

6-257A091

CHICAGO AND



TRANSPORTATION COMPANY

September 10, 1976

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I.C.C. FEE OPERATION BR.
ICG Washington, D.C.
Fee \$ 100.00

File No.: A-9850

BERNARD J. ALLEN
DIANE KOHLER-RAUSCH
ASSISTANT SECRETARIES
DIRECT DIAL NUMBER
312/454-6534

8472
RECORDATION NO. Filed & Recorded

SEP 13 1976 1 20 PM

BY MESSENGER

Interstate Commerce Commission

Washington, D. C. 20423

Attention: Mr. Robert L. Oswald, Secretary

INTERSTATE COMMERCE COMMISSION

8472-X
RECORDATION NO. Filed & Recorded

SEP 13 1976 1 20 PM

Gentlemen:

INTERSTATE COMMERCE COMMISSION

Pursuant to Section 20c of the Interstate Commerce Act, as amended, attached for recordation are two sets of documents each having Counterpart Nos. 1 to 5, both inclusive, of Security Agreement and Lease both dated as of September 10, 1976, covering 24 GP-7 diesel electric locomotives.

The Names and Addresses of the parties to the transactions are as follows:

1. Lease between North Western Leasing Company, 400 West Madison St., Chicago, IL 60606, Owner, and C. & N. W. T. Co., 400 West Madison St., Chicago, IL 60606, Lessee.
2. Security Agreement between North Western Leasing Company, Owner, and Continental Illinois National Bank & Trust Co. of Chicago, Bank, 231 South LaSalle St., Chicago, IL 60693.

Enclosed is check for \$100.00 to cover your recording fees. Please return Counterpart Nos. 1 to 3, inclusive of each agreement, showing your recordation data.

Very truly yours,

Diane Kohler-Rausch
Assistant Secretary

DK:db

Encls.

cc: Robert D. Smith

- R. L. Schardt
- F. E. Cunningham, Attn: H. Labno*
- R. F. Guenther, Attn: J. James*
- M. W. Payette*

D. E. Stockham, Attn: R. S. Brenner*
Arthur Andersen & Co., Attn: J. Voldseth*
Peter D. Horne, VP, Continental Ill.
National Bank & Trust Co. of Chicago
231 S. LaSalle St., Chicago, IL 60693

*With copies Security & Lease Agreements attached

400 WEST MADISON STREET / CHICAGO, ILLINOIS 60606 312/332-2121

Interstate Commerce Commission
Washington, D.C. 20423

9/13/76

OFFICE OF THE SECRETARY

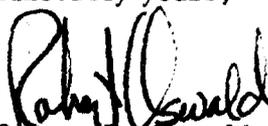
Diane Kohler-Rausch

Chicago & North Western Transp. Co.
400 West Madison Street
Chicago, Illinois 60606

Dear

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on **9/13/76** at **1:30pm** and assigned recordation number(s) **8472 & 8472-A**

Sincerely yours,


Robert L. Oswald
Secretary

Enclosure(s)

SE-30
(5/76)

8472
RECORDATION NO. Filed & Recorded

COUNTERPART
No. 4 of 8

SEP 18 1976 -1 20 PM L E A S E

INTERSTATE COMMERCE COMMISSION

LEASE, dated as of September 10, 1976, between NORTH WESTERN LEASING COMPANY, a Delaware corporation (hereinafter called the "Lessor" or the "Owner") and CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, a Delaware corporation (hereinafter called the "Lessee" or the "Railroad").

WHEREAS, CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO (hereinafter called the "Bank"), the Lessor and the Lessee have entered into an Agreement dated as of August 1, 1976, (hereinafter called the "Bank Agreement"), pursuant to which the Bank, among other things, agreed to make loans to the Lessor and to enter into security agreements evidencing and securing such loans; and

WHEREAS, the Lessor and the Bank have entered into a security agreement dated as of the date hereof (hereinafter called the "Security Agreement") evidencing a loan made or to be made by the Bank to the Lessor pursuant to the Bank Agreement and granting to the Bank a security interest in the equipment described in Schedule A hereto (hereinafter called the "Equipment"); and

WHEREAS, the Lessee desires to lease from the Lessor all the units of the Equipment, at the rentals and for the term and upon the conditions hereinafter provided;

NOW, THEREFORE, in consideration of the recitals hereto and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Equipment to the Lessee upon the following terms and conditions, but subject and subordinate to all the rights and remedies of the Bank under the Security Agreement:

1. Delivery and Acceptance. The Lessor will cause each unit of the Equipment to be delivered to the Lessee under this Lease (hereinafter call this "Lease" or this "Agreement") with freight charges prepaid, at such place or places and at such time or times as the Lessee shall designate. On delivery of each unit of the Equipment hereunder the Lessee will assume with respect thereto the responsibilities and risk of loss.

2. Rentals. The Lessee agrees to pay to the Lessor as rental for the units of the Equipment subject to this Lease rentals in an amount (for each rental payment) equal to one hundred percent (100%) of the amount payable by the Lessor to the Bank on each payment date under subparagraphs (a) and (b) of the first paragraph of the Security Agreement (a copy of which subparagraphs is attached hereto as Schedule B), and

such rentals shall be payable to the Lessor on such payment dates. For purposes of determining such rental, the amount payable by the Lessor to the Bank on each payment date shall be deemed to be the amount which would have been payable by the Lessor on such date if the Lessor had prepaid indebtedness only in amounts equal to the funds required to be deposited with the Bank as provided in the second paragraph of Section 2 of the Security Agreement; and the rental hereunder in respect of any unit of the Equipment shall be deemed to be that portion of each rental payment equal to the amount of such payment multiplied by the ratio having for its numerator the Price of such unit (as shown in Schedule A hereto) and for its denominator the aggregate Price of all the units of the Equipment.

The Lessor irrevocably agrees that all payments provided for in this Lease (including those payments required pursuant to Section 4 hereof) shall be paid for the account of the Lessor, care of the Bank, 231 South La Salle Street, Chicago, Illinois 60690, attention of Loan Division (or to any assignee of the Bank); and, to the extent sufficient therefor and actually paid, shall be applied by the Bank to satisfy the obligations of the Lessor under the Security Agreement.

The Lessee agrees to pay interest at the rate of three-fourths of one percent ($3/4$ of 1%) over the interest rate referred to in subparagraph (b) of the first paragraph of the Security Agreement on all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms of this Lease.

3. Term; Lease Subject to Security Agreement; Lessor's Default. The term of this Lease as to each unit of the Equipment shall begin upon acceptance thereof by the Lessee pursuant to Section 1 hereof and, subject to the provisions of Sections 4 and 14 hereof, and of Section 12 of the Security Agreement, shall terminate on the date on which the final payment of rent in respect thereof is due hereunder. Upon the expiration of the term of this Lease as to any unit of the Equipment, the Lessee will, at its expense, deliver such unit to the Lessor in good order and running condition, normal wear and tear excepted, free of all charges at the point on the line of railroad of the Lessee designated by the Lessor.

All rights and obligations under this Lease and in and to the Equipment are subject to the rights and remedies of the Bank under the Security Agreement. If an Event of Default should occur under the Security Agreement, the Bank may terminate this Lease (or rescind such termination), and take such other action with respect to the Equipment as is provided in the Security Agreement or herein; provided, however,

that if the Lessee is deprived of the use of the Equipment as a result of a default by the Lessor under the Security Agreement and the Lessee is not then in default under this Lease, then all rentals hereunder on the units of Equipment so affected shall abate until the Lessee recovers full control and use of such units. The Lessor shall indemnify and save the Lessee harmless from any and all cost, expense and loss suffered by the Lessee by reason of such default of the Lessor. Subject to the consent of the Bank (which may be evidenced by its execution of the Consent and Agreement which appears below or of any other agreement to that effect satisfactory to the Bank), the Lessee shall have the right to cure such default of the Lessor and all payments made by the Lessee in curing such default shall, if the rentals are not then abated under the terms hereof, be deemed amounts paid as rent hereunder.

4. Lost, Destroyed or Damaged Equipment. In the event that any unit of the Equipment shall be worn out, lost, destroyed or, in the opinion of the Lessee, irreparably damaged or otherwise rendered unsuitable or unfit for use from any cause whatsoever, or shall be requisitioned or taken over by an governmental authority under the power of eminent domain or otherwise (hereinafter called a "Casualty Occurrence") during the term of this Lease, the Lessee shall notify the Lessor within twenty (20) days after it has determined that a unit has suffered a Casualty Occurrence. The Lessee shall, within twenty (20) days of such notification, pay to the Lessor an amount equal to one hundred and thirty per cent (130%) of the amount payable by the Lessor to the Bank in respect of such unit under Section 2 of the Security Agreement, or forty per cent (40%) of the Price of such unit (as shown in Schedule A hereto), whichever is greater, and upon such payment by the Lessee such unit shall be excluded from the term "Equipment" hereunder. The Lessee shall remit to the Lessor the excess, if any, of any damages received by the Lessee for such unit by reason of such Casualty Occurrence, over the amount payable by the Lessee to the Lessor hereunder.

5. Maintenance and Repair. The Lessee will at all times maintain the Equipment in good order and repair at its expense.

6. Compliance with Laws and Rules. During the terms of this Agreement the Lessee will comply in all respects with all applicable laws.

7. Inspections. The Lessor and the Bank shall have the right, by their agents, to inspect the Equipment and the Lessee's records with respect thereto.

8. Possession and Use. The Lessee, so long as it shall not be in default under this Agreement and subject to the provisions of Section 3 hereof, shall be entitled to the possession of the Equipment and the use thereof; and the possession

and use of units of rolling stock shall be upon the lines of railroad owned or operated by the Railroad either alone or jointly with another and whether under lease or otherwise, and upon the lines of railroad owned or operated by any railroad company controlled by or under common control with the Railroad, or over which the Railroad has trackage rights, and also upon connecting and other railroads in the usual interchange of traffic.

9. Prohibition Against Liens. The Lessee will satisfy and discharge any and all sums claimed by any party by, through or under the Lessee or its successors or assigns which, if unpaid, might become a lien or a charge upon the Equipment, or any unit thereof; except that the Lessee 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 opinion of the Bank, adversely affect the security interest or rights of the Bank in or to the Equipment or otherwise under the Security Agreement. Any amounts paid by the Lessor or the Bank in discharge of liens, charges or security interests upon the Equipment for which the Lessee is responsible hereunder shall be repaid by the Lessee upon demand.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

10. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessee in respect of taxes (other than income taxes, gross receipt taxes, franchise taxes, excess profits taxes and similar taxes), which expense the Lessee assumes and agrees to pay on demand, in addition to the rentals and other amounts payable hereunder.

11. Marking of Equipment. The Lessee will cause each unit of the Equipment to be kept numbered with the Railroad's identifying number as set out in Schedule A hereto, and will cause each side of each such unit to be kept plainly, distinctly, permanently and conspicuously marked with the name of the Bank followed by the words "Secured Party" or other appropriate words designated by the Bank, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the security interest of the Bank to the Equipment and its rights under the Security Agreement. The Lessee will replace promptly any such marking, which may be removed, defaced or destroyed. The Lessee will not change the numbers of

any such units except with the consent of the Lessor and in accordance with a statement of new numbers to be substituted therefor, which statement previously shall have been filed with the Lessor by the Lessee and, if such units are rolling stock, shall promptly be filed and recorded by the Lessee with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act.

Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered "Chicago and North Western," or "C.N.W.," or may label the Equipment with the emblem, trademark, or slogan of the Railroad, or may letter the Equipment with the name or initials of any affiliated railroad company which is permitted to use such Equipment as herein-after provided, or may letter it in some other appropriate manner for convenience of identification of the interest of the Lessor and the Railroad therein.

12. Lessee's Indemnities. The Lessee agrees to indemnify and save harmless the Lessor from and against all losses, damages, injuries, liabilities, claims and damages whatsoever, regardless of the cause thereof, and expenses in connection therewith, including counsel fees, arising out of retention by the Bank of its security interest in the Equipment or out of the use and operation thereof by the Railroad during the term of this Lease. This covenant of indemnity shall continue in full force and effect notwithstanding the termination or release of the Bank's security interest, or the termination of this Lease in any manner whatsoever.

13. Assignments. The Lessee will not sell, assign, transfer or otherwise dispose of the Equipment or transfer the right to possession of any unit of the Equipment without first obtaining the written consent of the Lessor, which shall not be unreasonably withheld. An assignment or transfer to the Railroad or to a railroad company or other purchaser which shall acquire or lease all or substantially all the lines of railroad of the Railroad and which, by execution of an appropriate instrument satisfactory to the Lessor, shall assume and agree to perform each and all of the obligations and covenants of the Lessee hereunder, or an assignment by the Lessee to one of the Railroad's wholly owned subsidiary companies, shall not be deemed a breach of this covenant, provided that the Lessee (with binding effect upon successors of the Lessee) agrees not to be released as a primary obligor for the payment when due and payable (whether by acceleration or otherwise) of the rentals due hereunder on the date of any such assignment or transfer.

Subject to the rights of the Bank under the Security Agreement and subject to the provisions of Section 2 hereof, all or any of the rights, benefits and advantages of the Lessor under this Agreement, including the right to receive the payments herein provided to be made by the Lessee, may be assigned by the Lessor and reassigned by any assignee at any time or from time to time.

Upon any such assignment either the assignor or the assignee shall give written notice to the Lessee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall by virtue of such assignment acquire all of the Lessor's right and interest in and to the Equipment, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Lessee of the notification of any such assignment, all payments thereafter to be made by the Lessee hereunder shall, to the extent so assigned, be made to the assignee at the address of the assignee specified in the aforesaid notice.

In the event of any such transfer or assignment, or successive transfers or assignments by the Lessor, of its interest in the Equipment and of its rights hereunder in respect thereof, the Lessee will, whenever requested by such transferee or assignee, change the marking on each side of each unit of the Equipment so as to indicate the title of such transferee or assignee to the Equipment, such marking to bear such words or legend as shall be specified by such transferee or assignee, subject to requirements of the laws of the jurisdictions in which the Equipment shall be operated relating to such marking for use on equipment covered by security agreements with respect to railroad equipment. The cost of marking with respect to the first assignee of the Lessor's rights under this Agreement and with respect to any subsequent assignment will be borne by the assignee.

14. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to-wit:

- (a) The Lessee shall fail to pay in full, when due and payable hereunder, any rental payable by the Lessee as hereinabove provided and such failure shall continue for more than five (5) business days after written notice from the Lessor; or
- (b) The Lessee shall, for more than thirty (30) days after the Lessor shall have demanded in writing performance thereof, fail or refuse to comply with any covenant, agreement, term or provision

of this Agreement on its part to be kept or performed or to make provision satisfactory to the Lessor for such compliance; or

- (c) A proceeding in reorganization, bankruptcy or insolvency is instituted by or against the Lessee or its property and, unless such proceeding is dismissed within sixty (60) days, stayed or otherwise rendered ineffective, the debtor in reorganization or any trustee or receiver appointed therein fails to adopt and become bound by the terms, provisions and conditions of this Agreement within sixty (60) days after such appointment or designation; or the Lessee makes an assignment for the benefit of its creditors; or
- (d) The Lessee shall make or suffer any unauthorized assignment or transfer of the right of possession of any unit of the Equipment;

then at any time after the occurrence of such an event of default 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 right of the Lessee to the 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 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 all or any of such Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Equipment for any purpose whatever, but the Lessor, shall, nevertheless have a right to recover from the Lessee any and all amounts 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 a fraction of which the numerator is such accrued number of days in such full rental period and the denominator is the total number of days in such full rental period)

and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each unit of Equipment, which represents the excess of the present worth, at the time of such termination, 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 over the then present worth of the then fair rental value of such unit for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of the unit during such period, such present worth to be computed in each case on a basis of a rate of 7-1/2% per annum, compounded quarterly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, and (ii) any damages and expenses including reasonable attorney's fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease, other than for the payment of rental.

15. Remedies. In case the Lessor shall rightfully demand possession of the Equipment in pursuance of this Agreement and shall reasonably designate a point or points upon the lines of railroad of the Lessee for the delivery of the Equipment to the Lessor, the Lessee shall, at its own expense, forthwith and in the usual manner, cause the Equipment to be moved to such point or points as shall be designated by the Lessor and shall there deliver the Equipment or cause it to be delivered to the Lessor; and, at the option of the Lessor, the Lessor may keep the Equipment on any of the lines of railroad or premises of the Lessee until the Lessor shall have leased, sold or otherwise disposed of the same, and for such purpose the Lessee agrees to furnish, without charge to the Lessor for rent or storage, the necessary facilities at any point or points selected by the Lessor reasonably convenient to the Lessee. This agreement to deliver the Equipment and to furnish facilities for its storage as hereinbefore provided is of the essence of the agreement between the parties, 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 hereof.

Each and every power and remedy hereby specifically given to the Lessor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Lessor. All such

powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Lessor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein.

The Lessee will pay all reasonable expenses, including attorney's fees, incurred by the Lessor in enforcing its remedies under the terms of this Agreement. In the event that the Lessor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Lessor may recover reasonable expenses, including attorney's fees, and the amount thereof shall be included in such judgment.

In the event of assignments of interest hereunder to more than one assignee, each such assignee shall be entitled to exercise all rights of the Lessor hereunder in respect of the Equipment assigned to such assignee, irrespective of any action or failure to act on the part of any other assignee.

16. Extension Not A Waiver. No delay or omission in the exercise of any power or remedy herein provided or otherwise available to the Lessor shall impair or affect the Lessor's right thereafter to exercise the same. Any extension of time for payment hereunder or other indulgence duly granted to the Lessee shall not otherwise alter or affect the Lessor's rights or the obligations of the Lessee hereunder. The Lessor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the obligations of the Lessee or the Lessor's rights hereunder with respect to any subsequent payments or default therein.

17. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any State, or which by any applicable law of any State would convert this Agreement into any instrument other than a lease, shall as to such State be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any applicable State law may be waived, they are hereby waived by the Lessee to the full extent permitted by law, to the end that this Agreement shall be deemed to be a lease and enforced as such.

18. Recording. The Lessee will cause this Agreement and any assignments hereof or of any interest herein, and any supplements hereto or thereto to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act; and the Lessee will from

time to time do and perform any other act and will execute, acknowledge, deliver, file and record any and all further instruments required by law or reasonably requested by the Lessor for the purpose of proper protection, to the satisfaction of counsel for the Lessor, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Lessee will promptly furnish to the Lessor certificates or other evidences of such filing and recording satisfactory to the Lessor.

19. Payment of Expenses. The Lessee will pay all reasonable costs, charges, and expenses, except the counsel fees of the Lessor and of assignees of this Agreement, and including stamp and other taxes, if any, incident to the printing or other duplicating, execution, acknowledgment, delivery, filing registration or recording of this Agreement, of any instrument supplemental to or amendatory of this Agreement and of any certificate of the payment of the rentals due hereunder.

20. Notice. Any notice hereunder to the Lessee shall be deemed to be properly served if delivered or mailed to the Lessee at 400 West Madison Street, Chicago Illinois 60606, or at such other address as may have been furnished in writing to the Lessor by the Lessee. Any notice hereunder to the Lessor shall be deemed to be properly served if delivered or mailed to the Lessor at 400 West Madison Street, Chicago, Illinois 60606, or at such other address as may have been furnished in writing to the Lessee by the Lessor. Any notice hereunder to any assignee of the Lessor or of the Lessee shall be deemed to be properly served if delivered or mailed to such assignee at such address as may have been furnished in writing to the Lessee or the Lessor, as the case may be, by such assignee.

21. Section Headings. All section headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

22. Effect and Modification of Agreement. This Agreement exclusively and completely states the rights of the Lessor and the Lessee with respect to the Equipment and supercedes all other agreements, oral or written, with respect to such Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and the Lessee.

23. Execution. This Agreement may be simultaneously executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together

shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Although this Agreement is dated for convenience as of the date first above written, 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. Lessee's Option to Purchase. Provided that the Lessee is not in default hereunder, Lessee shall have the following option to purchase:

(a) The Lessee shall have the right to purchase all but not less than all of the Equipment then leased hereunder on the 28th rental payment date at a price equal to the Fair Market Value of such Equipment (as hereafter defined). The Lessee shall give the Lessor written notice of any such election not less than six months prior to the expiration of the term of this Lease. Payment of the Purchase Price shall be made in immediately available funds against delivery of a bill of sale transferring and assigning to the Lessee all right, title and interest of the Lessor in and to such Equipment and containing a warranty against liens or claims of persons claiming by, through or under the Lessor except liens and claims which the Lessee assumed or is obligated to discharge under the terms of the Lease. The Lessor shall not be required to make any representation or warranty as to the condition of such Equipment or any other matters.

(b) The Fair Market Value of the Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession and (ii) a used equipment dealer) under no compulsion to buy and an informed and willing seller under no compulsion to sell. If on or before 90 days prior to the date of purchase the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Value of the Equipment, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term Appraiser shall mean such independent appraiser as the Lessor and the Lessee may mutually agree upon, or failing such agreement, a panel of three independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third designated by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 60 days following appointment, and

shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed and duly attested, all as of the day, month and year first above written.

NORTH WESTERN LEASING COMPANY

By *J. Paul Zane*
Vice President

(SEAL)

ATTEST:

Diane Koller-Rausch
Assistant Secretary

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

By *J. Paul Zane*
Vice President

(SEAL)

ATTEST:

Diane Koller-Rausch
Assistant Secretary

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 10th day of September, 1976
before me personally appeared L. R. Ballin
to me personally known, who, being by me duly sworn, says
that he is the Vice President of NORTH WESTERN LEASING
COMPANY, that one of the seals affixed to the foregoing
instrument is the corporate seal of said corporation, that
said instrument was signed and sealed on behalf of said
corporation by authority of the Board of Directors and he
acknowledged that the execution of the foregoing instrument
was the free act and deed of such corporation.

(NOTARIAL SEAL)

F. J. Bray
Notary Public

My Commission expires:

May 21, 1978

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 10th day of September, 1976
before me personally appeared L. R. Ballin
to me personally known, who, being by me duly sworn, says
that he is a Vice President of the CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY, that one of the seals affixed to the
foregoing instrument is the corporate seal of said corporation,
that said instrument was signed and sealed on behalf of said
corporation by authority of its Board of Directors and he
acknowledged that the execution of the foregoing instrument
was the free act and deed of said corporation.

(NOTARIAL SEAL)

F. J. Bray
Notary Public

My Commission expires:

May 21, 1978

SCHEDULE A

LEASE

Dated as of

September 10, 1976

Between

NORTH WESTERN LEASING COMPANY

and

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY

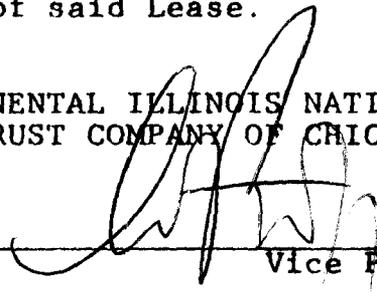
<u>Quantity</u>	<u>Description</u>	<u>Railroad System #</u>	<u>Purchase Price</u>
24	GP-7 Diesel Electric Locomotives	CNW 4355	58,000
		CNW 4356	58,000
		CNW 4357	58,000
		CNW 4358	58,000
		CNW 4359	55,000
		CNW 4360	55,000
		CNW 4361	55,000
		CNW 4362	55,000
		CNW 4363	55,000
		CNW 4364	55,000
		CNW 4365	55,000
		CNW 4366	55,000
		CNW 4367	55,000
		CNW 4368	55,000
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		CNW 4376	55,000
		CNW 4377	55,000
		CNW 4378	55,000
			<u>\$1,332,000</u>

CONSENT AND AGREEMENT

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO (the "Bank") hereby consents and agrees to be bound by the provisions of Section 3 of the foregoing Lease with respect to the right of CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY to cure any default of NORTH WESTERN LEASING COMPANY (the "Lessor") under the Security Agreement between the Lessor and the Bank, dated as of the date of said Lease.

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO

By



Vice President

SECURITY AGREEMENT

KNOW ALL MEN BY THESE PRESENTS, that NORTH WESTERN LEASING COMPANY, a Delaware corporation, with its principal office at 400 West Madison Street, Chicago, Illinois 60606 (hereinafter called the "Owner") having borrowed from and being justly indebted to CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a banking corporation organized under the laws of the United States of America, with an office at 231 South La Salle Street, Chicago, Illinois 60690 (hereinafter called the "Bank"), in the principal sum of One Million Three Hundred Thirty-Two Thousand and no/100 (\$1,332,000) for money loaned the Owner for or in connection with the purchase (and rebuilding or improvement, if any) of certain equipment, HEREBY COVENANTS AND AGREES to repay said principal sum to the Bank, its successors and assigns, with interest, as follows:

- (a) The Owner shall pay said principal sum in twenty-eight (28) substantially equal quarterly installments payable on March 15, June 15, September 15, and December 15 of each year commencing September 15, 1977 to and including June 15, 1984 (subject to the privilege of prepayment as hereinafter provided).
- (b) The indebtedness hereunder for the unpaid balance of said principal sum shall bear interest from the date of borrowing (hereinafter called the "Loan Date"), and the Owner shall pay such interest quarterly on March 15, June 15, September 15, and December 15 of each year (such dates being hereinafter called the "Interest Payment Dates") as follows: (i) on the first Interest Payment Date following such Loan Date, interest accrued from and including such Loan Date to but not including such Interest Payment Date at the rate per annum of one hundred and seven percent (107%) of the Prime Rate (as hereinafter defined) in effect on such Loan Date and (ii) on each Interest Payment Date thereafter, interest accrued from and including the preceding Interest Payment Date at the rate per annum for each quarter or fraction thereof of 107% of the Prime Rate in effect on the preceding Interest Payment Date. The term "Prime Rate" means the rate per annum charged by the Bank for 90 days unsecured commercial loans to large corporate borrowers of the highest credit standing.