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LAW OFFICES RECORDATION NO. Filed 1425

ALVORD AND ALVORD

200 WORLD CENTER BUILDING
918 SIXTEENTH STREET, N.W.
WASHINGTON, D.C.
20006

MAY 14 1980 - 1 15 PM

OF COUNSEL
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URBAN/A. LESTER

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** ALSO A MEMBER OF OHIO BAR

INTERSTATE COMMERCE COMMISSION

MAIL ADDRESS
ALVORD

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May 14, 1980 RECORDATION NO. 11790 Filed 1425

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INTERSTATE COMMERCE COMMISSION

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RECORDATION NO. Filed 1425

MAY 14 1980 - 1 15 PM

INTERSTATE COMMERCE COMMISSION

Ms. Agatha L. Mergenovich, Secretary
Interstate Commerce Commission
Washington, D.C. 20434

No. ~~11-135A-924~~

Date MAY 14 1980

Fee \$ 150.00

ICC Washington, D.C.

FEE OPERATION BR.
T.C.C.

MAY 14 1 09 PM '80

RECEIVED

Dear Ms. Mergenovich:

Enclosed for recordation pursuant to the provisions of Section §11303(a) of Title 49 of the United States Code and the regulations thereunder are one fully executed copy and two Xerox copies each of Lease of Railroad Equipment dated April 1, 1980 and two Purchase Agreements dated April 1, 1980.

A general description of the railroad equipment covered by the enclosed documents is, as follows:

Two hundred (200) 50'6" 70 ton Class XL boxcars with 10' sliding doors bearing reporting mark and road numbers BM 3200 through BM 3399, both inclusive (but in part under Purchase Agreements as indicated below).

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

A. Lease of Railroad Equipment (covering 200 cars, BM 3200 - BM 3399).

Lessor: Ibis Associates Limited Partnership
901 Farmington Avenue
West Hartford, Connecticut 06619

Lessee: Arlington-Integrated (Rail), Inc.
295 Madison Avenue
New York, New York 10017

NEW NO

Countersignature — CT. Kappler

Ms. Agatha L. Mergenovich, Secretary
May 14, 1980
Page Two

B. Purchase Agreement (covering 10 cars,
BM 3200 - BM 3209).

-A
Seller: Arlington-Integrated (Rail), Inc.
Address above

Buyer: Ibis Associates Limited Partnership
Address above

C. Purchase Agreement (covering 190 cars,
BM 3210 - BM 3399).

-B
Seller: Arlington-Integrated (Rail), Inc.
Address above

Buyer: Ibis Associates Limited Partnership
Address above

The undersigned is agent for the Lessee/Seller mentioned in the enclosed documents for the purpose of submitting the enclosed documents for recordation.

Also enclosed is a remittance in the amount of \$150 in payment of required recordation fees.

Very truly yours,

ALVORD AND ALVORD

By Charles T. Kappler
Charles T. Kappler

^{inc}
Interstate Commerce Commission
Washington, D.C. 20423

5/14/80

OFFICE OF THE SECRETARY

Charles T. Kappler, ESQ.
Alvord & Alvord
200 World Center Building
Washington, D.C. 20006

Dear **Sir:**

The enclosed document (s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **5/14/80** at **1:15pm**, and assigned re-
recording number (s). **11790, 11790-A, 11790-B**

Sincerely yours,

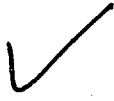
Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure (s)

11790
RECORDATION NO. Filed 1425

1CC Copy
NSW No.

MAY 14 1980 1 15 PM



INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT dated April 1, 1980, between IBIS ASSOCIATES LIMITED PARTNERSHIP, a limited partnership formed under the laws of the State of Connecticut (the "Lessor" and ARLINGTON-INTEGRATED (RAIL), INC., a Delaware corporation (the "Lessee").

Pursuant to a Conditional Sale Agreement, dated as of August 1, 1979, between PACCAR, Inc. (the "Builder") and the Lessee, as amended by a letter agreement, dated March 27, 1980 (the "CSA"), the Lessee has purchased from the Builder the railroad equipment described in Schedule A hereto (the "Equipment").

Pursuant to (i) a Participation Agreement (the "Participation Agreement"), dated as of August 1, 1979, by and among the Lessee, Integrated Resources, Inc., First Security Bank of Utah, N.A. (the "Agent") and the parties named in Schedule A to the Participation Agreement (the "Investors") and (ii) an Agreement and Assignment (the "CSA Assignment"), dated as of August 1, 1979, between the Builder and the Agent, the Investors provided financing with respect to a portion of the purchase price of the Equipment and the Builder assigned to the Agent, as agent, certain of the Builder's rights under the CSA (including the right to receive payment for the Equipment).

Pursuant to a Lease of Railroad Equipment (the "Underlying Lease"), dated as of August 1, 1979, between Robert W. Meserve and Benjamin H. Lacy, Trustees of the Property of Boston and Maine Corporation, Debtor (the "Underlying Lessee"), the Equipment has been leased by the Lessee to the Underlying Lessee.

Pursuant to an Assignment of Lease and Agreement (the "Underlying Lease Assignment"), dated as of August 1, 1979, between the Lessee and the Agent, the Lessee has assigned to the Agent, as security for the performance of the Lessee's obligations under the CSA, the Lessee's interest in and to the rental and other proceeds to become due under the Underlying Lease, which assignment has been consented to by the Underlying Lessee pursuant to a Consent and Agreement (the "Consent"), dated as of August 1, 1979.

Pursuant to two Purchase Agreements (the "Lessor Purchase Agreements"), each dated the date hereof, each between the Lessor and the Lessee, the Lessor has agreed to purchase from the Lessee 10 units of the Equipment on the date hereof and 190 units of the Equipment on June 16, 1980.

To induce the Lessor to purchase the Equipment the Lessee agrees (i) to lease from the Lessor all units of the Equipment

as are accepted and as shall be described in one or more certificates of acceptance in the form provided by Lessor (a "Certificate of Acceptance") at the rentals and for the term and upon the conditions hereinafter provided (each such unit so leased being hereinafter called a "Unit") and (ii) to indemnify the Lessor against certain tax consequences should they occur pursuant to a Tax Indemnity Agreement dated as of the date hereof (the "Indemnity Agreement").

NOW, THEREFORE, in consideration of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby agrees to lease the Units to the Lessee upon the following terms and conditions:

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

otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee as required by the terms of this Lease shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

2. Delivery and Acceptance of Units. At the time of purchase of a Unit by the Lessor pursuant to either of the Lessor Purchase Agreements, the Lessee will cause an employee or agent of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept such Unit hereunder and to execute and deliver to the Lessor a Certificate of Acceptance stating that such Unit has been inspected and accepted on behalf of the Lessee on the date of such Certificate of Acceptance and is marked in accordance with Section 5 hereof, whereupon, except as provided in the next sentence hereof, such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The inspection and approval and the delivery, inspection and acceptance hereunder of any unit of Equipment not purchased by the Lessor pursuant to either of the Lessor Purchase Agreements shall be null and void and ineffective to subject such Unit to this Lease.

3. Rentals. With respect to each Unit subject to this Lease, the Lessee will pay to the Lessor as (i) initial basic rentals 172 consecutive monthly payments of \$411.50, payable on the 15th day of the month in advance, commencing June 15, 1980, (ii) subsequent basic rentals 14 consecutive monthly payments of \$371.79, payable on the 15th day of the month in advance, commencing October 15, 1994, and (iii) interim rental one payment of \$1,024.70 on June 15, 1980.

If any of the monthly rental payment dates referred to above is not a business day in New York, New York, the monthly rental payment otherwise payable on such date shall then be payable on the next succeeding business day.

4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of acceptance of such Unit hereunder and, subject to the provisions of Sections 7, 10 and 13 hereof, shall terminate on December 15, 1995.

5. Identification Marks. The Lessee will cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto and will keep and maintain or cause to be kept and maintained, plainly, distinctly, permanently and con-

spicuously marked on each side of each Unit, in letters not less than one inch in height, the words, "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law or reasonably requested in order to protect the Lessor's title to and interest in such Unit and the rights of the Lessor under this Lease. The Lessee will not place or permit any such Unit to be placed in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and, at its expense, will replace or cause to be replaced promptly any such name and words which may be removed, defaced, obliterated or destroyed. The Lessee will not change or permit to be changed the identifying number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Lessor and duly filed, recorded and deposited by the Lessee in all public offices where the Underlying Lease, the CSA and/or this Lease shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Lessor a certificate or an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect the Lessor's interests in such Units and no filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Lessor in such Units.

Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may permit the Equipment to be lettered with the names, trademarks, initials or other insignias customarily used by the Lessee or its affiliates, or the Underlying Lessee or any sublessee and their affiliates, on railroad equipment used by them of the same or a similar type for convenience of identification of their respective rights to use the Equipment.

6. Taxes. The Lessee agrees to pay or cause to be paid promptly, and on written demand to indemnify and hold the Lessor harmless from, all income, gross receipts, franchise, sales, use, property, ad valorem, value added, leasing, leasing use, stamp, excise or other taxes, assessments, fees and charges of any nature whatsoever, together with any penalties, fines, additions to tax or interest thereon, howsoever imposed, whether levied or imposed upon the Lessor, the Lessee,

the Underlying Lessee or any sublessee or any Unit by any Federal, state or local government or governmental subdivision in the United States or by any foreign country or subdivision thereof, upon or with respect to the manufacture, purchase, ownership, delivery, leasing, possession, use, operation, transfer of title, return or other disposition thereof; the rentals, receipts or earnings arising therefrom; this Lease or the transactions contemplated by this Lease (all such taxes, assessments, fees, charges, penalties, fines, additions to tax and interest imposed as aforesaid being hereinafter called "Taxes"); excluding, however: Taxes of the United States or of any state or local government or governmental subdivision or authority thereof imposed on or measured solely by the net income or excess profits of the party entitled to indemnification, other than Taxes arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Lease; provided, however, that the Lessee shall not be required to pay any Taxes during the period it may be contesting or causing to be contested the same in good faith and by appropriate proceedings if counsel for the Lessor shall have determined that the nonpayment thereof or the contest thereof in such proceedings does not, in the opinion of such counsel, adversely affect the title, property or rights of the Lessor.

The amount which the Lessee shall be required as reasonably determined by the indemnified party to pay with respect to any Taxes indemnified against pursuant to this Section 6, shall be an amount sufficient to restore the indemnified party to the same after-tax position such indemnified party would have been in had such Taxes not been imposed.

In case any report or return is required to be made with respect to any obligation of the Lessee under this Section 6 or arising out of this Section 6, the Lessee shall either make or cause to be made such report or return in such manner as will show the interests of the Lessor in the Units, or shall promptly notify or cause to be notified the Lessor of such requirement and shall make or cause to be made, at its own expense, such report or return in such manner as shall be satisfactory to the Lessor.

The Lessee shall furnish or cause to be furnished promptly, upon request, such information and data as are normally available to the Lessee and which the Lessor reasonably may require to permit compliance with the requirements of any taxing authorities.

7. Payment for Casualty Occurrences; Insurance. In the event that any Unit shall be or become lost, stolen, destroyed, irreparably damaged, or permanently rendered unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Lessee, the Underlying Lessee or a sublessee, as the case may be, for a period of 90 consecutive days, except requisition for use by the United States Government for a period not in excess of the then remaining term of this Lease (each such occurrence being hereinafter called a "Casualty Occurrence"), during the term of this Lease, or until such Unit shall have been returned in the manner provided in Section 11 or 14 hereof, the Lessee shall promptly and fully notify or cause to be notified the Lessor with respect thereto. On the rental payment date next succeeding the delivery of such notice (or, in the event such rental payment date will occur within 15 days after delivery of notice, on the following rental payment date), the Lessee shall pay or cause to be paid to the Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus a sum equal to the Casualty Value of such Unit as of such Casualty Occurrence (the "Calculation Date"). Upon the making of such payment by or on behalf of the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit.

The Lessor hereby appoints the Lessee its agent, with power of substitution, to dispose of any Unit suffering a Casualty Occurrence or any component thereof, before or after the expiration of this Lease, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor and no Event of Default hereunder, or event which with notice or lapse of time or both would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall be entitled to retain the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor. If any such Event of Default or event has occurred and is continuing, the Lessee shall promptly pay all such proceeds to the Lessor.

The Casualty Value of each Unit as of the Calculation Date for each such Unit shall be as set forth in Schedule B hereto.

In the event of the requisition for use of any Unit during the term of this Lease or any renewal thereof, unless such requisition shall constitute a Casualty Occurrence, all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred. All payments received by the Lessor or the Lessee from the requisitioning authority for the use of such Unit during the term of this Lease shall be paid over to, or retained by, the Lessee provided no Event of Default, or event which with notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing; and all payments received by the Lessor or the Lessee from the requisitioning authority for the use of such Unit after the term of this Lease, shall be paid over to, or retained by, the Lessor.

As between the Lessee and the Lessor, the Lessee will bear the responsibility for and risk of damage to or destruction or loss of any Unit. Except as hereinabove in this Section 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after acceptance thereof by the Lessee hereunder.

The Lessee will, at all times prior to the return of the Equipment to the Lessor in accordance with the terms of this Lease (including the storage period provided under Sections 11 and 14 hereof), at its own expense, maintain or cause to be maintained public liability, property and casualty insurance in respect of the Units at the time subject hereto, at least in amounts and against risks customarily insured against by railroad companies on similar equipment owned by them and in amounts and against risks customarily insured against by the Underlying Lessee on similar equipment owned by it. The proceeds of such insurance shall be payable to the Lessor and the Lessee as their respective interests may appear.

The Lessee shall obtain or cause to be obtained from each insurer under the paragraph immediately above an agreement, by endorsement or separate instrument, that such insurer will give the Lessor 30 days' written notice before such insurer's policy shall be materially altered or canceled or not renewed. In January of each year, the Lessee shall, to the extent applicable under the next preceding paragraph, deliver to the Lessor a certificate of insurance by or on behalf of each insurer stating the coverage, named insureds and limits of each such policy.

8. Reports. On or before May 1 in each year, commencing with the calendar year 1981, the Lessee will furnish or cause to be furnished to the Lessor an accurate statement (a) 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 a Casualty Occurrence during the preceding calendar year (specifying the dates of such Casualty Occurrences) or to the knowledge of the Lessee are then undergoing repairs (other than running repairs) or are then withdrawn from use pending repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Lessor may reasonably request and when so specifically requested by the Lessor, such report with regard to repairs shall be made by the chief mechanical officer of the Underlying Lessee or any sublessee and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and the markings required by Section 5 hereof have been preserved or replaced. The Lessor shall have the right by its agents to inspect the Units and the Lessee's and its agent's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

9. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification. THE LESSOR DOES NOT MAKE, HAS NOT MADE AND SHALL NOT BE DEEMED TO MAKE OR HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN, COMPLIANCE WITH SPECIFICATIONS, OPERATION OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS OR ANY COMPONENT THEREOF, AND THE LESSOR DOES NOT MAKE ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS OR ANY COMPONENT THEREOF FOR ANY PARTICULAR PURPOSE NOR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT OR ANY COMPONENT THEREOF, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee, the Underlying Lessee or any sublessee 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 Builder. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or

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

The Lessee agrees, for the benefit of the Lessor, to comply, or to cause the Underlying Lessee or any sublessee to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all the laws of the jurisdiction in which the operations of the Lessee, the Underlying Lessee or sublessee, as the case may be, involving the Unit may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units and in the event that such laws or rules require any alteration, replacement, modification or addition of or to any part of any Unit, the Lessee will fully conform, or will cause the Underlying Lessee or any sublessee to fully conform, therewith at no expense to the Lessor; provided, however, that the Lessee may upon written notice to the Lessor, in good faith, contest or cause to be contested the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property or rights of the Lessor under this Lease.

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

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an Addition thereto as hereinbelow provided) which is subject to this Lease in good operating order, repair and condition, ordinary wear and tear excepted. Such maintenance shall include the performance of any overhauls required pursuant to standard and prudent railroad requirements (including, but not limited to, the interchange rules of the Association of American Railroads).

The Lessee and its affiliates, at their own cost and expense, may from time to time make such alterations, modifications and additions (including, without limitation, any special devices, assemblies or racks at any time attached or affixed to any Unit) (hereinafter collectively called "Additions") to the Units as the Lessee may deem desirable in the proper conduct of its business so long as such Additions shall not be inconsistent with the continuing operation of the Units, and shall not diminish the value, utility or condition of the Units below the value, utility and condition thereof immediately prior to the making of such Additions, assuming the Units were then in the condition required to be maintained by the terms of this Lease.

Title to all Parts (as hereinbelow defined) incorporated in or installed as part of the Units shall without further act vest in the Lessor in the following cases: (i) such Part is in replacement of or in substitution for, and not in addition to, any Part originally incorporated in or installed as part of a Unit at the time of the acceptance thereof hereunder or any Part in replacement of, or in substitution for, any such original Part, (ii) such Part is required to be incorporated in or installed as part of the Units pursuant to the terms of the second or third paragraph of this Section 9 or (iii) notwithstanding the provisions of the fourth paragraph of this Section 9, such Part cannot be readily removed from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which such Unit shall have had at such time had such alteration or addition not occurred. In all other cases, if no Event of Default, or event which with notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing, title to Parts incorporated in or installed as parts of the Units as a result of such alterations or additions shall not vest in the Lessor. The term Part for the purposes of this paragraph and Section 14 hereof shall be defined to include any appliance, part, instrument, accessory, furnishing or

other equipment of any nature which may from time to time be incorporated in or installed as part of any Unit.

The Lessee shall pay or cause to be paid, and shall protect, indemnify and hold the Lessor harmless from and against any and all causes of action, suits, penalties, claims, demands, judgments, losses, liabilities, costs, charges and expenses of any nature whatsoever which may be imposed on, incurred by or asserted against the Lessor (including any or all liabilities, obligations, damages, costs, disbursements, expenses (including without limitation reasonable attorneys' fees and expenses of any Indemnified Person) relating thereto) in any way relating to or arising or alleged to arise out of this Lease or the Units, including, without limitation, those in any way relating to or arising or alleged to arise out of (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, sublease, possession, use, operation, condition, sale, return or other disposition of any Unit or portion thereof; (ii) any claims based on strict liability in tort or imposed by statute; or (iii) any injury to or the death of any person or any damage to or loss of property on or near the Units or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of the Units or of any other equipment in connection with the Units; excluding, however, any matter resulting from an act or omission of the Lessor which would constitute the wilful misconduct or gross negligence of the Lessor. The Lessee and the Lessor each agrees to give the other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against.

The Lessee further agrees to indemnify, protect and hold harmless the Lessor from and against any and all liabilities, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Lessor because of any design, system, process, formula or combination which infringes or is claimed to infringe on any patent or other right.

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

(A) payment of any part of the rental provided in Section 3 hereof or payment in respect of any Casualty Occurrence pursuant to Section 7 hereof or payment due under the Indemnity Agreement shall not be made by or on

behalf of the Lessee, and such failure to make payment shall continue for 5 business days after such payment is due; or

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

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

(D) any representation or warranty made by the Lessee herein or in any certificate or statement furnished to the Lessor pursuant to or in connection with any such agreement proves untrue in any material respect as of the date of issuance or making thereof; or

(E) the Lessee ceases doing business as a going concern, makes an assignment for the benefit of creditors, admits in writing its inability to pay its debts as they become due, files a voluntary petition in bankruptcy, is adjudicated a bankrupt or an insolvent, files a petition seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar arrangement under any present or future statute, law or regulation or files an answer admitting the material allegations of a petition filed against it in any such proceeding, consents to or acquiesces in the appointment of a trustee, receiver, or liquidator of it or of all or any substantial part of its assets or properties, or if it or its shareholders shall take any action looking to its dissolution or liquidation; or

(F) within sixty (60) days after the commencement of any proceedings against the Lessee seeking reorganization, arrangement, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceedings shall not have been dismissed, or if within sixty (60) days after the appointment without the Lessee's consent or acquiescence of any

trustee, receiver or liquidation of it or of all or any substantial part of its assets and properties, such appointment shall not be vacated; or

(G) any Event of Default (as defined in the Underlying Lease) under the Underlying Lease shall have occurred and be continuing;

then, in any such case, unless inconsistent with the provisions of the Underlying Lease or any other permitted sublease of the Equipment, the Lessor, at its option, may:

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

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum with respect to each Unit which represents the excess of (1) the present value, at the time of such termination, of the entire unpaid balance of all rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over (2) the then

present value of the rentals which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of an 8% per annum discount if termination of this Lease shall occur while the Underlying Lease is in effect and thereafter on the basis of a 6% per annum discount, compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, together with any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of the rental; or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value (after deduction of all estimated expenses of such sale) of such Unit at such time; provided, however, that in the event the Lessor shall have sold or leased any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this part (b) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale or leasing, as the case may be, as liquidated damages for loss of a bargain and not as a penalty (i) in the case of such a sale an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination, over the net proceeds of such sale, and (ii) in the case of such a leasing, an amount equal to the excess, if any, of the present value of all rental for such Unit which would otherwise have accrued hereunder from the date of termination to the end of the term of this Lease as to such Unit over the sum of (I) the then present value of all rental for such Unit required under such new lease plus (II) the then present value of the rental (if any) which the Lessor reasonably estimates to be obtainable for the Unit during the period commencing on the termination of such new lease and ending on the date the term of this Lease would have terminated if it had not been terminated early due to default, each such present value to be computed in each case on the basis of an 8% per annum discount if at the time of such Computation the Underlying Lease shall be in effect and thereafter on the basis of a 6% per annum discount, compounded, in the case of rental which is estimated under clause II

of this sentence, monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated and, in the case of rental under such new lease, periodically from the respective dates upon which such rental shall be payable thereunder.

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

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

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies; and a waiver of any such right on one occasion shall not constitute a waiver of such right as to any other occasion and shall not be effective unless in writing signed by the Lessor.

11. Return of Units Upon Default. Subject to the provisions of the Underlying Lease, if this Lease shall terminate pursuant to Section 10 hereof, the Lessee shall forthwith deliver or cause to be delivered possession of the Units to the Lessor and shall give or cause to be given prompt telegraphic and written notice to the Association of American Railroads and all railroads having possession of any Unit so to return such Units. Each Unit returned to the Lessor pursuant to this Section 11 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear and modifications, if any, permitted by this Lease excepted and (ii) meet the standards then in effect

under the Interchange Rules of the Association of American Railroads or such comparable standards as may then be in effect. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner cause such Units to be transported to such location as shall reasonably be designated by the Lessor and there assembled,

(b) arrange for the Lessor to store such Units until such Units have been sold, leased or otherwise disposed of by the Lessor, the Lessor agreeing to use its best efforts to sell, lease or otherwise dispose of the Units within one year, and

(c) cause the Units to be moved to such interchange point or points as shall be reasonably designated by the Lessor upon any sale, lease or other disposal of all or any of the Units.

During any storage period the Lessee will permit the Lessor or any persons designated by it to inspect the Units. The assembling, delivery, storage, maintenance and transporting of the Units as provided in this Section 11 shall be at the expense and risk of the Lessee (and the Lessee will maintain the insurance required by Section 7 of this Lease to be maintained during this period) and are of the essence of this Lease; and, upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or user of any such Unit, to inspect the same. In the event that the Units or any thereof are sold, the Lessee shall pay to the Lessor the per diem interchange earned for each such Unit which shall not have been assembled, delivered and stored, as hereinbefore provided, by the date of such sale for each day from the date of such sale to the date such Unit is available to the purchaser thereof.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any

Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time and to give all appropriate notices and directions to the Association of American Railroads to change the registration of such Unit from the Lessee, the Underlying Lessee or any sublease to the Lessor or as the Lessor may direct.

12. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee.

Subject to the terms of the Underlying Lease, the Lessee may further sublease or assign this Agreement or transfer possession and control of the Equipment upon 30 days' written notice to the Lessor; provided, however, that (i) the Lessee shall be responsible for all costs and expenses of every nature whatsoever incurred in connection with such sublease, assignment or transfer (including by way of illustration any increased cost of insurance); (ii) the Lessee shall remain fully liable under this Lease to the same extent as if the sublease, assignment or transfer had not been made and (iii) no such sublease thereof would extend beyond the term of this Lease unless the Lessor consents thereto in writing.

During the term of this Lease, if no Event of Default shall have occurred and the Agent is entitled to apply the payments under the Underlying Lease as set forth in the Consent, the Lessee's, the Underlying Lessee's or any other sublessee's use and quiet enjoyment of the Units shall not be disturbed by the Lessor or anyone claiming solely through or under the Lessor. Without the prior written consent of the Lessor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them except as specifically set forth herein. The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or resulting from claims against the Lessor not related to the ownership of the Units) upon or with respect to any Unit or the interest of the Lessor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Lessor, materially adversely affect the interest of the Lessor in

the Equipment or in the income and proceeds from the Equipment. Except to the extent specifically permitted by the provisions hereof, the Lessee shall not part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units.

Subject to the Underlying Lease, so long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Units by it or any affiliate in accordance with the terms hereof and (i) to permit the use of the Units by a railroad company or companies incorporated in the United States of America upon lines of railroad owned or operated by such railroad company or companies or over which such railroad company or companies have trackage or other operating rights or over which railroad equipment of such railroad company or companies is regularly operated pursuant to contract, and (ii) also to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, but only upon and subject to all the terms and conditions of this Lease. The Lessee may receive and retain compensation for such use from other railroads so using any of the Units.

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

13. Satisfaction of Obligations. The Lessor and the Lessee agree that the obligation of the Lessee to make rental payments hereunder may be satisfied by the payment of rental payments by the Underlying Lessee to the Agent pursuant to the Underlying Lease, the Underlying Lease Assignment and the Consent. The Lessor further agrees that all other obligations of the Lessee hereunder may be satisfied by payment or performance thereof by the Underlying Lessee or by any other sublessee.

14. Return of Units upon Expiration of Term. On or prior to the termination of the term of this Lease or as soon as practicable on or after the termination of the term of this Lease and in any event not later than 90 days after the termination of the term of this Lease, the Lessee will, at its own cost and expense, cause each Unit to be transported to such point or points as the Lessee shall determine and arrange for the Lessor to store such Unit for a period commencing on the date of its arrival at any such point and extending thereafter to a date not later than 90 days from the date at which at least 95% of such Units are first placed in storage pursuant to this Section 14; the assembly, delivery, storage and transporting of such Unit to be at the expense and risk of the Lessee; provided, however, that not less than 50 Units shall be transported and stored at each such point as shall be determined by the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or user of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable for any injury to or the death of any person exercising, either on behalf of the Lessor or any prospective purchaser or user, the rights of inspection granted under this sentence, except in the case of negligence or wilful wrongdoing of the Lessee or of its employees or agents and except to the extent otherwise provided by law. The assembly, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to cause the assembly, delivery, storage and transporting of the Units. Each Unit returned to the Lessor pursuant to this Section 14 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, (ii) have attached or affixed thereto any Part title to which is in the Lessor pursuant to Section 9 hereof and have removed therefrom at Lessee's expense any Part or Addition title to which is in the Lessee or any other person pursuant to such Section 9 and (iii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable, or such comparable standards as may then be in effect. If any Unit suffers a Casualty Occurrence during any period prior to its return to the Lessor as provided for in this Section 14, the Lessee shall pay to the Lessor the Casualty Value of such Unit as determined in accordance with Section 7 hereof. All

gross amounts earned in respect of any Unit shall, from and after the termination of the term of this Lease as to such Unit belong to and be the property of the Lessor.

15. Recording. The Lessee, at its own expense, will cause this Lease and any assignment hereof to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. Section 11303. The Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will re-file, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor for the purpose of proper protection, to its satisfaction, of the Lessor's interests in the Units, or for the purpose of carrying out the intention of this Lease.

16. Conditions. Prior to the acceptance of any Unit hereunder, the Lessor shall have been advised that all conditions to its purchase of the Equipment under and as contemplated by the Lessor Purchase Agreements shall have been satisfied, including, without limitation, the filing and recording of this Lease with the Interstate Commerce Commission.

The Lessee agrees to deliver to the Lessor at its request such opinions and certificates in form and substance as shall be reasonably required by the Lessor in order to meet the Lessor's obligations under, and to satisfy the conditions of, the Lessor Purchase Agreements.

17. Lessor's Right to Perform for the Lessee. If the Lessee fails to perform or comply with any of its agreements contained herein, the Lessor may upon notice to the Lessee itself perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Lessor incurred in connection with such performance or compliance, together with interest on such amount at the rate of 13% per annum (or such lesser amount as may be legally enforceable), shall be payable by the Lessee upon demand.

18. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay an amount equal to interest at a rate of 13% per annum on the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

19. Representations and Warranties of the Lessee. The Lessee represents and warrants to the Lessor as follows:

(a) The Lessee is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation and is duly qualified to do business and in good standing in such other jurisdictions in which the business and activities of the Lessee require such qualification.

(b) The Lessee has full power, authority and legal right to carry on its business as now conducted and to fulfill and comply with the terms, conditions and provisions hereof; this Lease and the Indemnity Agreement have been duly authorized and approved by all necessary corporate action of the Lessee and, assuming due authorization, execution and delivery hereof and thereof by the Lessor, constitute or will then constitute, valid, agreements, enforceable against the Lessee in accordance with their terms.

(c) There are no actions, suits or proceedings (whether or not purportedly on behalf of the Lessee pending or (to the knowledge of the Lessee) threatened against or affecting the Lessee or any property rights of the Lessee at law or in equity or before any commission or other administrative agency which could materially and adversely affect the condition, financial or otherwise, of the Lessee or materially prevent or interfere with its ability or right to perform its duties and obligations under this Lease or the Indemnity Agreement; and the Lessee is not to its knowledge in default with respect to any order or decree of any court or governmental commission, agency or instrumentality.

(d) The Lessee is not a party to any agreement or instrument or subject to any charter or other restriction materially and adversely affecting the business, present or proposed, of the Lessee or the operations, property or assets or condition, financial or otherwise, of the Lessee.

(e) Neither the execution and delivery of this Lease or the Indemnity Agreement nor the consummation of the transactions herein and therein contemplated nor the fulfillment of, or compliance with, the terms and provisions hereof and thereof will conflict with, or result in a breach of, any of the terms, conditions or provisions of

any bond, debenture, note, mortgage, indenture, agreement or other instrument to which the Lessee is now a party or by which it or its property may be bound, or constitute (with the giving of notice or the lapse of time or both) a default thereunder or result in the creation or imposition of any lien, charge, security interest or other encumbrance of any nature whatsoever upon any property of the Lessee or upon the Equipment pursuant to the terms of any such agreement or instrument or violate any applicable law or governmental rule or regulation.

(f) No authorization, approval, order or license is required from any court or other governmental or public body or authority (including, but not limited to the Interstate Commerce Commission) in connection with the execution, delivery and performance by the Lessee of this Lease.

(g) The Lessee has filed all foreign, Federal, state and local income tax returns which are required to be filed, and has paid or made provisions for the payment of all income taxes which have or may become due pursuant to said returns or pursuant to any assessment received by it, other than such taxes which are being contested in good faith and which in the aggregate do not involve material amounts.

20. Reports. The Lessee will deliver to the Lessor (i) as soon as available and in any event within 150 days after the end of each fiscal year of the Lessee, a certificate signed by a responsible officer of the Lessee stating that a review of the activities of the Lessee during such year has been made under his supervision with a view to determining whether the Lessee has kept, observed, performed and fulfilled all of the obligations of the Lessee under this Lease and that to the best of his knowledge the Lessee during such year has kept, observed, performed and fulfilled each and every covenant, obligation and condition contained herein, or if an Event of Default (as defined in the Lease) shall exist or if an event has occurred and is continuing which, with the giving of notice or the passage of time or both, would constitute an Event of Default, specifying such status thereof; (ii) as soon as available and in any event within 150 days after the end of each fiscal year, a copy of the consolidated balance sheet of the Lessee and the related statements of operations, accumulated deficit and changes in financial position, certified by independent public accountants; and any other report reasonably required; and (iii) promptly upon any responsible officer's

becoming aware of any condition which constitutes an Event of Default, or which with notice or lapse of time or both would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof. For the purposes of this Section 20 a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate official of the Lessee who in the normal performance of such official's operational responsibilities would have knowledge of such matter.

21. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when delivered to such other party or by registered or certified mail, postage prepaid, addressed as follows:

if to the Lessor at 295 Madison Avenue, New York, N. Y. 10017, Attention of Mr Stephen Goldsmith and Benjamin D. Fein, Esq., 575 Madison Avenue, New York, New York 10022;

if to the Lessee, at 901 Farmington Avenue, West Hartford, Connecticut 06119, Attention of General Partner;

or addressed to any party at such other address as such party shall hereafter furnish to the other party in writing. Any certificate, document or report required to be furnished by either party hereto to the other parties shall be delivered to the address set forth above or so furnished for such party.

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

This Lease exclusively and completely states the rights of the Lessor and the Lessee between them 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.

All agreements, indemnities, representations and warranties contained in this Lease or in any document or certificate delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Lease and the expiration or other termination of this Lease, with respect to matters or events occurring during the term of this Lease or with respect to the obligations of the Lessee under Sections 10, 11 and 14.

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

24. Law Governing. 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.

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

IBIS ASSOCIATES LIMITED PARTNERSHIP

By IR BIRCH CORP., a General Partner

By *Seth G. Kaye V.P.*

ARLINGTON-INTEGRATED (RAIL), INC.

By

Stephen J. Gore

[CORPORATE SEAL]

Attest:

W. H. C. C.

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

On this *1st* day of *April* 1980, before me personally appeared *Seth G. Kaye*, to me personally known, who, being by me duly sworn, says that he is *Vice President* of IR BIRCH CORP., a General Partner of IBIS ASSOCIATES LIMITED PARTNERSHIP, that said instrument was signed on behalf of said Limited Partnership by authority of its Limited Partnership Agreement, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Limited Partnership.

Valerie A. Myers

Notary Public

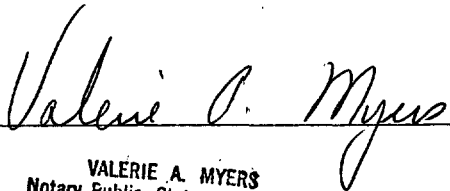
VALERIE A. MYERS
Notary Public, State of New York
No. 52-4688452
Qualified in Suffolk County
Commission Expires March 30, 1981

[Notarial Seal]

My Commission Expires

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

On this 1 day of APRIL 1980, before me personally appeared Stephen Goldsmith, to me personally known, who, being by me duly sworn, says that he is Exec. Vice Pres. of ARLINGTON-INTEGRATED (RAIL), INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its By-Laws, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.



VALERIE A. MYERS
Notary Public, State of New York
No. 52-4688452
Qualified in Suffolk County
Commission Expires March 30, 1981

[Notarial Seal]

My Commission Expires

SCHEDULE A

<u>Type</u>	<u>Builder's Specifications</u>	<u>Quantity</u>	<u>Road Numbers (Both Inclusive)</u>
50' 6'' 70 ton, Class XL boxcar with 10' sliding doors	PACCAR, Inc. Specifications #PC-655, Revision B, dated May 18, 1979; Drawing 2504-201	200	<i>BM</i> B3200-BM3399, both inclusive

SCHEDULE B

Casualty Values *

<u>Rental</u> <u>Payment Date</u>	<u>Dollar Amount</u>	<u>Rental</u> <u>Payment Date</u>	<u>Dollar Amount</u>
June 15, 1980	\$7,610,926	January 15, 1984	\$7,746,950
July 15, 1980	7,637,997	February 15, 1984	7,721,225
August 15, 1980	7,666,069	March 15, 1984	7,695,241
September 15, 1980	7,695,173	April 15, 1984	7,668,999
October 15, 1980	7,718,438	May 15, 1984	7,642,176
November 15, 1980	7,742,613	June 15, 1984	7,615,095
December 15, 1980	7,767,724	July 15, 1984	7,587,418
January 15, 1981	7,786,895	August 15, 1984	7,559,465
February 15, 1981	7,806,868	September 15, 1984	7,531,247
March 15, 1981	7,827,669	October 15, 1984	7,502,421
April 15, 1981	7,849,311	November 15, 1984	7,473,315
May 15, 1981	7,866,177	December 15, 1984	7,443,933
June 15, 1981	7,883,786	January 15, 1985	7,413,938
July 15, 1981	7,896,520	February 15, 1985	7,383,651
August 15, 1981	7,909,880	March 15, 1985	7,353,075
September 15, 1981	7,923,902	April 15, 1985	7,322,200
October 15, 1981	7,932,956	May 15, 1985	7,290,801
November 15, 1981	7,942,546	June 15, 1985	7,259,105
December 15, 1981	7,952,706	July 15, 1985	7,226,877
January 15, 1982	7,957,791	August 15, 1985	7,194,342
February 15, 1982	7,963,330	September 15, 1985	7,161,492
March 15, 1982	7,969,323	October 15, 1985	7,128,112
April 15, 1982	7,975,803	November 15, 1985	7,094,400
May 15, 1982	7,977,970	December 15, 1985	7,060,373
June 15, 1982	7,980,517	January 15, 1986	7,025,798
July 15, 1982	7,978,651	February 15, 1986	6,990,893
August 15, 1982	7,977,067	March 15, 1986	6,955,655
September 15, 1982	7,975,770	April 15, 1986	6,920,079
October 15, 1982	7,969,962	May 15, 1986	6,884,045
November 15, 1982	7,964,334	June 15, 1986	6,847,664
December 15, 1982	7,958,896	July 15, 1986	6,810,828
January 15, 1983	7,948,846	August 15, 1986	6,773,628
February 15, 1983	7,938,871	September 15, 1986	6,736,080
March 15, 1983	7,928,968	October 15, 1986	6,698,058
April 15, 1983	7,919,155	November 15, 1986	6,659,675
May 15, 1983	7,905,502	December 15, 1986	6,620,917
June 15, 1983	7,891,840	January 15, 1987	6,581,680
July 15, 1983	7,874,229	February 15, 1987	6,542,070
August 15, 1983	7,856,510	March 15, 1987	6,502,081
September 15, 1983	7,838,683	April 15, 1987	6,461,718
October 15, 1983	7,816,817	May 15, 1987	6,420,951
November 15, 1983	7,794,725	June 15, 1987	6,379,803
December 15, 1983	7,772,417	July 15, 1987	6,338,241

* The Casualty Value of each Unit as of any rental payment date shall be an amount equal to the product of (i) the amount set forth in the above schedule opposite such rental payment date and (ii) a fraction, the numerator of which shall be the purchase price of such Unit pursuant to the provisions of the Lessor Purchase Agreements and the denominator of which shall be the aggregate purchase price of all of the Units pursuant to the provisions of the Lessor Purchase Agreements.

Casualty Values*

<u>Rental</u>	<u>Payment Date</u>	<u>Dollar Amount</u>	<u>Rental</u>	<u>Payment Date</u>	<u>Dollar Amount</u>
August	15, 1987	\$6,296,291	January	15, 1991	\$4,306,913
September	15, 1987	6,253,945	February	15, 1991	4,155,970
October	15, 1987	6,211,177	March	15, 1991	4,095,442
November	15, 1987	6,168,003	April	15, 1991	4,034,306
December	15, 1987	6,124,417	May	15, 1991	3,973,034
January	15, 1988	6,080,409	June	15, 1991	3,911,142
February	15, 1988	6,035,980	July	15, 1991	3,849,091
March	15, 1988	5,991,122	August	15, 1991	3,786,430
April	15, 1988	5,945,841	September	15, 1991	3,723,128
May	15, 1988	5,900,223	October	15, 1991	3,659,704
June	15, 1988	5,854,175	November	15, 1991	3,595,598
July	15, 1988	5,807,781	December	15, 1991	3,530,842
August	15, 1988	5,760,941	January	15, 1991	3,469,705
September	15, 1988	5,713,656	February	15, 1992	3,407,985
October	15, 1988	5,666,015	March	15, 1992	3,345,664
November	15, 1988	5,617,912	April	15, 1992	3,282,751
December	15, 1988	5,569,357	May	15, 1992	3,224,536
January	15, 1989	5,520,429	June	15, 1992	3,165,862
February	15, 1989	5,471,024	July	15, 1992	3,112,034
March	15, 1989	5,421,156	August	15, 1992	3,057,897
April	15, 1989	5,370,801	September	15, 1992	3,003,442
May	15, 1989	5,320,175	October	15, 1992	2,953,983
June	15, 1989	5,269,063	November	15, 1992	2,904,363
July	15, 1989	5,217,671	December	15, 1992	2,854,602
August	15, 1989	5,165,776	January	15, 1993	2,810,008
September	15, 1989	5,113,387	February	15, 1993	2,765,423
October	15, 1989	5,060,695	March	15, 1993	2,720,868
November	15, 1989	5,007,498	April	15, 1993	2,676,360
December	15, 1989	4,953,782	May	15, 1993	2,637,877
January	15, 1990	4,899,755	June	15, 1993	2,599,634
February	15, 1990	4,845,200	July	15, 1993	2,567,612
March	15, 1990	4,790,117	August	15, 1993	2,536,038
April	15, 1990	4,734,499	September	15, 1993	2,504,935
May	15, 1990	4,678,668	October	15, 1993	2,479,416
June	15, 1990	4,622,287	November	15, 1993	2,434,592
July	15, 1990	4,565,692	December	15, 1993	2,386,726
August	15, 1990	4,508,537	January	15, 1994	2,341,709
September	15, 1990	4,450,829	February	15, 1994	2,293,650
October	15, 1990	4,392,878	March	15, 1994	2,242,455
November	15, 1990	4,334,358	April	15, 1994	2,188,061
December	15, 1990	4,275,262	May	15, 1994	2,145,583

*The Casualty Value of each Unit as of any rental payment date shall be an amount equal to the product of (i) the amount set forth in the above schedule opposite such rental payment date and (ii) a fraction, the numerator of which shall be the purchase price of such Unit pursuant to the provisions of the Lessor Purchase Agreements and the denominator of which shall be the aggregate purchase price of all of the Units pursuant to the provisions of the Lessor Purchase Agreements.