquidated damages and not as a penalty, an amount equal to the amount, if any, by which the higher of (i) an amount equal to the daily equivalent of the Basic Rent in effect immediately prior to the expiration of the Lease for such Unit and (ii) 125% of the Fair Market Rental Value for such Unit for each such day, exceeds the amount, if any, received by Lessor (either directly or from the Lessee) for such day for such Unit after the date of the expiration of the Lease; provided, however, that if any such Unit is not returned within 60 days following the termination of the Base Lease Term or Renewal Term, as the case may be, an Event of Default shall be deemed to have occurred hereunder and the Lessor shall have the right to exercise any remedy available to it pursuant to Section 15 hereof.

(e) Concurrently with each delivery of a Unit to the Lessor hereunder, the Lessee will deliver to the Lessor all records in its possession relating to the repair and maintenance history of such Unit, including, without limitation, all logs, schedules and computer data relating to such history of the type maintained in the ordinary course of business of the Lessee with respect to hoppers owned or leased by the Lessee. After the 90-day storage period described above, the Lessee will store any

such Unit at the risk of the Lessor and at then prevailing storage rates for 180 days or for such longer period as the parties may agree.

Section 21. Recording.

21.1 Filings. Prior to the Debt Closing Date, the Lessee will (i) cause this Lease and the Indenture to be duly filed and recorded with the ICC in accordance with 49 U.S.C. § 11303, (ii) cause this Lease and the Indenture to be deposited with the Registrar General of Canada pursuant to Section 90 of the Railway Act of Canada and cause notice of such deposit to be forthwith given in The Canada Gazette in accordance with said Section 90, (iii) cause such filings and notices to be filed or made as necessary or appropriate to perfect the right, title and interest of the Indenture Trustee in the Indenture Estate and to protect the interests of the Owner Participant, (iv) cause Uniform Commercial Code financing statements naming the Owner Trustee as debtor and the Indenture Trustee as secured party to be filed in such public offices as are deemed necessary or appropriate by the Lessor, the Indenture Trustee and the Owner Participant to perfect the right, title and interest of the Indenture Trustee in the Indenture Estate and precautionary Uniform Commercial Code financing statements naming the Lessee as debtor, the Owner Trustee as secured party and the Indenture Trustee as assignee of the secured party to be filed in such public offices as are deemed necessary or appropriate by the Indenture Trustee, the Owner Trustee and the Owner Participant to perfect the right, title and interest of the Indenture Trustee as assignee of the Owner Trustee in the Equipment, and (v) file, register or record this Lease and the Indenture and all financing and continuation statements and similar instruments, in such other places within the United States, Canada and Mexico as the Lessor, the Indenture Trustee and the Owner Participant may reasonably request, and will furnish the Lessor and the Indenture Trustee proof thereof.

21.2 Additional Filings. On or prior to any Funding Date, the Lessee will, if necessary, (i) cause the Lease Supplement dated such Funding Date and the Indenture Supplement dated such Funding Date to be duly filed and recorded with the ICC in accordance with 49 U.S.C. § 11303, (ii) cause the Lease Supplement dated such Funding Date and the Indenture Supplement dated such Funding Date to be deposited with the Registrar General of Canada and cause notice of such deposit to be forthwith given in The Canada Gazette pursuant to Section 90 of the Railway Act of Canada,

and (iii) cause such filings and notices to be filed or made as necessary or appropriate to perfect the right, title and interest of the Indenture Trustee in the Indenture Estate and to protect the interests of the Owner Participant, file, register or record the Lease Supplement dated such Funding Date and the Indenture Supplement dated such Funding Date, and all financing and continuation statements and similar instruments, in such other places within the United States, Canada and Mexico as the Lessor, the Indenture Trustee and the Owner Participant may reasonably request, and will furnish the Lessor and the Indenture Trustee proof thereof.

21.3 Further Assurances. The Lessee will duly execute and deliver to the Lessor such further documents and assurances and take such further action as the Lessor may from time to time reasonably request in order to effectively carry out the intent and purpose of this Lease and to establish and protect the rights and remedies created in favor of the Lessor hereunder.

21.4 Expenses. Except as otherwise provided in Section 2.6 of the Participation Agreement, the Lessee will pay all costs, charges and expenses (including reasonable attorneys' fees) incident to any such filing, refiling, recording and rerecording or depositing and re-depositing of any such instruments or incident to the taking of such action.

Section 22. Intentionally Omitted.

Section 23. Investment of Security Funds; Miscellaneous.

Any moneys received by the Lessor or Indenture Trustee pursuant to Section 10.2 which are required to be paid to the Lessee after completion of repairs to be made pursuant to Section 10.2 shall, until paid to the Lessee as provided in Section 10.2 or as otherwise applied as provided herein or in the Trust Agreement or Indenture, be invested in Permitted Investments by the Lessor as security for the obligations of the Lessee (unless the Indenture shall not have been discharged, in which case, by the Indenture Trustee as provided in Section 6.04(b) of the Indenture) from time to time as directed in writing by the Lessee so long as no Lease Default has occurred and is continuing if such investments are reasonably available for purchase. There shall be promptly remitted to the Lessee any gain (including interest received) realized as the result of any such investment (net of any fees, commissions and other expenses, if any, incurred in connection with such investment) and the Lessee will promptly pay to the Lessor or the Indenture Trustee, as the

case may be, on demand, the amount of any loss realized as the result of any such investment (together with any fees, commissions and other expenses, if any, incurred in connection with such investment), such amount to be disposed of in accordance with the terms of the Trust Agreement and the Indenture. If the amount of the estimated Make-Whole Premium paid to the Owner Trustee or the Indenture Trustee together with any investment earnings (including interest received) thereon (net of any fees, commissions and other expenses, if any, incurred in connection with such investment) shall exceed the actual Make-Whole Premium, the Indenture Trustee or the Owner Trustee, as the case may be, shall, so long as no Lease Default has occurred and is continuing, promptly remit to the Lessee the amount of such excess.

Section 24. Intentionally Omitted

Section 25. Modifications.

25.1 Required Modifications. In the event the Association of American Railroads, the United States Department of Transportation, or any other United States governmental agency having jurisdiction over the operation, safety or use of railroad equipment requires that any Unit be altered, replaced or modified (a "Required Modification") the Lessee agrees to make such Required Modification at its own expense; provided, however, that any such Required Modifications are completed prior to the end of the Lease Term and, provided further, that the Lessee may, in good faith and by appropriate proceedings diligently conducted, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not interfere with the use, possession, operation or return of any Unit or otherwise materially adversely affect the rights or interests of the Lessor and the Indenture Trustee in the Equipment or hereunder or otherwise expose the Lessor, the Indenture Trustee or any Participant to criminal sanctions or relieve the Lessee of the obligation to return the Equipment in compliance with the provisions of Section 8.1. Subject to Section 25.3, title to any Required Modification shall immediately vest in the Lessor.

25.2 Optional Modifications. The Lessee at any time may modify, alter or improve any Unit (a "Modification"); provided that no Modification shall diminish except to an insignificant extent the fair market value, utility, or remaining useful life of such Unit below the value, utility, or remaining useful life thereof immediately

prior to such Modification, assuming such Unit was then in the condition required to be maintained by the terms of this Lease. Title to any Non-Severable Modifications shall be immediately vested in the Lessor. Ownership and title to any Severable Modifications (other than Required Modifications pursuant to Section 25.1) shall remain with the Lessee. If the Lessee shall at its cost cause such Severable Modifications to be made to any Unit and such Severable Modifications are reasonably necessary for the economic operation of any such Unit, the Lessor shall have the right, prior to the return of such Unit to the Lessor hereunder, to purchase such Severable Modifications (other than Severable Modifications consisting of proprietary or communications equipment) at their then Fair Market Sales Value. If the Lessor does not elect to purchase such Severable Modifications, the Lessee may remove, and shall remove if requested by the Lessor, such Severable Modifications at the Lessee's cost and expense if such Severable Modifications are not required by law or the maintenance requirements hereunder; provided that such removal (i) may be accomplished without damage to the Unit, and (ii) does not reduce the Fair Market Sales Value of such Unit, its utility or remaining useful life below that which it would have had had such Modifications not been made.

25.3 Removal of Proprietary and Communications Equipment. Notwithstanding anything to the contrary contained herein, the Lessee shall at all times own and be entitled to remove at the Lessee's cost and expense, any Severable Modification consisting of proprietary or communications equipment from any Unit prior to the return of such Unit; provided that if the Lessee removes such Severable Modification that is a Required Modification, the Lessee shall replace such proprietary or communications equipment with non-proprietary equipment.

Section 26. Interest on Overdue Rent.

Anything to the contrary herein contained notwithstanding, any nonpayment of Rent or other obligation due hereunder or under the Tax Indemnity Agreement shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, an amount on the overdue rentals and other obligations for the period of time during which they are overdue at the Late Rate.

Section 27. Notices.

All communications and notices provided for herein shall be in writing and shall become effective when delivered

by mail, by hand or by any other means of communication of written notice, addressed as follows:

(a) if to the Lessor, at 777 Main Street, Hartford, Connecticut 06115, Attention of Corporate Trust Administration, with copies to Shipman & Goodwin, One American Row (9th Floor), Hartford, Connecticut (Attention: Thomas F. Tresselt) and to the Owner Participant at its address set forth in clause (c) below;

(b) if to the Lessee, at 165 North Canal Street, Chicago, Illinois 60606, Attention of Vice President-Finance;

(c) if to the Owner Participant, at 800 Westchester Avenue, Rye Brook, New York 10573, Attention: Vice President - Leasing; and

(d) if to the Indenture Trustee, at 311 West Monroe Street, Chicago, Illinois 60606 Attention: Indenture Trust Division;

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing. Copies of each such notice shall be given to the Indenture Trustee at the address set forth in clause (d).

Section 28. Severability; Effect and Modification of Lease; Third-Party Beneficiaries.

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

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

Nothing in this Lease shall be deemed to create any right in any Person not a party hereto (other than the Owner Participant, the Indenture Trustee, the Loan Participants and their permitted successors and assigns), and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of a third party except as aforesaid.

The parties hereto intend this instrument to be a true lease and not a "conditional sale", that the rights conferred upon the Lessee in the Units are only a leasehold interest for the term of this Lease and that Owner Participant shall at all times be considered to be the owner of each Unit which is the subject of this Lease for the purposes of all Federal, state, city and local income taxes or for franchise taxes measured by income, and that this Lease conveys to Lessee no right, title or interest in any Unit except as Lessee.

Section 29. Immunities.

Anything herein to the contrary notwithstanding, each and all of the representations, warranties, undertakings and agreements herein made on the part of the Lessor are made and intended not as personal representations, warranties, undertakings and agreements by Shawmut Bank Connecticut, National Association nor for the purpose or with the intention of binding it personally but are made and intended for the purpose of binding only the Trust Estate as such term is defined in the Trust Agreement, and this Lease is executed and delivered by the said bank not in its own right but solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and except in the case of willful misconduct or gross negligence by said bank, no personal liability or personal responsibility is assumed hereunder by or shall at any time be enforceable against the said bank, on account of any representation, warranty, undertaking or agreement hereunder of the Lessor, either expressed or implied, all such personal liability (except as aforesaid), if any, being expressly waived by the Lessee and by all Persons claiming by, through or under the Lessee; provided, however, that the Lessee or any Person claiming by, through or under it, making claim hereunder, may look to said Trust Estate for satisfaction of the same.

Section 30. Execution.

This Lease may be executed by the parties hereto in separate counterparts, each of which, subject to Section 33,

when so executed and delivered shall be an original, but all such counterparts together constituting one and the same instrument. It shall not be necessary that any counterpart be signed by both parties hereto so long as each party hereto shall have executed and delivered one counterpart hereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates shown below their signatures.

Section 31. Governing Law.

The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303 or any applicable Federal statute, rule or regulation and such additional rights arising out of the filing or deposit hereof, if any, and of any assignment hereof and any markings on the Units as shall be conferred by the laws of the several jurisdictions in which this Lease or any assignment hereof shall be filed or deposited.

Section 32. The Lessor's Right to Perform.

If the Lessee fails to perform or comply with any of its agreements contained herein, the Lessor, the Owner Participant or the Indenture Trustee may (but shall have no obligation to do so) upon notice to the Lessee, and without releasing the Lessee from any of its obligations hereunder, perform or comply with such agreement, and the amount of the reasonable costs and expenses (including reasonable counsel fees, if any) incurred in connection with such performance or compliance, together with interest on such amount at the Late Rate, shall be deemed to be Supplemental Rent, payable by the Lessee upon demand. No such performance or compliance by the Lessor, the Owner Participant or the Indenture Trustee shall be deemed a waiver of any rights and remedies against the Lessee hereunder nor be deemed to cure any default by the Lessee hereunder.

Section 33. Security for Lessor's Obligation to Holders of Equipment Notes.

In order to secure all amounts payable by and all obligations to be performed by Lessor under the Indenture, Lessor has agreed in the Indenture, among other things, to grant a security interest in favor of the Indenture Trustee in all Units of Equipment, subject to the reservations and

conditions therein set forth. To the extent, if any, that this Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in this Lease may be created through the transfer or possession of any counterpart hereof other than the original counterpart, which shall be identified as the counterpart containing the receipt therefor executed by the Indenture Trustee on the signature page thereof.

Section 34. Successors and Assigns. This Lease shall be binding upon and shall inure to the benefit of, and shall be enforceable by, the parties hereto and their respective permitted successors and assigns.

Section 35. Survival. All warranties, representations, indemnities and covenants made by any party hereto, herein or in any certificate or other instrument delivered by any such party or on behalf of any such party under this Lease, shall be considered to have been relied upon by the other party hereto and shall survive the consummation of the transactions contemplated hereby on the Debt Closing Date and each Funding Date regardless of any investigation made by any such party or on behalf of any such party and the termination and expiration of any Operative Agreement and full payment of all amounts payable under the Operative Agreements.

IN WITNESS WHEREOF, the parties hereto have each caused this agreement to be duly executed by their respective officers thereunto duly authorized.

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY

By John E Voldseth
Name: J. E. VOLDSETH
Title: VICE-PRESIDENT FINANCE

SHAWMUT BANK CONNECTICUT, NATIONAL ASSOCIATION, not individually but solely as Trustee,

By _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have each caused this agreement to be duly executed by their respective officers thereunto duly authorized.

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY

By _____
Name:
Title:

SHAWMUT BANK CONNECTICUT, NATIONAL ASSOCIATION, not individually but solely as Owner Trustee,

By _____
Name:
Title: MARK A. FORGETTA
VICE PRESIDENT

STATE OF ILLINOIS)
) SS.:
COUNTY OF COOK)

On this 13th day of OCT, 1993, before me personally appeared JOHN E. VOLDSETH to me personally known, who, by me being duly sworn, says that he is a VICE PRESIDENT-FINANCE of Chicago and North Western Transportation Company, and that the foregoing instrument was signed on behalf of said corporation by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Judith A Simon
Notary Public

My commission expires

OFFICIAL SEAL
JUDITH A. SIMON
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 6-10-97

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

On this __th day of ____, 199_, before me personally appeared _____, to me personally known, who, by me being duly sworn, says that he is a _____ of _____, and that the foregoing instrument was signed on behalf of said bank by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

_____
Notary Public

My commission expires

STATE OF ILLINOIS)
) SS.:
COUNTY OF COOK)

On this ____ day of ____, 199_, before me personally appeared _____, to me personally known, who, by me being duly sworn, says that he is a _____ of Chicago and North Western Transportation Company, and that the foregoing instrument was signed on behalf of said corporation by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

My commission expires

STATE OF Connecticut)
) SS.: Hartford
COUNTY OF Hartford)

On this 14 th day of October, 1993, before me personally appeared MARK A. FORGETTA to me personally known, who, by me being duly sworn, says that he is a Vice President of Shawmut Bank Connecticut, National Association and that the foregoing instrument was signed on behalf of said bank by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Michelle K Blezard
Notary Public
MICHELLE K. BLEZARD
NOTARY PUBLIC
My Commission Expires March 31, 1994

My commission expires

Schedule A
to
Lease

Description of Equipment

1,000 Units of 5,250 cubic foot Covered Jumbo Hopper Railcars Nos. CNW490000 through and including CNW490999 manufactured by Thrall Car Manufacturing Company

DEFINITIONS

General Provisions

The following terms shall have the following meanings for all purposes of the Operative Agreements referred to below, unless otherwise defined in an Operative Agreement or the context thereof shall otherwise require and such meanings shall be equally applicable to both the singular and the plural forms of the terms herein defined. In the case of any conflict between the provisions of this Appendix A and the provisions of the main body of any Operative Agreement, the provisions of the main body of such Operative Agreement shall control the construction of such Operative Agreement.

Unless the context otherwise requires, (i) references to agreements shall be deemed to mean and include such agreements as the same may be amended, supplemented and otherwise modified from time to time, and (ii) references to parties to agreements shall be deemed to include the permitted successors and assigns of such parties.

Defined Terms

"Acceptance Date" shall mean, with respect to any Unit, the date of delivery and acceptance by Lessee on behalf of Lessor of any such Unit.

"Adjustment Event" shall have the meaning set forth in Section 2.7 of the Participation Agreement.

"Advance" shall have the meaning specified in Section 4.3 of the Lease.

"Affiliate" of any Person shall mean any other Person which directly or indirectly controls, or is controlled by, or is under a common control with, such Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing.

"After-Tax Basis" means (a) with respect to any payment to be received by an Indemnitee (which, for purposes of this definition, shall include any Tax Indemnitee and, for purposes of the Tax Indemnity Agreement, the Owner Participant (as defined therein)), the amount of such payment supplemented by a further payment or payments so that, after deducting from such payments the amount of all Taxes (net of any current credits, deductions or other Tax benefits arising from the payment by the Indemnitee of any amount, including Taxes, for which the payment to be received is made) actually imposed currently on the Indemnitee by any Governmental Authority or taxing authority with respect to such payments, the balance of such payments shall be equal to the original payment to be received and (b) with respect to any payment to be made by any Indemnitee, the amount of such payment supplemented by a further payment or payments so that, after increasing such payment by the amount of any current credits or other Tax benefits realized by the Indemnitee under the laws of any Governmental Authority or taxing authority resulting from the making of such payments, the sum of such payments (net of such credits or benefits) shall be equal to the original payment to be made; provided, however, for the purposes of this definition, it shall be assumed that for the Owner Participant (or any Affiliate thereof) as an Indemnitee, federal, state and local taxes are payable at the highest marginal federal, state and local statutory income tax rates applicable to corporations from time to time.

"Applicable Law" shall mean all applicable laws, statutes, treaties, rules, codes, ordinances, regulations, permits, certificates, orders, interpretations and licenses of any Governmental Authority and judgments, decrees, injunctions, writs, orders or like action of any court, arbitrator or other administrative, judicial or quasi-judicial tribunal or agency of competent jurisdiction (including those pertaining to health, safety or the environment).

"Appraisal" shall have the meaning specified in Section 4.3(a) of the Participation Agreement.

"Average Life Date" shall mean, with respect to the prepayment or purchase of an Equipment Note, the date which follows the prepayment date or Purchase Date, as the case may be, by a period equal to the Remaining Weighted Average Life of such Equipment Note.

"Bankruptcy Code" shall mean the United States Bankruptcy Reform Act of 1978, as amended from time to time, 11 U.S.C. §§ 101 et seq.

"Base Lease Term" shall have the meaning specified in Section 5 of the Lease.

"Base Lease Term Commencement Date" shall mean July 30, 1994.

"Base Lease Term Expiration Date" shall mean July 30, 2015.

"Basic Rent" shall mean, with respect to any Unit, all rent payable by the Lessee to the Lessor pursuant to Section 4.1 of the Lease for the Base Lease Term for such Unit, and all rent payable pursuant to Section 18 of the Lease for any Renewal Term for such Unit.

"Beneficial Interest" shall mean the interest of the Owner Participant in the Trust Estate.

"Bill of Sale" shall mean, with respect to any Unit, the bill of sale, dated on or prior to each Funding Date, from Seller to Owner Trustee covering such Unit, substantially in the form of Exhibit B to the Participation Agreement.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which commercial banking institutions are authorized or required by law, regulation or executive order to be closed in New York, New York, Hartford, Connecticut, Chicago, Illinois, and, until the lien of the Indenture has been discharged, the city and state in which the principal corporate trust office of the Indenture Trustee is located.

"Certificate of Acceptance" shall have the meaning specified in Section 2.4(b) of the Participation Agreement.

"Change in Tax Law" shall mean a change, amendment, modification, addition or deletion in or to the Code, any regulation thereunder (whether proposed, temporary or final) or any revenue ruling, revenue procedure or other published administrative determination or guidance.

"Closing Date" shall mean the Debt Closing Date or any Funding Date.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Commitment" with respect to the Owner Participant, shall have the meaning specified in Section 2.3(a) to the

Participation Agreement and with respect to each Loan Participant, shall have the meaning specified in Section 2.3(b) to the Participation Agreement.

"Debt Amortization" with respect to any Equipment Note shall mean the amortization schedule of principal payments applicable thereto.

"Debt Closing Date" shall mean the date on which the Pass Through Certificates are issued and the proceeds thereof are deposited with the Pass Through Trustee.

"Debt Rate" shall mean as of the date of determination, a rate equal to the weighted average rate of interest per annum borne by the Equipment Notes then outstanding (computed on the basis of a 360-day year of twelve 30-day months).

"Determination Date" shall mean the 30th day of any calendar month.

"EBO Amount" shall mean, with respect to any Unit as of the applicable EBO Date, the amount applicable to such Unit set forth in Schedule 6 to the Participation Agreement opposite such EBO Date.

"EBO Date" shall mean, with respect to any Unit, the date applicable to such Unit set forth as the "EBO Date" in Schedule 6 to the Participation Agreement.

"Equipment" shall mean collectively those items of railroad rolling stock described in Schedule A to the Lease, as modified in Schedule A to each Lease Supplement, together with any and all accessions, additions, improvements and replacements from time to time incorporated or installed in any item thereof which are the property of the Owner Trustee pursuant to the terms of the Lease.

"Equipment Cost" shall mean, for each Unit, the purchase price therefor paid by the Owner Trustee to the Seller pursuant to Section 2 of the Participation Agreement and as set forth in Schedule 1 to the Participation Agreement with respect to such Unit.

"Equipment Notes" shall mean the Equipment Notes, each to be substantially in the form therefor set forth in Exhibit A to the Indenture, issued by the Owner Trustee pursuant to Section 2.01 of the Indenture, and authenticated by the Indenture Trustee, in principal amounts and bearing interest at the rates and payable as provided in Section 2.01 of the Indenture and secured as provided in the Granting Clause of the Indenture, and shall include any Equipment

Notes issued in exchange therefor or replacement thereof pursuant to Section 2.06 or 2.07 of the Indenture.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor law.

"Event of Loss" shall have the meaning specified in Section 9 of the Lease.

"Excepted Property" shall mean (i) any right, title or interest of the Owner Trustee in its individual capacity or the Owner Participant to any payment which by the terms of Section 7 or the second proviso of Section 10.2, to the extent such proviso relates to tax indemnification, of the Participation Agreement, Section 32 of the Lease, Section 5.03 or 7.01 of the Trust Agreement or any section of the Tax Indemnity Agreement or any corresponding payment under Section 4.2 of the Lease shall be payable to the Owner Trustee in its individual capacity or to the Owner Participant, as the case may be, (ii) any insurance proceeds payable under insurance maintained by the Owner Trustee in its individual capacity or the Owner Participant pursuant to Section 10.3 of the Lease, (iii) any insurance proceeds payable to the Owner Trustee in its individual capacity or to the Owner Participant under any public liability insurance maintained by Lessee pursuant to Section 10 of the Lease or by any other Person, (iv) any rights of the Owner Participant or the Owner Trustee in its individual capacity to demand, collect, sue for, or otherwise receive and enforce payment of the foregoing amounts, (v) any amount payable to the Owner Participant by any Transferee as the purchase price of the Owner Participant's interest in the Trust Estate in compliance with the terms of the Participation Agreement and the Trust Agreement and (vi) the respective rights of the Owner Trustee in its individual capacity or the Owner Participant to the proceeds of the foregoing.

"Fair Market Rental Value" or "Fair Market Sales Value" with respect to any Unit of Equipment shall mean the cash rental, or the cash purchase price (as of such date as the context herein requires), as the case may be, which would be obtained in an arm's-length transaction between an informed and willing lessee or purchaser, as the case may be, and an informed and willing lessor or seller, as the case may be (other than a lessee currently in possession), under no compulsion to lease or sell, as the case may be, but there shall be excluded from such determination any rental or purchase value attributable to additions, modifications and

improvements which the Lessee is entitled to remove pursuant to Sections 25.2 and 25.3 of the Lease and without consideration of the Lessee's purchase or renewal options; provided, however, that Fair Market Rental Value shall be determined on the basis of the term and other terms and conditions of the lease being considered. In making such determination, costs of removal from the location of current use shall not be a deduction from such rental or purchase price and it shall be assumed that the Units have been collected in one place on the lines of the Lessee as directed by the Lessor. Fair Market Rental Value or Fair Market Sales Value of any Unit shall be determined on the assumption that such Unit is in the condition and state of repair required under Section 8.1 of the Lease and that Lessee is in compliance with the Lease and the other Operative Agreements. If, after 20 days from the giving of notice by the Lessee of the Lessee's election to extend the term of the Lease or the giving of notice by the Lessee that it intends to purchase Units, as permitted under the Lease, the Owner Participant and the Lessee are unable to agree upon a determination of the Fair Market Rental Value or Fair Market Sales Value of the Units, such rental or purchase price shall be determined in accordance with the foregoing definition by the following procedure: If either the Owner Participant or the Lessee shall have given written notice to the other requesting determination of such rental or purchase price by this appraisal procedure, such parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 15 Business Days after such notice is given, each such party shall appoint an independent appraiser within 20 Business Days after such notice is given, and the two appraisers so appointed shall within 15 Business Days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 15 Business Days after such notice is given, either such party may request the American Arbitration Association to make such appointment, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental Value or the Fair Market Sales Value, as the case may be, of the Units then to be appraised, within 30 days after his or their appointment. If such parties shall have appointed a single appraiser or if either such party shall have failed to appoint an appraiser, the determination of Fair Market Rental Value or Fair Market Sales Value, as the case may be, of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs

most from that of the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding as the Fair Market Rental Value or Fair Market Sales Value, as the case may be. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental Value or Fair Market Sale Value, as the case may be, and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. If a mutually acceptable appraiser is selected, Lessor and Lessee shall each bear one half of the cost thereof. If three appraisers are selected as provided above, the Lessee shall bear the cost of the appraiser selected by Lessee, the Lessor shall bear the cost of the appraiser selected by Lessor and the Lessee and the Lessor shall equally share the cost of the third appraiser. If such appraisal is in connection with the exercise of remedies set forth in Section 15 of the Lease, the Lessee shall pay the costs of such appraisal. Notwithstanding any of the foregoing, for the purposes of Section 15 of the Lease, the Fair Market Rental Value or the Fair Market Sales Value, as the case may be, shall be zero with respect to any Unit if Lessor is unable to recover possession of such Unit in accordance with the terms of paragraph (b) of Section 15.1 of the Lease.

"Final Rent Payment Date" shall mean, for each Unit, the last Rent Payment Date during the Base Lease Term applicable to such Unit.

"Funding Date" with respect to any Unit shall mean any Business Day on which such Unit is purchased by the Owner Trustee pursuant to Section 2 of the Participation Agreement, including the Initial Funding Date.

"Governmental Authority" shall mean any federal, state, county, municipal or other United States federal, state or local governmental authority, agency, board, body, instrumentality, tribunal, court or quasi-governmental authority or governmental authority, agency, board, body, instrumentality, tribunal, court or quasi-governmental authority of Canada or Mexico.

"Guarantor" shall mean Philip Morris Capital Corporation, a Delaware corporation, and its permitted successors and assigns.

"Hazardous Substances" shall mean any hazardous or toxic substances, materials or wastes, including, but not limited to, those substances, materials and wastes listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances, materials and wastes which are or become regulated under any Applicable Law including, without limitation, any materials, waste or substance which is (a) petroleum, (b) asbestos, (c) polychlorinated biphenyl, (d) defined as "hazardous material", "hazardous substance" or "hazardous waste" under Applicable Laws, (e) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, (f) defined as "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, or (g) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act.

"Holder" shall mean a Person in whose name an Equipment Note is registered.

"ICC" shall mean the Interstate Commerce Commission.

"Indemnified Person" shall have the meaning specified in Section 7.2(b) of the Participation Agreement.

"Indenture" or "Trust Indenture" shall mean the Trust Indenture and Security Agreement (CNW 1993-B), dated as of October 14, 1993 between the Owner Trustee, in the capacities described therein, and Indenture Trustee, as amended, supplemented or otherwise modified from time to time, including supplementation by each Indenture Supplement pursuant thereto.

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

"Indenture Estate" shall have the meaning specified in the Granting Clause of the Indenture as modified by the "notwithstanding" provision contained therein.

"Indenture Event of Default" shall have the meaning specified in Section 4.01 of the Indenture.

"Indenture Investment" shall mean any obligation issued or guaranteed by the United States of America or any of its agencies for the payment of which the full faith and credit of the United States of America is pledged.

"Indenture Supplement" shall mean the Indenture Supplement dated a Funding Date, substantially in the form of Exhibit B to the Indenture, between the Owner Trustee, in the capacities described therein, and the Indenture Trustee, covering the Units purchased by the Owner Trustee on such Funding Date.

"Indenture Trustee" shall mean Harris Trust and Savings Bank, an Illinois banking corporation, as trustee under the Indenture and its successors thereunder.

"Indenture Trustee Agreements" shall mean the Operative Agreements to which the Indenture Trustee is or will be a party.

"Independent Investment Banker" shall mean an independent investment banking institutions of national standing appointed by Lessee.

"Initial Funding Date" shall have the meaning specified therefor in Section 2.4(b)(ii) of the Participation Agreement.

"Interchange Rules" shall mean the interchange rules or supplements thereto of the Mechanical Division of the Association of American Railroads, as the same may be in effect from time to time.

"Interest Payment Date" shall mean each January 30 and July 30, commencing January 30, 1994, so long as any Equipment Note remains outstanding.

"Interim Interest" shall have the meaning specified in Section 2.3(c) of the Participation Agreement.

"Interim Term" shall have the meaning specified in Section 5 of the Lease.

"Late Rate" shall mean (a) for such period of time as the Equipment Notes are outstanding, (i) with respect to the portion of any payment of Rent that would be required to be distributed to the holders of the Equipment Notes pursuant to the terms of the Indenture, the lesser of 2% over the Debt Rate and the maximum interest rate from time to time permitted by Applicable Law, and (ii) with respect to the portion of any payment of Rent that would be required to be

distributed to Lessor pursuant to the terms of the Indenture or would be payable directly to Lessor, the Owner Participant or the Owner Trustee in its individual capacity, the lesser of 2% over the Prime Rate and the maximum interest rate from time to time permitted by Applicable Law, and (b) at any time thereafter, with respect to the portion of any payment of Rent that would be required to be distributed to Lessor pursuant to the terms of the Indenture or would be payable directly to Lessor, the Owner Participant or the Owner Trustee in its individual capacity, the lesser of 2% over the Prime Rate and the maximum interest rate from time to time permitted under Applicable Law.

"Lease" or "Lease Agreement" or "Equipment Lease" shall mean the Lease of Railroad Equipment (CNW 1993-B) relating to the Equipment, dated as of October 14, 1993, between the Owner Trustee, in the capacities described therein, as Lessor, and the Lessee as amended, supplemented or otherwise modified from time to time. The term "Lease" shall include each Lease Supplement entered into pursuant to the terms of the Lease.

"Lease Default" or "Default" shall mean a Lease Event of Default or an event which with notice or lapse of time or both would constitute a Lease Event of Default.

"Lease Event of Default" and "Event of Default" shall mean an Event of Default under the Lease as specified in Section 14 thereof.

"Lease Supplement" shall mean a Lease Supplement (CNW 1993-B), dated a Funding Date, substantially in the form of Exhibit A to the Lease, between the Lessor and the Lessee, covering the Units purchased by the Owner Trustee on such Funding Date.

"Lease Term" shall mean, with respect to any Unit, the Interim Term applicable to such Unit, the Base Lease Term applicable to such Unit and any Renewal Term applicable to such Unit then in effect.

"Lessee" shall mean Chicago and North Western Transportation Company, a Delaware corporation, and any corporation which succeeds thereto by merger or consolidation or which acquires all or substantially all of the assets thereof in accordance with Section 6.7 of the Participation Agreement.

"Lessee Agreements" shall mean the Operative Agreements to which Lessee is a party.

"Lessee Parent" shall mean Chicago and North Western Holdings Corp., a Delaware corporation.

"Lessor" shall have the meaning specified in the recitals to the Lease.

"Lessor's Liens" shall mean any Lien affecting, on or in respect of the Equipment, the Lease or the Trust Estate arising as a result of (i) claims against or affecting Lessor (in its individual capacity or as Owner Trustee) or the Owner Participant, not related to the transactions contemplated by the Operative Agreements, or (ii) acts or omissions of the Lessor (in its individual capacity or as Owner Trustee) or the Owner Participant, not related to the transactions contemplated by the Operative Agreements, or not permitted under the Operative Agreements or in breach of any covenant or agreement of such Person set forth in any of the Operative Agreements, or (iii) taxes imposed against the Lessor (in its individual capacity or as Owner Trustee) or the Trust Estate which are not indemnified against by the Lessee pursuant to the Participation Agreement or under the Tax Indemnity Agreement, or by the Owner Participant pursuant to the Trust Agreement or (iv) claims against the Lessor or the Owner Participant arising out of the transfer (whether voluntary or involuntary) of the Lessor (in its individual capacity or as Owner Trustee) (without the consent of the Lessee, the Indenture Trustee and the Loan Participants) of all or any portion of their respective interests in the Equipment, the Trust Estate or the Operative Agreements, other than a transfer pursuant to Section 9, 11, 15 or 19 of the Lease..

"Lien" shall mean any mortgage, pledge, security interest, lien, encumbrance, lease, exercise of rights, claim, disposition of title or other charge of any kind on property.

"Loan Participant" shall mean and include each registered holder from time to time of an Equipment Note issued under the Indenture, including, so long as it holds any Equipment Notes issued thereunder, the Pass Through Trustee under any Pass Through Trust Agreement.

"Losses" shall have the meaning specified in the Tax Indemnity Agreement.

"Majority in Interest" as of a particular date of determination shall mean with respect to any action or decision of the holders of the Equipment Notes, the holders of more than 50% in aggregate principal unpaid amount of the

Equipment Notes, if any, then outstanding which are affected by such decision or action, excluding any Equipment Notes held by the Owner Participant or an Affiliate of the Owner Participant.

"Make-Whole Premium" shall mean, with respect to the principal amount of Equipment Notes to be prepaid or purchased on any prepayment date or Purchase Date, the amount, if any, by which the sum of the principal amount or portion thereof being prepaid or purchased plus the accrued but unpaid interest thereon to such prepayment date or Purchase Date shall be exceeded by the sum of the present values of all remaining scheduled payments of such principal amount or portion thereof and interest thereon (excluding interest accrued from the immediately preceding Interest Payment Date to such prepayment date or Purchase Date) to the stated maturity of such Equipment Note computed on a semiannual basis by discounting such payments in accordance with generally accepted financial practices assuming a 360-day year consisting of twelve 30-day months at a discount rate equal to Treasury Yield, all as determined by the Independent Investment Banker as of the third Business Day prior to such prepayment date or Purchase Date.

"Modification" shall have the meaning specified in Section 25.2 of the Lease.

"Net Economic Return" shall mean both the timing and magnitude of after-tax cash flow including the pattern of earnings and the after-tax book yield expected by the original Owner Participant with respect to the Equipment, utilizing the multiple investment sinking fund method of analysis and the same assumptions as used by such Owner Participant (including the Tax Assumptions set forth in Section 2 of the Tax Indemnity Agreement) in making the original computations upon which its evaluation of its investment in the Equipment was based except as such assumptions have been adjusted for events which have been the basis for an adjustment to Rent pursuant to Section 2.7 of the Participation Agreement.

"Non-Severable Modification" shall mean any Modification that is not readily removable without causing damage to or without diminishing the value, utility or remaining useful life of the Equipment or any Unit except to an insignificant extent.

"Officer's Certificate" shall mean a certificate signed (i) in the case of a corporation by the President, any

Senior Vice President, any Vice President, the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of such corporation, (ii) in the case of a partnership by the Chairman of the Board, the President or any Vice President, the Treasurer or an Assistant Treasurer of a corporate general partner, and (iii) in the case of a commercial bank or trust company, the Chairman or Vice Chairman of the Executive Committee or the Treasurer, any Trust Officer, any Vice President, any Executive or Senior or Second or Assistant Vice President, or any other officer or assistant officer customarily performing the functions similar to those performed by the persons who at the time shall be such officers, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

"Operative Agreements" shall mean the Participation Agreement, the Trust Agreement, the Pass Through Trust Agreement, the Equipment Notes, the Lease, the Indenture, the Tax Indemnity Agreement, the Purchase Agreement Assignment and the Owner Participant Parent Guaranty.

"Other Equipment Notes" shall mean the equipment notes issued under (i) the Trust Indenture and Security Agreement (CNW 1993-A) dated as of October 14, 1993 and (ii) the Trust Indenture and Security Agreement (CNW 1993-C), dated as of October 14, 1993, in each case, between the Indenture Trustee and the Owner Trustee.

"Owner Participant" shall mean General Foods Credit Corporation, a Delaware corporation, and its permitted successors and assigns.

"Owner Participant Agreements" shall mean the Operative Agreements to which the Owner Participant is or will be a party.

"Owner Participant Parent Guaranty" shall mean the Guaranty (CNW 1993-B), dated as of October 14, 1993, by the Guarantor, substantially in the form of Exhibit D to the Participation Agreement.

"Owner Trustee" shall mean Shawmut Bank Connecticut, National Association, a national banking association, not in its individual capacity but solely as Owner Trustee under the Trust Agreement and its successors thereunder.

"Owner Trustee Agreements" shall mean the Operative Agreements to which the Owner Trustee, either in its individual or trust capacity, is or will be a party.

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

"Participation Agreement" shall mean the Participation Agreement (CNW 1993-B) dated as of October 14, 1993, among the Lessee, the Participants, the Owner Trustee and the Indenture Trustee.

"Pass Through Certificates" shall mean any of the Pass Through Certificates issued pursuant to any of the Pass Through Trust Agreements.

"Pass Through Trust Agreement" shall mean the Pass Through Trust Agreement, dated as of October 14, 1993, between the Lessee and the Pass Through Trustee.

"Pass Through Trustee" shall mean Harris Trust and Savings Bank, an Illinois banking corporation, in its capacity as trustee under each Pass Through Trust Agreement, and each other person which may from time to time be acting as successor trustee under any such Pass Through Trust Agreement.

"Pass Through Trustee Agreements" shall mean the Operative Agreements to which the Pass Through Trustee is a party.

"Permitted Investments" shall mean (i) direct obligations of the United States of America and agencies thereof for which the full faith and credit of the United States is pledged, (ii) obligations fully guaranteed by the United States of America, (iii) certificates of deposit issued by, or bankers' acceptances of, or time deposits with, any bank, trust company or national banking association incorporated or doing business under the laws of the United States of America or one of the States thereof having combined capital and surplus and retained earnings of at least $500,000,000 (including the Indenture Trustee and the Owner Trustee if such conditions are met) and having a rating assigned to the long-term unsecured debt of such institutions by Standard & Poor's Corporation ("S&P") or Moody's Investors Service, Inc. ("Moody's") at least equal to AA or A2, respectively, and (iv) commercial paper of companies, banks, trust companies or national banking associations incorporated or doing business under the laws of the United States of America or one of the States thereof and in each case having a rating assigned to such commercial paper by S&P or Moody's (or, if neither such organization shall rate such commercial paper at any time, by any nationally recognized rating

organization in the United States of America) equal to the highest rating assigned by such organization; provided that if all of the above investments are unavailable, the entire amount to be invested may be used to purchase Federal Funds from an entity described in (iii) above; and provided further that no investment shall be eligible as a "Permitted Investment" unless the final maturity or date of return of such investment is equal to or less than ninety (90) days from the date of purchase thereof.

"Permitted Liens" with respect to the Equipment and each Unit thereof, shall mean: (i) the interests of the Lessee and the Owner Trustee under the Lease and the Lease Supplements; (ii) the interest of the Lessee and any sublessee as provided in any sublease permitted pursuant to Section 17.2 of the Lease; (iii) any Liens thereon for taxes, assessments, levies, fees and other governmental and similar charges not due and payable or the amount or validity of which is being contested in good faith by appropriate proceedings so long as there exists no material risk of sale, forfeiture, loss, or loss of or interference with the use or possession of any Unit or any interest therein or interference with the payment of Rent; (iv) any Liens of mechanics, suppliers, materialmen, laborers, employees, repairmen and other like Liens arising in the ordinary course of Lessee's (or if a sublease permitted pursuant to Section 17.2 of the Lease is then in effect, any sublessee's) business securing obligations which are not due and payable or the amount or validity of which is being contested so long as there exists no material risk of sale, forfeiture, loss, or loss of or interference with the use or possession of any Unit or interference with the payment of Rent; (v) the Lien and security interest granted to the Indenture Trustee under and pursuant to the Indenture, and the respective rights of the Loan Participants, the Indenture Trustee, the Owner Participant and the Owner Trustee under the Operative Agreements; (vi) Liens arising out of any judgment or award against the Lessee (or any sublessee permitted pursuant to Section 17.2 of the Lease) with respect to which an appeal or proceeding for review is being presented in good faith and for the payment of which adequate reserves have been provided as required by generally accepted accounting principles or other appropriate provisions have been made and with respect to which there shall have been secured a stay of execution pending such appeal or proceeding for review and so long as there exists no material risk of sale, forfeiture, loss or loss of or interference with the use or possession of any Unit; (vii) salvage rights of insurers under insurance policies maintained pursuant to Section 10 of the Lease; and

(viii) any other Lien with respect to which the Lessee (or any sublessee permitted pursuant to Section 17.2 of the Lease) shall have provided a bond adequate in the reasonable opinion of the Owner Participant, the Owner Trustee and the Indenture Trustee.

"Person" shall mean an individual, partnership, corporation, trust, association or unincorporated organization, and a government or agency or political subdivision thereof.

"Premium Termination Date" shall mean June 1, 2006.

"Prime Rate" shall mean the rate announced from time to time by Citibank, N.A., in New York as its "base rate."

"Purchase Agreement" shall mean the Letter Agreement dated July 1, 1993 between the Lessee and the Seller for the purchase for the Equipment.

"Purchase Agreement Assignment" shall mean the Purchase Agreement Assignment dated October 14, 1993 between the Lessee and the Lessor.

"Purchase Date" shall have the meaning specified in Section 4.04(b) of the Indenture.

"Remaining Weighted Average Life" shall mean, with respect to prepayment or purchase of an Equipment Note, the number of days equal to the quotient obtained by dividing (A) the sum of the products obtained by multiplying (1) the amount of each then remaining principal payment on such Equipment Note by (2) the number of days from and including the prepayment date or Purchase Date, as the case may be, to but excluding the scheduled payment date of such principal payment by the unpaid principal amount of such Equipment Note.

"Renewal Term" shall mean, with respect to any Unit, the term in respect of which the Lessee shall have exercised its option to renew the Lease for such Unit pursuant to Section 18 of the Lease.

"Renewal Term Commencement Date" shall mean July 30, 2015.

"Rent" shall mean all Basic Rent and Supplemental Rent.

"Rent Payment Date" or "Payment Date" shall mean each January 30 and July 30 of each year occurring during the Lease Term, provided that if any such date shall not be a Business Day, then "Rent Payment Date" or "Payment Date" shall mean the next succeeding Business Day.

"Required Modification" shall have the meaning specified in Section 25.1 of the Lease.

"Responsible Officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of any party contained in any Operative Agreement, the President, or any Vice President, Assistant Vice President, Treasurer, Assistant Treasurer, Secretary, Assistant Secretary and, with respect to the Owner Trustee, shall mean a duly authorized officer in its Corporate Trust Administration, or other officer, who, in each case, in the normal performance of his operational responsibility would have knowledge of such matters and the requirements with respect thereto.

"Security" shall have the same meaning as in Section 2(1) of the Securities Act of 1933, as amended.

"Seller" shall mean Thrall Car Manufacturing Company, an Illinois corporation, and its successors and assigns.

"Series" shall mean the series of Equipment Notes described in Section 2.01(a) of the Indenture.

"Severable Modification" shall mean any Modification that is readily removable without causing damage to or without diminishing the value, utility or remaining useful life of the Equipment or any Unit except to an insignificant extent.

"Stipulated Loss Payment Date" shall mean the fifteenth day of each month during the Lease Term.

"Stipulated Loss Value" payable with respect to an Event of Loss for any Unit as of any date of determination shall mean the amount determined by multiplying the Equipment Cost for such Unit by the percentage set forth in Schedule 4 to the Participation Agreement opposite the Stipulated Loss Payment Date on which such Stipulated Loss Value will be paid; provided that during any Renewal Term, "Stipulated Loss Value" shall be determined as provided in Section 18(b) of

the Lease. Anything contained in the Lease, the Participation Agreement or the Tax Indemnity Agreement to the contrary notwithstanding, Stipulated Loss Value for such Unit (both before and after any adjustment pursuant to Section 2.7 of the Participation Agreement or any deduction pursuant to Section 4.3 of the Lease) will, under any circumstances and in any event, be an amount which, together with any other amounts required to be paid by Lessee under the Lease in connection with such Event of Loss, will be at least sufficient to pay in full as of the date of payment thereof the aggregate amount payable with respect to such Unit pursuant to Section 2.09(a) of the Indenture.

"Subsidiary" of any Person shall mean any corporation, association, or other business entity of which more than 50% (by number of votes) of the voting stock at the time outstanding shall at the time be owned, directly or indirectly, by such Person or by any other corporation, association or trust which is itself a Subsidiary within the meaning of this definition, or collectively by such Person and any one or more such Subsidiaries.

"Supplemental Rent" shall mean all amounts, liabilities and obligations (other than Basic Rent) which the Lessee is obligated to pay under the Operative Agreements to or on behalf of any of the other parties thereto, including, but not limited to, Termination Value, Stipulated Loss Value payments, the EBO Amount, any Make Whole Premium payable on the Equipment Notes and amounts, if any, payable under Section 2.6 of the Participation Agreement (to the extent such payment does not give rise to a rental adjustment under Section 2.7 of the Participation Agreement) by the Lessee.

"Tax Affiliate" shall mean the Lessee, a shareholder of the Lessee, or any party related to the Lessee within the meaning of Section 318 of the Code.

"Tax Indemnitee" shall have the meaning specified in Section 7.1(a) of the Participation Agreement.

"Tax Indemnity Agreement" shall mean the Tax Indemnity Agreement (CNW 1993-B) dated as of October 14, 1993 between the Lessee and the Owner Participant.

"Taxes" shall have the meaning specified in Section 7.1(b) of the Participation Agreement.

"Termination Date" shall have the meaning specified in Section 11.1 of the Lease.

"Termination Value" for any Unit as of any date of determination shall mean the amount determined by multiplying the Equipment Cost for such Unit by the percentage set forth in Schedule 5 to the Participation Agreement opposite the Termination Date on which such Termination Value will be paid; provided that during any Renewal Term, "Termination Value" shall be determined as provided in Section 18(b) of the Lease. Anything contained in the Lease, the Participation Agreement or the Tax Indemnity Agreement to the contrary notwithstanding, Termination Value for such Unit (both before and after any adjustment pursuant to Section 2.7 of the Participation Agreement or any deduction pursuant to Section 4.3 of the Lease) will, under any circumstances and in any event, be an amount which, together with any other amounts required to be paid by Lessee under the Lease in connection with such termination, will be at least sufficient to pay in full as of the date of payment thereof the aggregate amount payable with respect to such Unit pursuant to Section 2.09(b) of the Indenture.

"Total Equipment Cost" shall mean the sum of the Equipment Cost for each Unit.

"Transaction Costs" shall have the meaning specified in Section 2.6(a) of the Participation Agreement.

"Transferee" shall have the meaning specified in Section 6.1(a) of the Participation Agreement.

"Treasury Yield" shall mean with respect to prepayment or purchase of each Equipment Note, a per annum rate (expressed as a semiannual equivalent and as a decimal and, in the case of United States Treasury bills, converted to a bond equivalent yield), determined to be the per annum rate equal to the semiannual yield to maturity for United States Treasury securities maturing on the Average Life Date of such Equipment Note, as determined by interpolation between the most recent weekly average yields to maturity for two series of United States Treasury securities, (A) one maturing as close as possible to, but earlier than, the Average Life Date of such Equipment Note and (B) the other maturing as close as possible to, but later than, the Average Life Date of such Equipment Note, in each case as published in the most recent H.15(519) (or, if a weekly average yield to maturity for United States Treasury securities maturing on the Average Life Date of such Equipment Note is reported in

the most recent H.15(519), as published in H.15(519)). H.15(519) means "Statistical Release H.15(519), Selected Interest Rates", or any successor publication, published by the Board of Governors of the Federal Reserve System. The most recent H.15(519) means the latest H.15(519) which is published prior to the close of business on the third Business Day preceding the scheduled prepayment date.

"Trust" shall have the meaning specified in each Trust Agreement.

"Trust Agreement" shall mean that certain Trust Agreement (CNW 1993-B), dated as of October 14, 1993, between the Owner Participant and the Owner Trustee, in the capacities described therein, as amended, supplemented or otherwise modified from time to time.

"Trust Estate" shall mean all the estate, right, title and interest of the Owner Trustee in, to and under the Equipment and the Operative Agreements including, without limitation, all funds advanced to the Owner Trustee by each Owner Participant, all proceeds from the sale of the Equipment Notes, all installments and other payments of Basic Rent, Supplemental Rent, insurance proceeds, Stipulated Loss Values, condemnation awards, Termination Values, the EBO Amount, purchase price, sale proceeds, and all other proceeds of any kind for or with respect to the Equipment and the Operative Agreements but excluding Excepted Property.

"Trust Indenture Act" shall mean the Trust Indenture Act of 1939, as amended.

"Trustee" shall mean each of the Owner Trustee, the Indenture Trustee or the Pass Through Trustee and "Trustees" shall mean the Owner Trustee, Indenture Trustee and the Pass Through Trustee, collectively.

"Underwriter" shall mean Merrill Lynch, Pierce Fenner & Smith Incorporated.

"Underwriting Agreement" shall mean that certain Underwriting Agreement between the Lessee and Merrill Lynch, Pierce Fenner & Smith Incorporated, pertaining to the sale of the Pass Through Certificates, as the same may be amended, modified or supplemented from time to time.

"Unit" shall mean each unit or item of Equipment.

"United States Person" shall mean any "United States person" as such term is defined in Section 7701(a)(30) of the Code and the applicable regulations thereunder.

EXHIBIT A
Lease of Railroad Equipment

FORM OF

LEASE SUPPLEMENT (CNW 1993-B) NO. __

Dated as of _____, 19__

between

SHAWMUT BANK CONNECTICUT,
NATIONAL ASSOCIATION,
Lessor

and

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY,
Lessee

CERTAIN OF THE RIGHT, TITLE AND INTEREST OF LESSOR IN AND TO THIS LEASE SUPPLEMENT, THE EQUIPMENT COVERED HEREBY AND THE RENT DUE AND TO BECOME DUE UNDER THE LEASE HAVE BEEN ASSIGNED AS COLLATERAL SECURITY TO, AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF, HARRIS TRUST AND SAVINGS BANK, NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS INDENTURE TRUSTEE UNDER A TRUST INDENTURE AND SECURITY AGREEMENT (CNW 1993-B), DATED AS OF OCTOBER 14, 1993, BETWEEN SAID INDENTURE TRUSTEE, AS SECURED PARTY, AND THE LESSOR, AS DEBTOR. INFORMATION CONCERNING SUCH SECURITY INTEREST MAY BE OBTAINED FROM THE INDENTURE TRUSTEE AT ITS ADDRESS SET FORTH IN SECTION 27 OF THE LEASE. THIS LEASE SUPPLEMENT HAS BEEN EXECUTED IN SEVERAL COUNTERPARTS, ONLY THAT COUNTERPART TO BE DEEMED THE ORIGINAL COUNTERPART FOR CHATTEL PAPER PURPOSES CONTAINS THE RECEIPT THEREFOR EXECUTED BY HARRIS TRUST AND SAVINGS BANK, AS INDENTURE TRUSTEE, ON THE SIGNATURE PAGES THEREOF. SEE SECTION 33 OF THE LEASE FOR INFORMATION CONCERNING THE RIGHTS OF THE ORIGINAL HOLDER AND THE HOLDERS OF THE VARIOUS COUNTERPARTS HEREOF.

[Filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 on _____ __, 199_, at __:__ _.M. Recordation Number ____, and deposited in the office of the Registrar General of Canada pursuant to Section 90 of the Railway Act of Canada on _____ __, 199_, at __:__ _.M.]*

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* Insert only if Lease Supplement to be filed with ICC or Registrar General of Canada.

LEASE SUPPLEMENT (CNW 1993-B) NO. __

LEASE SUPPLEMENT (CNW 1993-B) No. __ dated _____, 19__ (this "Lease Supplement") between SHAWMUT BANK CONNECTICUT, NATIONAL ASSOCIATION, not in its individual capacity but solely as Owner Trustee ("Lessor") under the Trust Agreement, and CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, a Delaware corporation ("Lessee");

W I T N E S S E T H :

WHEREAS, Lessor and Lessee have heretofore entered into that certain Lease of Railroad Equipment (CNW 1993-B) dated as of October 14, 1993 (the "Lease"). Unless otherwise defined herein, capitalized terms used herein shall have the meanings specified in Appendix A to the Lease;

WHEREAS, the Lease provides for the execution and delivery of a Lease Supplement substantially in the form hereof for the purpose of confirming the purchase by the Lessor and lease by Lessor to the Lessee of the Units thereunder as and when purchased by Lessor in accordance with and subject to the terms of the Lease;

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

1. Lessee hereby acknowledges and confirms that it has inspected and approved the Units set forth on Schedule 1 hereto at the time and on the dates set forth in the applicable Certificate(s) of Acceptance and such Units comply in all material respects with the specifications for such Units and are in good working order.

2. Lessor hereby confirms delivery and lease to Lessee, and Lessee hereby confirms acceptance and lease from Lessor, under the Lease as hereby supplemented, the Units listed on Schedule 1 hereto.

3. Lessee hereby represents and warrants that no Event of Loss has occurred with respect to the Units set forth on Schedule 1 hereto as of the date hereof.

4. The Funding Date of the Units described above is the date of this Lease Supplement set forth in the opening paragraph hereof.

5. The aggregate Equipment Cost of the Units leased hereunder is $_____ and the amounts comprising such Equipment Cost are set forth on Schedule 1 hereto. The Rental Factors, Stipulated Loss Values, Termination Values and EBO Amount applicable in respect of the Units are set forth, respectively, on Schedules 3, 4, 5 and 6 to the Participation Agreement.

6. Lessee hereby confirms its agreement, in accordance with the Lease as supplemented by this Lease Supplement, to pay Rent to Lessor for each Unit leased hereunder as provided for in the Lease.

7. The execution and delivery of this Lease Supplement will in no way relieve or decrease the responsibility of any manufacturer for the warranties it has made with respect to any Unit.

8. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Lease Supplement may refer to the "Lease of Railroad Equipment, dated as of October 14, 1993", the "Lease Agreement, dated as of October 14, 1993" or the "Lease, dated as of October 14, 1993," or may identify the Lease in any other respect without making specific reference to this Lease Supplement, but nevertheless all such references shall be deemed to include this Lease Supplement, unless the context shall otherwise require.

9. This Lease Supplement shall be construed in connection with and as part of the Lease, and all terms, conditions and covenants contained in the Lease shall be and remain in full force and effect.

10. This Lease Supplement may be executed in any number of counterparts, each executed counterpart constituting an original but all together one and the same instrument.

11. This Lease Supplement is being delivered in the State of New York and shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, including all matters of construction, validity and performance.

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease Supplement to be duly executed and delivered on the day and year first above written.

LESSOR:

SHAWMUT BANK CONNECTICUT,
NATIONAL ASSOCIATION,
not in its individual capacity,
but solely as Owner Trustee

By: _____
Name:
Title:

LESSEE:

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

By: _____
Name:
Title:

Receipt of the original
counterpart of the foregoing
Lease Supplement No. ___
is hereby acknowledged this
____ day of _____, 19__.

HARRIS TRUST AND SAVINGS BANK,
as Indenture Trustee

By: _____
Name:
Title: