



Wisconsin Power & Light Company

Investor-owned Energy

222 West Washington Avenue

P. O. Box 192

Madison, Wisconsin 53701

Phone 608/252-3311

RECORDATION NO. 9122 Filed & Recorded
EXECUTIVE OFFICES

DEC 15 1977-11 05 AM

INTERSTATE COMMERCE COMMISSION

7-349A011

DEC 15 1977

100

RECORDATION NO. 9121 Filed & Recorded

CC Washington DEC 15 1977-11 05 AM

Interstate Commerce Commission
Washington, D.C. 20423

INTERSTATE COMMERCE COMMISSION

Attention: Secretary

Dear Sir:

Enclosed herein for filing and recording, pursuant to Section 20c of the Interstate Commerce Act, are one original and ten executed counterparts of the following:

1. Security Agreement-Trust Deed dated as of November 1, 1977, from First National Bank and Trust Company of Evanston, as Trustee to Mercantile-Safe Deposit and Trust Company; and
2. Equipment Lease dated as of November 1, 1977 between First National Bank and Trust Company of Evanston, as Trustee and Wisconsin Power and Light Company, Wisconsin Public Service Corporation and Madison Gas and Electric Company.

The foregoing documents relate to the purchase and financing of:

285 53' 100-Ton Open-Top Rotary Dump Gondola Coar Cars and bearing the road numbers set forth in Annex A hereto.

Enclosed is a check in the amount of \$100 in payment of the applicable recording fee.

C. Dunlap
C. T. Karp

RECEIVED
DEC 10 59 AM '77
FEDERAL BUREAU OF INVESTIGATION

Please return ten counterparts of the Security Agreement and Equipment Lease, each bearing recordation data with respect to the filing pursuant to Section 20c of said Act, to the bearer of this letter.

For your records the names and addresses of the parties to the enclosed documents are as follows:

DEBTOR-LESSOR: First National Bank and Trust Company
of Evanston, as Trustee
800 Davis Street
Evanston, Illinois 60204
Attention: Vice President
Corporate Trust Dept.

SECURED PARTY: Mercantile-Safe Deposit and Trust Company
Two Hopkins Plaza
Baltimore, Maryland 21203
Attention: Corporate Trust Dept.

LESSEES: Wisconsin Power and Light Company
222 West Washington Avenue
Madison, Wisconsin 53701
Attention: Treasurer

Wisconsin Public Service Corporation
700 North Adams Street
Green Bay, Wisconsin 54301
Attention: Vice President-Finance

Madison Gas and Electric Company
100 North Fairchild Street
Madison, Wisconsin 53701
Attention: Financial Vice President

Very truly yours,

WISCONSIN POWER AND LIGHT COMPANY
WISCONSIN PUBLIC SERVICE CORPORATION
MADISON GAS AND ELECTRIC COMPANY

By WISCONSIN POWER AND LIGHT COMPANY

By 
Senior Vice President

ANNEX A

DESCRIPTION OF EQUIPMENT

MANUFACTURER: Thrall Car Manufacturing Company

DESCRIPTION OF EQUIPMENT: 285 53' 100-ton Open-top Rotary Dump Gondola Coal Cars, bearing identifying numbers WISX 1015 through WISX 1299, both inclusive

SPECIFICATIONS: As per Purchase Order No. 939385 dated May 26, 1977 and more fully described in Schedule A to the Purchase Order Assignment

ESTIMATED AVERAGE PRICE: \$32,500 per Unit of Equipment

ESTIMATED TOTAL PRICE: \$9,262,500 for all 285 Units of Equipment

OUTSIDE DELIVERY DATE: December 31, 1977

DELIVER TO: Wisconsin Power and Light Company, Wisconsin Public Service Corporation and Madison Gas and Electric Company

PLACE OF DELIVERY: On trackage of Chicago, Milwaukee, St. Paul and Pacific Railroad Company near Poynette, Wisconsin

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

12/15/77

Wisconsin Power & Light Co.
222 West Washington Avenue
Madison, Wisconsin 53701

Dear

Sir:
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 _____ at _____,
and assigned recordation ~~12/15/77~~ (s)

11:05am

~~SECRETARY~~


H.G. Homme, Jr.
Acting Secretary

Enclosure(s)

SE-30-T
(6/77)

9121

RECORDATION NO. Filed & Recorded

DEC 15 1977-11 02 AM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE

Dated as of November 1, 1977

BETWEEN

FIRST NATIONAL BANK AND TRUST COMPANY OF EVANSTON

as Trustee
LESSOR

AND

WISCONSIN POWER AND LIGHT COMPANY
WISCONSIN PUBLIC SERVICE CORPORATION
MADISON GAS AND ELECTRIC COMPANY

LESSEES

(Columbia Trust No. 77-1)
(285 Open-top Rotary Dump Gondola Coal Cars)

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ATTACHMENTS TO EQUIPMENT LEASE:

- EXHIBIT A -- Certificate of Acceptance
- SCHEDULE A -- Description of Equipment
- SCHEDULE B -- Schedule of Casualty Value
- SCHEDULE C -- Schedule of Termination Value

EQUIPMENT LEASE dated as of November 1, 1977 between FIRST NATIONAL BANK AND TRUST COMPANY OF EVANSTON, as Trustee (hereinafter, together with its successors and assigns, called the Lessor) under a Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement) with CHEMLEASE WORLDWIDE, INC. (hereinafter called the Beneficiary), and WISCONSIN POWER AND LIGHT COMPANY, a Wisconsin corporation, WISCONSIN PUBLIC SERVICE CORPORATION, a Wisconsin corporation, and MADISON GAS AND ELECTRIC COMPANY, a Wisconsin corporation (hereinafter called collectively the Lessees and individually a Lessee).

WHEREAS, the Lessor and the Lessees have entered into a Participation Agreement dated as of the date hereof (hereinafter called the Participation Agreement) with the Beneficiary, Mercantile-Safe Deposit and Trust Company, as security trustee (hereinafter called the Security Trustee), and the institutional investors named in Schedule 1 thereto (hereinafter called the Note Purchasers), providing for the advance by the Beneficiary to the Lessor on the Closing Date (as therein defined) of 30.949563% of the Purchase Price (as therein defined) of the railroad equipment described in Schedule A attached hereto (hereinafter called the Equipment) not to exceed \$4,000,000 and for the issue and sale by the Lessor and the purchase by the Note Purchasers of the Lessor's Secured Notes (hereinafter called the Notes) in an amount equal to the balance of the Purchase Price of the Equipment not to exceed \$7,035,376.40;

WHEREAS, the Lessor and Wisconsin Power and Light Company, as agent for the Lessees, have entered into a Purchase Order Assignment dated as of the date hereof (hereinafter called the Purchase Order Assignment), providing for the assignment by Wisconsin Power and Light Company to the Lessor of the rights (but not the obligations) of Wisconsin Power and Light Company to purchase the Equipment from Thrall Car Manufacturing Company (hereinafter called the Manufacturer);

WHEREAS, the Lessees desire to lease all the units of Equipment, or such lesser number which are delivered, accepted and settled for hereunder and under the Participation Agreement, at the rentals, for the terms and upon the conditions hereinafter stated (such number of Units as are delivered, accepted and settled for hereunder and under the Participation Agreement being hereinafter collectively called the Units and individually a Unit); and

WHEREAS, in order to provide security for the payment of the Notes and as an inducement to the Note Purchasers to purchase the Notes, the Lessor will, concurrently with its execution and delivery of this Lease, enter into a Security Agreement-Trust Deed dated as of the date hereof (hereinafter called the Security Agreement) assigning to the Security Trustee for security purposes its right, title and interest in and to the Units, this Lease and the rentals and certain other sums due and to become due under this Lease;

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

Section 1. Net Lease. This Lease is a net lease and the Lessees shall not be entitled to any abatement of rent, reduction thereof or set-off against rent, including, but not limited to, abatements, reductions or set-offs due or alleged to be due by reason of any past, present or future claims of the Lessees against the Manufacturer or against the Lessor or the Beneficiary under this Lease or under the Participation Agreement; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessees 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 taking or requisitioning of the Equipment by condemnation or otherwise, the prohibition of or other restriction against the Lessees' 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 the bankruptcy, reorganization or similar proceeding against any of the Lessees, 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 Lessees 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 Lessees hereby waive any and all rights which they may now have or which at any time hereafter may be conferred upon them, 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 Lessees hereunder shall be final, and the Lessees shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

Section 2. Delivery, Inspection and Acceptance of Units. The Lessor hereby appoints the Lessees as its agents for the inspection and acceptance of, and the approval of all invoices relating to, the Units pursuant to the Purchase Order Assignment. The Lessor will cause each Unit to be delivered to the Lessees at the point or points within the United States of America specified in Schedule A attached hereto or at such other point or points as the Lessor and the Lessees may agree. Upon such delivery, the Lessees will cause an employee of one of the Lessees or an authorized representative of the Lessees to inspect the same and, if such Unit is found to be acceptable, to accept delivery of such Unit and execute and deliver to the Lessor and

the Manufacturer a certificate of acceptance (hereinafter called a Certificate of Acceptance), substantially in the form of Exhibit A attached hereto and made a part hereof; provided, however, that the Lessees shall not accept for the account of the Lessor under this Lease and the Lessor shall have no obligation to lease any Unit of Equipment (i) delivered after the Outside Delivery Date set forth in Schedule A hereto or (ii) delivered prior to the satisfaction of all the conditions specified in Section 4 of the Participation Agreement or (iii) delivered at a time when the aggregate Purchase Price (as defined in the Participation Agreement) of the Units of Equipment theretofore and then being delivered exceeds \$10,188,750. The Lessees' execution and delivery to the Lessor of a Certificate of Acceptance with respect to each Unit shall conclusively establish that, as between the Lessor and the Lessees, without limiting or otherwise affecting the Lessees' or the Lessor's rights, if any, against the Manufacturer, each Unit is acceptable to and accepted by the Lessees under this Lease, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that each Unit is in good order and condition and appears to conform to the specifications applicable thereto and under all applicable United States Department of Transportation and Interstate Commerce Commission requirements and specifications, if any. The Lessees hereby represent and warrant to the Lessor that no Unit of Equipment has been placed in service earlier than the Closing Date (as defined in the Participation Agreement).

Section 3. Rentals. The Lessees agree to pay the Lessor, for each Unit, 32 consecutive semiannual installments of rental (hereinafter called the Rental), payable in arrears, each installment in an amount equal to 4.527727% of the Purchase Price of such Unit. The amount of each installment of Rental payable hereunder is subject to adjustment pursuant to the provisions of the Indemnity Agreement; provided, however, that no such adjustment shall reduce the amount of each installment of Rental below that which is necessary to satisfy the obligations of the Lessor on the Notes.

The installments of Rental for each Unit shall be due and payable semiannually on the sixteenth day of each January and July commencing July 16, 1978 to and including January 16, 1994. If any of the rental payment dates is not a business day, the rent payment otherwise payable on such date shall be payable on the next succeeding business day. For purposes of this Lease, the term "business day" means calendar days excluding Saturdays, Sundays and holidays on which banks in the State of Illinois, Maryland or Wisconsin are authorized or required to close.

The Lessor irrevocably instructs the Lessees to make all payments [other than (i) payments owing to the Lessor or the Beneficiary pursuant to Section 6, the last paragraph of Section 7 (with respect to public liability insurance), and the fifth paragraph of Section 10 or (ii) payments due or becoming due following the payment in full of all principal and interest on the

Notes of the Lessor issued pursuant to the Participation Agreement, which payments shall be made directly to the Lessor or the Beneficiary at such place and in such manner as the Lessor shall specify to the Lessees in writing] provided for in this Lease at the principal office of the Security Trustee, for the account of the Lessor, payable to the Security Trustee, with instructions to the Security Trustee, first, to apply such payments to satisfy the obligations of the Lessor in respect of the Notes known to the Security Trustee to be due and payable on the dates such payments are due and payable hereunder and second, so long as no Event of Default hereunder or under the Security Agreement shall have occurred and be continuing, to pay any balance promptly to the Beneficiary at such place as the Beneficiary shall specify in writing, unless and until the Beneficiary shall otherwise direct the Security Trustee in writing. The Lessees agree to make each payment provided for herein as contemplated by this Section in Federal Reserve or other immediately available funds in the city where such payment is to be made.

Section 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of Sections 7, 8, 11 and 14, shall terminate on the date on which the final payment of rent in respect thereof is due pursuant to Section 3.

Section 5. Identification Marks. The Lessees will cause each Unit to be kept numbered with an identifying number as set forth in Schedule A hereto, or in the case of any Unit not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "Owned by a Bank or Trust Company under a Financing Agreement recorded with the Interstate Commerce Commission under Section 20c of the Interstate Commerce Act" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's and the Security Trustee's title to and property in such Unit and the rights of the Lessor under this Lease and of the Security Trustee under the Security Agreement. The Lessees will not place any such Unit in operation or exercise any control or dominion over the same until such markings shall have been made thereon and will replace promptly any such markings which may be removed, defaced or destroyed. The Lessees will not change the identifying number of any Unit unless and until (i) a statement of a new number or numbers to be substituted therefor shall have been filed with the Security Trustee and the Lessor and filed, recorded, registered and deposited by the Lessees in all public offices where this Lease and the Security Agreement shall have been filed, recorded, registered and deposited and (ii) the Lessees shall have furnished the Security Trustee and the Lessor an opinion of counsel for the Lessees with respect thereto satisfactory to the Security Trustee and the Lessor.

Except as provided in the immediately preceding paragraph, the Lessees 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 Units may be lettered with the names or initials or other insignia customarily used by any of the Lessees.

Section 6. Taxes. All payments to be made by the Lessees hereunder will be free of expense to the Lessor and the Security Trustee for collection or other charges and will be free of expense to the Lessor, the Beneficiary, the Security Trustee and the Note Purchasers with respect to the amount of any local, state, federal or foreign taxes, license fees, assessments, charges, fines and penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called collectively Impositions) hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title to the Units or otherwise under the terms hereof or the Purchase Order Assignment, all of which Impositions the Lessees assume and agree to pay on demand in addition to the other payments to be made by them provided for herein and from and against which the Lessees agree to indemnify, protect, defend, save and keep harmless on an after-tax basis the Lessor, the Beneficiary and the Security Trustee; provided, that the foregoing agreement to pay Impositions shall not apply to the following, which shall not be deemed Impositions:

(i) federal income (including the minimum tax for tax preferences or any withholding tax) or other taxes, fees or charges (other than taxes, fees or charges arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Lease or the Indemnity Agreement) imposed by the United States of America on, or based on or measured directly by, the net income of the Lessor, and, to the extent that the Lessor can utilize as a credit or to the extent of the benefit of any deduction against its federal income taxes with respect to any such tax, fee or charge, any foreign income tax, fee or charge provided, however, that in determining whether the Lessor can utilize credit for any foreign tax, it shall be assumed that credit is received for all other foreign taxes claimed as credits for the taxable year in question before credit is received for any foreign taxes indemnified hereunder which are claimed as credits for such year;

(ii) state and local taxes imposed on the Lessor which are (a) taxes on engaging in business activities, employing capital or doing business or the privilege of doing business (whether or not imposed on, or based on or measured directly by, net income) or (b) imposed in whole or in part in lieu of, or as a substitute or

alternate for, a tax described in subclause (a) of this clause (ii), but only to the extent such taxes do not exceed the aggregate state and local taxes that would be payable by the Lessor with respect to this Lease to the jurisdiction in which the Lessor has its principal place of business without apportionment to any other jurisdiction; or

(iii) any taxes, fees or other charges incurred by reason of any transfer by the Lessor of any interest in the Units or any of them, the Trust Agreement or the Trust Estate (as defined in the Trust Agreement) while no Event of Default (as defined in Section 11) has occurred and is continuing.

The Lessees will also pay promptly all Impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom (except as provided above in this Section 6) or upon the Lessor or the Beneficiary solely by reason of its ownership thereof or upon the Security Trustee or the Note Purchasers by reason of the Security Trustee's security interest therein and will keep at all times all and every part of each Unit free and clear of all Impositions which might in any way affect the title of the Lessor or result in a lien upon any such Unit; provided, however, that the Lessees shall be under no obligation to pay any Imposition so long as they are contesting in good faith and by appropriate legal proceedings such Imposition and the nonpayment thereof does not, in the opinion of the Lessor, adversely affect the title, property or rights of the Lessor in or to the Units or hereunder or the Security Trustee under the Security Agreement. If any Imposition shall have been charged or levied against the Lessor, the Beneficiary, the Security Trustee or the Note Purchasers directly and paid by any of them, the Lessees shall reimburse the appropriate party upon presentation of an invoice therefor with interest thereon for the period, if any, from five business days after such presentation to the date of such reimbursement at a rate per annum equal to the greater of (i) 9-1/4%, or (ii) 125% of the rate from time to time charged by Chemical Bank to its most credit-worthy corporate borrowers.

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

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

Section 7. Payment for Casualty Occurrences; Insurance.

In the event that any Unit shall be or become worn out, lost, stolen, destroyed, irreparably damaged from any cause whatsoever during the term of this Lease or any renewal term hereof or until such Unit is returned pursuant to Section 12 or 15 hereof, or any Unit shall be taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of this Lease or by any other governmental entity resulting in loss of possession by the Lessees for a period of 90 consecutive days during the term of this Lease or during any renewal term hereof (such occurrences being hereinafter called Casualty Occurrences), the Lessees shall promptly and fully notify the Lessor and the Security Trustee with respect thereto. When five or more Units shall have suffered a Casualty Occurrence and in any event after the close of each calendar year during which any Unit shall have suffered a Casualty Occurrence (exclusive in each case of Units having suffered a Casualty Occurrence with respect to which payment shall have been made to the Lessor pursuant to this Section 7), on the rental payment date next succeeding (or in the case of any Casualty Occurrence prior to January 16, 1978, on January 16, 1978) the Lessees shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Unit or Units due and payable on such date, plus a sum equal to the Casualty Value (as hereinafter defined) of such Unit or Units as of the date of such payment. Upon (but not prior to) the making of such payment by the Lessees in respect of any Unit, the rental for such Unit shall thereafter cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessees as its agents to dispose of any Unit suffering a Casualty Occurrence or any component thereof at the best price obtainable on an "as is, where is," basis. Any net proceeds resulting from such disposition received by the Lessor in respect of Units suffering a Casualty Occurrence shall be deducted from the amounts payable by the Lessees to the Lessor in respect of Casualty Occurrences pursuant to this Section 7. If the Lessees shall have previously paid the Casualty Value to the Lessor, the Lessees shall be entitled to the proceeds of such sale to the extent that such proceeds do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

In the event of the requisition for use by any governmental entity which does not constitute a Casualty Occurrence pursuant to the first paragraph of this Section 7, all of the Lessees' obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred. So long as no Event of Default shall have occurred and be continuing under this Lease and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, could constitute an Event of Default hereunder, the Lessees shall be entitled to receive and retain for their own account all sums payable for any such period by such governmental

authority as compensation for requisition or taking of possession up to an amount equal to the rental paid or payable hereunder for such period, and the balance, if any, shall be payable to and retained by the Lessor as its sole property.

Subject to adjustment (and the limitations on such adjustment with respect to amounts owing on the Notes) pursuant to the provisions of the Indemnity Agreement, the "Casualty Value" of each Unit as of the rental payment date on which payment is to be made as aforesaid (or in the case of any Casualty Occurrence prior to January 16, 1978, as of January 16, 1978) shall be that percentage of the Purchase Price of such Unit as is set forth in the Schedule of Casualty Value attached hereto as Schedule B opposite such date of payment.

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

The Lessees will, at all times while this Lease is in effect, at their own expense, cause to be carried and maintained with nationally recognized insurance carriers property insurance in respect of the Units at the time subject hereto, and public liability insurance, in each case in amounts and against risks customarily insured against by utility companies on similar equipment, and in any event in amounts and against risks customarily insured against by the Lessees on similar equipment owned or leased by the Lessees; provided, however, that the Lessees will be permitted to self-insure to the extent they self-insure property of a similar nature to the Units and to the extent consistent with prudent industry practice. All such insurance shall cover the interest of the Lessor, the Lessees, the Beneficiary and the Security Trustee in the Units or, as the case may be, shall protect the Lessor, the Beneficiary and the Lessees in respect of risks arising out of the condition, maintenance, use or operation of the Units and shall provide that losses, if any, in respect of the Equipment shall be made payable to the Lessor, the Lessees, the Beneficiary and the Security Trustee as their respective interests may appear. In addition, with respect to all public liability insurance, the Lessees shall cause each policy to provide, and the insurer issuing such policy shall certify to the Security Trustee and the Lessor as follows: (1) the Lessor, as owner and lessor of the Equipment, the Beneficiary and the Security Trustee are named as additional insureds as their respective interests may appear, (2) if the insurer cancels or materially changes such insurance for any reason whatsoever, or the same is allowed to lapse for nonpayment of premium, such cancellation, material change or lapse shall be ineffective (without liability for additional premium on the part of the Lessor, the Beneficiary or the Security Trustee) as to the Lessor, the Beneficiary and the Security Trustee for 30 days after receipt by the Lessor, the Beneficiary and the Security Trustee of notice from such insurer of such cancellation, material change or lapse, and (3) in respect of the interest of the Lessor, the Beneficiary and the Security Trustee in such policy, the insurance shall not be invalidated by any action

or inaction of any of the Lessees or any other person (other than of the Lessor, the Security Trustee or the Beneficiary, as the case may be) and shall insure the interest of the Lessor, the Beneficiary and the Security Trustee regardless of any breach or violation by any of the Lessees of any warranties, declarations or conditions contained in such policy. Any net insurance proceeds resulting from insurance carried by the Lessees received by the Lessor in respect of Units suffering a Casualty Occurrence shall be deducted from the amounts payable by the Lessees to the Lessor in respect of Casualty Occurrences pursuant to this Section 7. If the Lessor shall receive any such net insurance proceeds or condemnation payments after the Lessees shall have made payments pursuant to this Section 7 without deduction for such net insurance proceeds or such condemnation payments, the Lessor shall pay such net insurance proceeds or condemnation payments to the Lessees up to an amount equal to the Casualty Value with respect to a Unit paid by the Lessees unless an Event of Default or other event which, with notice, demand and/or lapse of time, would constitute such an Event of Default shall have occurred and be continuing, in which case the amount otherwise payable to the Lessees may be retained by the Lessor and applied to discharge the liabilities of the Lessees under Section 11. The balance of such net insurance proceeds or condemnation payments shall remain the property of the Lessor. All net insurance proceeds received by the Lessor or the Lessees with respect to a Unit not suffering a Casualty Occurrence shall be applied in payment of the cost of repairing the damage to such Unit, and any balance remaining after the completion of such repairs shall be paid to the Lessees unless an Event of Default or other event which, with notice, demand and/or lapse of time, would constitute an Event of Default shall have occurred and be continuing, in which case the amount otherwise payable to the Lessees may be retained by the Lessor and applied to discharge the liabilities of the Lessees under Section 11.

Section 8. Voluntary Termination. Provided that no Event of Default or other event which, with notice, demand and/or lapse of time, would constitute an Event of Default shall have occurred and be continuing hereunder, and in the event that all (but not less than all) of the Units of Equipment shall, in the good faith judgment of the Lessees, have become obsolete or economically unserviceable to the operation of the Lessees, then the Lessees may at their option, upon not less than 180 days' prior written notice to the Lessor and the Security Trustee, terminate this Lease with respect to such Equipment on the twentieth (20th) rental payment date or on any rental payment date thereafter (the "Termination Date") during the original term of this Lease upon payment to the Lessor of an amount equal to the sum of (a) the Termination Value (as hereinafter defined) of such Equipment computed as of the date of such payment, (b) the installment of Rental then due in respect of such Equipment, and (c) all other sums due and payable under this Lease as of such date. Such written notice shall designate the date on which termination is intended to become effective through such payment. Such notice shall also be accompanied by (i) a certified copy of resolutions adopted by the Board of

Directors of each of the Lessees with respect to such determination and (ii) a certificate of the President or any Vice President and Treasurer of Wisconsin Power and Light Company, as agent for all of the Lessees, to the Lessor and the Security Trustee setting forth a summary of the basis of such determination. For purposes of this Section 8, (i) interest rates payable by the Lessees for their indebtedness for borrowed money or finance charges payable by the Lessees in connection with the acquisition of their equipment under conditional sales contracts, leases or other arrangements for deferred payment shall be disregarded in the determination of economic unserviceability, and (ii) subject to adjustment (and the limitations on such adjustment with respect to amounts owing on the Notes) pursuant to the provisions of the Indemnity Agreement, the "Termination Value" of each Unit as of the rental payment date on which payment is to be made as aforesaid shall be that percentage of the Purchase Price of such Unit as is set forth in the Schedule of Termination Value attached hereto as Schedule C opposite such date of payment.

During the period from the giving of such notice until the Termination Date the Lessees, as agents for the Lessor, shall use their best efforts to obtain bids for the purchase of such Equipment. The Lessees shall certify to the Lessor in writing at the time the Lessees receive each bid the amount thereof and the name and address of the party (who shall not be any of the Lessees or any person, firm or corporation affiliated with any of the Lessees) submitting such bid. For purposes of this Section 8, an "affiliate" of a Lessee shall mean any person which possesses, directly or indirectly, the right to vote at least 20% of the voting securities of such Lessee, and any person which, directly or indirectly, controls or is controlled by or is under common control with such Lessee, and "control" (including "controlled by" and "under common control with"), as used with respect to any person, shall mean the possession, directly or indirectly, of the power to direct or control the direction of the management and policies of such persons, whether through the ownership of voting securities, by contract or otherwise. On the Termination Date, the Lessor shall sell such Equipment for cash to the bidder named in the highest bid certified by the Lessees to the Lessor, or otherwise obtained by the Lessor, against receipt of cash in the amount of such bid and the amount of any payment from the Lessees required by the next sentence, and transfer to the purchaser all of the Lessor's right, title and interest in and to such Equipment AS-IS, WHERE-IS, free and clear of all liens and encumbrances created by the Lessor. If the net sale price (after deducting all reasonable out-of-pocket expenses incurred by the Lessor in connection with such sale) of such Equipment realized at such sale shall be less than the Termination Value of such Equipment computed as of such date and all Rental then due and other sums due and payable under this Lease (including the installment of Rental due on the Termination Date), the Lessor shall retain the entire net sale price and the Lessees shall pay to the Lessor in cash the excess of such Termination Value and all Rental then due and other sums due and payable under this Lease, over such net

sale price, and thereupon this Lease shall terminate, except as otherwise herein set forth, and no further Rental shall be payable. If the net sale price of such Equipment computed as of such date exceeds the Termination Value and all Rental then due and other sums due and payable under this Lease, the Lessor shall retain the entire net sales price (including the amount of such excess) and thereupon this Lease shall terminate, except as otherwise herein set forth, and no further Rental shall be payable. The Lessor may, but shall be under no duty to, solicit bids, inquire into the efforts of the Lessees to obtain bids or otherwise take any action in connection with arranging any such sale.

Section 9. Reports. On or before March 31 in each year, commencing with the year 1978, the Lessees will furnish to the Lessor and the Security Trustee 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 which have suffered a Casualty Occurrence (specifying the date of such Casualty Occurrence) or are then undergoing repairs (other than running repairs) or which have been withdrawn from use pending repairs (other than running repairs) during the preceding calendar year and such other information regarding the condition and state of repair of the Units as the Lessor or the Security Trustee may reasonably request, (b) stating that, in the case of all Units repaired or repainted during the period covered by such statement, the numbers and markings required by Section 5 have been preserved or replaced, and (c) showing the amount, description and numbers of the Units being subleased as permitted hereunder (including the name of any such permitted sublessee and the term of any such permitted sublease), and in the case of each such sublease not theretofore disclosed in an annual report, attaching a reproduction copy of such sublease agreement. The Lessor shall have the right, by its agents, to inspect the Units and the Lessees' records with respect thereto at such reasonable times as the Lessor may request during the term of this Lease.

Section 10. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification. NEITHER THE LESSOR NOR THE BENEFICIARY MAKES ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEES HEREUNDER, AND NEITHER THE LESSOR NOR THE BENEFICIARY MAKES ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, it being agreed that all such risks, as between the Lessor and the Lessees, are to be borne by the Lessees; but the Lessor hereby irrevocably appoints and constitutes the Lessees as its agents and attorneys-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 Lessees, as their interests may appear, at the Lessees' sole cost and expense, whatever claims and rights the Lessor may have as the owner of the Units against any manufacturers or contractors thereof.

The Lessees agree, for the benefit of the Lessor and the Security Trustee, to comply in all respects with all laws (including, without limitation, laws with respect to the use, maintenance and operation of each Unit) of the jurisdictions in which operations involving the Units 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 or addition of or to any part of any Unit, the Lessees will conform therewith at their own expense; provided, however, that the Lessees may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or the Security Trustee, adversely affect the property or rights of the Lessor or the Security Trustee under this Lease or under the Security Agreement.

The Lessees, at their own cost and expense, shall maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an accession thereto as hereinbelow provided) in good operating order, repair and condition, ordinary wear and tear excepted.

Except as required by the provisions of the second and third paragraphs of this Section 10, the Lessees shall not modify any Unit without the prior written approval and authority of the Lessor which shall not be unreasonably withheld. Any parts installed or replacements made by the Lessees upon any Unit pursuant to the second paragraph of this Section 10 or pursuant to its obligation to maintain and keep each Unit in good order, condition and repair under the third paragraph of this Section 10 shall be considered accessions to such Unit and title thereto shall be immediately vested in the Lessor without cost or expense to the Lessor. The Lessees shall make no other additions or improvements to any Unit unless the same are readily removable without causing material damage to such Unit. If the Lessees shall at their cost cause such readily removable additions or improvements to be made to any Unit, the Lessees agree that they will, prior to the return of such Unit to the Lessor hereunder, remove the same at their own expense without causing material damage to such Unit. Title to any such readily removable additions or improvements shall remain with the Lessees.

The Lessees shall defend, indemnify and save harmless the Lessor, the Beneficiary, the Security Trustee and the Note Purchasers and their respective successors, assigns, agents and servants (the "Indemnified Parties"), from and against: (a) any and all loss or damage of or to the Units, ordinary wear and tear excepted, and (b) any claim, cause of action, suit, penalty, judgment, damages, liability, cost or expense (including, without limitation, counsel fees and costs in connection therewith) which may be incurred in any manner by or for the account of any of them

(i) relating to the Units or any part thereof, including, without limitation, the construction, purchase, delivery, rejection, possession, condition, sale, installation, ownership, leasing or return of the Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessor or by the Lessees), (ii) by reason or as the result of any act or omission of the Lessees for themselves or as agents or attorneys-in-fact for the Lessor hereunder, (iii) as a result of claims for patent infringements relating to the Units or the possession, operation or use thereof, (iv) as a result of claims for negligence or strict liability in tort or as a result of damage to property or injury or death to any person in any way relating to, or arising out of, the Units or the leasing, ownership, possession, operation or use thereof, (v) any violation of any provision of any agreement, law, rule, regulation, ordinance or restriction, affecting or applicable to the Units or the leasing, ownership, use, operation or maintenance thereof, or (vi) any claim arising out of the entering into or the performance of the Participation Agreement, the Purchase Order Assignment, the Indemnity Agreement or the Security Agreement, except to the extent that such claim arises from a wrongful act or omission of the Indemnified Party seeking indemnification hereunder. The indemnities and assumptions of liability contained in this paragraph shall continue in full force and effect notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any one or more Units, whether by expiration of time, by operation of law or otherwise; provided, however, that such indemnities and assumptions of liability shall not apply in respect of any matters referred to in subsection (a) or clause (i), (ii), (iv), (v) or (vi) of subsection (b) of this paragraph in which the incident giving rise to the claim, cause of action, suit, penalty, judgment, damages, liability, cost or expense occurs after the termination of this Lease, except for any such matters in which such incident occurs after the termination arising in connection with the Lessees' assembling, delivering, storing or transporting of the Units as provided in Section 12 or 15, as the case may be. All payments hereunder shall be made directly to the Indemnified Party. The Lessees shall be obligated under this Section 10, irrespective of whether any Indemnified Party shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Party seeking to enforce the indemnification may proceed directly against the Lessees under this Section 10 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemnified Party in connection with any claim indemnified against hereunder, the Lessees may and, upon such Indemnified Party's request, will at the Lessees' expense resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessees and approved by such Indemnified Party, as the case may be, and, in the event of any failure by the Lessees to do so, the Lessees shall pay all costs and expenses (including, without limitation, attorneys' fees and expenses) incurred by such Indemnified Party in connection with such action, suit or

proceeding. In the event the Lessees are required to make any payment under this Section 10, the Lessees shall pay such Indemnified Party an amount which, after deduction of all taxes required to be paid by such Indemnified Party in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as determined in the sole discretion of the Indemnified Party), shall be equal to the amount of such payment. The Lessees and each Indemnified Party agree to give each other, promptly upon obtaining knowledge thereof, written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities as contained in this Section 10 by the Lessees, and provided that no Event of Default (or other event which with lapse of time or notice, or both, would constitute an Event of Default) shall have occurred and be continuing, the Lessees shall be subrogated to any right of such Indemnified Party in respect of the matter against which indemnity has been given. The indemnities and assumptions of liabilities set forth in this paragraph do not constitute a guaranty of a residual value in the Units nor a guaranty of payment of the Notes.

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

Section 11. Default. If during the continuance of this Lease one or more of the following events (each such event being hereinafter sometimes called an "Event of Default") shall occur:

(A) default shall be made in payment of any part of the rental or other sums provided in Section 3, Section 7 or Section 8, and such default shall continue for five days;

(B) the Lessees shall make or permit any unauthorized assignment or transfer of this Lease or of possession of the Units, or any thereof;

(C) any representation or warranty made by the Lessees herein, in the Participation Agreement, the Purchase Order Assignment or in any certificate or statement furnished to the Lessor or the Beneficiary pursuant to or in connection with any such agreements proves untrue in any material respect as of the date of issuance or making thereof;

(D) default shall be made in the observance or performance of any other of the covenants,

conditions and agreements on the part of the Lessees contained herein or in the Participation Agreement, the Purchase Order Assignment and the Indemnity Agreement (other than the payment of money), and such default shall continue for 30 days after written notice from the Lessor to the Lessees specifying such default and demanding that the same be remedied;

(E) any proceedings shall be commenced by or against any of the Lessees for any relief under any bankruptcy or insolvency law, or any law relating to the relief of debtors, readjustment of indebtedness, reorganization, arrangement, composition or extension, and, if such proceedings have been commenced against any of the Lessees, such proceedings shall not have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue) within 60 days after such proceedings shall have been commenced, or any of the Lessees shall become insolvent or bankrupt or shall make a general assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due, or a trustee or receiver is appointed for any one of the Lessees, or for the major part of the property of any one of the Lessees and is not discharged within 60 days after such appointment; or

(F) default shall be made in payment of any part of the indemnities or other sums provided in the fifth paragraph of Section 10 hereof or in the Indemnity Agreement, and such default shall continue unremedied for five days after written notice from the Lessor to the Lessees specifying such default and demanding that the same be remedied;

then, in any such case, the Lessor, at its option, may:

(1) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessees of the applicable covenants of this Lease or to recover damages for the breach thereof, including reasonable attorneys' fees; or

(2) by notice in writing to the Lessees, terminate this Lease, whereupon all right of the Lessees to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessees shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessees or other premises where any of the Units may be located and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessees, or their

successors or assigns, to use the Units for any purpose whatever, but the Lessor shall, nevertheless, have a right to recover from the Lessees 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 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 Lessees (i) 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 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 such Unit during such period, such present worth to be computed in each case on a basis of a 4.5% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, or (y) an amount equal to the excess, if any, of the Casualty Value of such Unit as of the rent payment date on or immediately preceding the date of termination over the amount the Lessor reasonably estimates to be the Fair Market Value thereof at such time; provided, however, that in the event the Lessor shall have sold any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessees pursuant to the preceding clauses (x) and (y) of this part (i) with respect thereto may, if it shall so elect, demand that the Lessees pay the Lessor and the Lessees shall pay to the Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value of such Unit as of the rent payment date on or immediately preceding the date of termination over the net proceeds of such sale, and (ii) any damages and expenses, other than amounts to be paid pursuant to subclause (i) above, in addition thereto, including reasonable attorneys' fees, which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease.

For purposes of this Section 11, the Fair Rental Value for any Unit shall be determined in the appraisal arrangement specified in Section 14 hereof and the Fair Market Value for any Unit shall be determined in a similar manner with appropriate adjustments for sale rather than rental, with any appraisal expense to be borne by the

Lessees; provided, that any sale in a commercially reasonable manner of any Unit prior to any such determination shall conclusively establish the Fair Market Value of such Unit and any rental in a commercially reasonable manner of any Unit prior to any such determination shall conclusively establish the Fair Rental Value of such 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 Lessees hereby waive any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessees hereby waive any and all existing or future claims of any right to assert any offset against the rent payments due hereunder, and agree to make the rent payments regardless of any offset or claim which may be asserted by the Lessees on their behalf in connection with the lease of the Units.

The failure of the Lessor to exercise the rights granted it hereunder upon any 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.

Section 12. Return of Units Upon Default. If this Lease shall terminate pursuant to Section 11, the Lessees shall forthwith deliver possession of the Units to the Lessor and shall:

(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 on any lines of railroad or premises approved by the Lessor until such Units have been sold, leased or otherwise disposed of by the Lessor; and

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

Each Unit returned to the Lessor pursuant to this Section 12 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessees, reasonable wear and tear and modifications, if any, permitted by this Lease, excepted, (ii) have attached or affixed thereto any special device, rack or assembly considered an accession thereto as provided in Section 10 hereof and have removed therefrom any special device, rack or assembly not so considered an accession thereto, and (iii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable, with respect to railroad equipment of the same age and type as the Units.

The assembling, delivery, storage and transporting of the Units as in this Section 12 provided shall be at the expense and risk of the Lessees 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 Lessees requiring specific performance of the same. During any storage period, the Lessees will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same.

Without in any way limiting the obligations of the Lessees under the foregoing provisions of this Section 12, the Lessees hereby irrevocably appoint the Lessor as the agent and attorney of the Lessees, with full power and authority, at any time while the Lessees are 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 Lessees from whomsoever shall be in possession of such Unit at the time.

Section 13. Assignment; Possession and Use; Liens. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessees, but the Lessees shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. All the rights of the Lessor hereunder (including, without limitation, the rights under Sections 6, 7 and 10 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the respective assigns of the Lessor and the Beneficiary.

So long as the Lessees shall not be in default under this Lease, the Lessees shall be entitled and shall have the exclusive use and possession of the Units in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessees shall not assign, transfer or encumber their leasehold interest under this Lease in any Unit, except to the extent permitted by the provisions of this Section 13; provided, however, that this sentence shall not be deemed to prohibit any lien attaching to the leasehold interest of any Lessee under this Lease by reason of the existence of an after-acquired property clause in any mortgage to which such Lessee is a party covering substantially all of its utility property. The Lessees shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of their possession or control, any Unit, except to the extent permitted by the provisions of this Section 13.

The Lessees agree that the Units will be used exclusively in unit train service within the continental United States. The Lessees agree that they will not assign this Lease or any of their rights hereunder or sublease any Unit; provided, however, that nothing contained in this Lease shall be deemed to prevent the sublease of any Unit in accordance with the provisions set forth below in this Section 13. No such sublease or permitted use shall

relieve the Lessees of any of the obligations, liabilities or duties hereunder, which shall be and remain those of a principal and not a surety.

So long as the Lessees shall not be in default under this Lease, the Lessees shall be entitled to sublease the Units in groups of not less than 60 Units to any corporation [(i) other than a railroad company against or by which a petition for reorganization under Section 77 of the Bankruptcy Act has been filed or (ii) other than one against which any other proceedings for relief under any bankruptcy, insolvency or similar laws have been commenced] to be used for unit train service; provided, however, that any such sublease and the rights and interests of any sublessee thereunder shall in all events be subject and subordinate to this Lease and the rights and interests of the Lessor and its respective successors and assigns hereunder, any such sublease shall be for a term expiring not later than the end of the then current term of this Lease and the Lessees will, within 10 days following the entering into of any such sublease, furnish to the Lessor and the Security Trustee a written statement setting forth the amount, description and numbers of the Units being subleased as permitted hereunder and attaching a reproduction copy of such sublease agreement, and further provided, however, that the Lessees shall not assign or permit the assignment of any Unit to service involving the operation and maintenance thereof outside the continental United States.

The Lessees, at their own expense, will promptly pay or discharge any and all sums claimed by any person which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or the Security Trustee or resulting from claims against the Lessor or the Security Trustee not related to the ownership of the Units) on or with respect to any Unit, including any accession thereto, or the interest of the Lessor, the Security Trustee or the Lessees therein, and will promptly discharge any such lien, charge, security interest or other encumbrance which arises; provided, however, that the Lessees 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 Lessor, adversely affect the title of the Lessor in or to the Units or otherwise adversely affect its rights or the rights of the Security Trustee under this Lease or the Security Agreement; and provided further, that this covenant will not be breached by reason of the existence of liens for taxes, assessments or governmental charges or levies, in each case so long as 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.

Section 14. Renewal Options. Provided this Lease has not been earlier terminated and the Lessees are not in default hereunder, the Lessees may by written notice delivered to the

Lessor not less than six months prior to the end of the original term or any renewal term of this Lease, as the case may be, elect to extend the term of this Lease in respect of all of such Units then covered by this Lease for an additional one-year period commencing on the scheduled expiration of the original term or renewal term of this Lease, as the case may be, provided that no such renewal term shall extend beyond January 16, 1997. In the event that the term of this Lease is extended pursuant to the preceding sentence, the Lessees shall pay rentals at the "Fair Market Rental" of such Units in semiannual payments on January 16 and July 16 in each year of such renewal term.

Fair Market Rental 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 lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such value. If on or before four months prior to the expiration of the original term or any renewal term of this Lease, the Lessor and the Lessees are unable to agree upon a determination of the Fair Market Rental of the relevant Units, such rental shall be determined in accordance with the foregoing definitions by a qualified independent Appraiser. The term "Appraiser" shall mean such independent appraiser as the Lessor may select with the approval of the Lessees, or, failing such approved selection, a panel of three independent Appraisers, one of whom shall be selected by the Lessor, the second by the Lessees and the third designated by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessees. The determination so made shall be conclusively binding upon the Lessor and the Lessees. The expenses and fees of the Appraiser shall be borne by the Lessees.

Section 15. Return of Units Upon Expiration of Term.

As soon as practicable on or after the expiration of the original or any renewal term of this Lease, the Lessees will, at their own cost and expense, at the request of the Lessor, deliver such Units to the Lessor upon such storage tracks as the Lessor may reasonably designate, or, in the absence of such designation, as the Lessees may select, and store such Units on such tracks for a period not exceeding three months and cause the same to be delivered, at any time within such three-month period, to any reasonable place directed by the Lessor. The movement and storage of such Units shall be at the expense and risk of the Lessees. The Units shall be returned in the condition in which they are required to be maintained by the Lessees under Section 10, shall be maintained by the Lessees, at their own cost and expense, in such condition during the period of storage provided for in this Section 15, and shall be insured by the Lessees, at their own cost and expense, during such period of storage in accordance with Section 7, and at the time of such return and during such period of storage shall be kept free and clear of all liens,

charges, security interests and encumbrances (other than an encumbrance created by the Lessor or the Security Trustee or resulting from claims against the Lessor or the Security Trustee not related to the ownership of the Units) in accordance with Section 13. The movement and storage of such Units shall be at the expense and risk of the Lessees; and in the event that any Unit shall suffer a Casualty Occurrence during such storage period, the Lessees shall pay the Lessor the Casualty Value thereof set forth in Section 7. During any such storage period, the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of such Units, may inspect the same; provided, however, that the Lessees shall not be liable, except in the case of negligence or intentional act of the Lessees or of their employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the right of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Units as in this Section 15 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 Lessees requiring specific performance of the same.

Section 16. Recording. The Lessees, at their own expense, will cause this Lease and the Security Agreement, and any amendments or supplements hereto or thereto, and any further assignments hereof and thereof, to be filed and recorded in accordance with Section 20c of the Interstate Commerce Act, and the Lessees will undertake the filing, registering, depositing and recording required of the Lessor under the Security Agreement and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record (and will refile, re-register, re-deposit or re-record whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Security Trustee for the purpose of proper protection, to their satisfaction, of the Lessor's and the Security Trustee's respective interests in the Units, or for the purpose of carrying out the intention of and their respective rights under this Lease and the Security Agreement; and the Lessees will promptly furnish to the Lessor and the Security Trustee evidences of all such filing, registering, depositing and recording, and an opinion or opinions of counsel for the Lessees with respect thereto satisfactory to the Lessor and the Security Trustee. This Lease and the Security Agreement shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

Section 17. Mileage Allowance. It is contemplated that the Lessees shall receive insofar as applicable law and regulations allow, all mileage allowance rentals and/or other compensation (hereinafter referred to as "Mileage") payable by carriers by reason of the use of the Units and if for any reason the Lessor shall receive any Mileage then (unless an Event of Default as defined in Section 11 shall have occurred and be continuing in

which event such Mileage or portion thereof shall be retained by the Lessor until such Event of Default shall no longer be continuing) the Lessor shall remit such Mileage to the Lessees promptly after the Lessees shall furnish to the Lessor, at the Lessees' sole expense, either (i) a ruling of the Interstate Commerce Commission to the effect that the remittance thereof to the Lessees will not constitute a rebate within the meaning of 49 U.S.C. Section 41, as amended, or (ii) an opinion of counsel to the same effect.

Section 18. Interest on Overdue Rentals. Anything herein to the contrary notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessees promptly to pay, to the extent legally enforceable, an amount equal to the greater of (i) 9-1/4% per annum, or (ii) at a rate per annum equal to 125% of the rate from time to time charged by Chemical Bank to its most credit-worthy corporate borrowers, of 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.

Section 19. Notices. Any notice hereunder to any of the persons designated below shall be deemed to have been properly served if delivered personally or if mailed, certified mail, postage prepaid, at the following specified addresses:

(a) To the Lessor, 800 Davis Street, Evanston, Illinois 60204, Attention: Vice President-Corporate Trust Department, with a copy to the Beneficiary at Suite 1822, 55 Water Street, New York, New York 10041, Attention: Manager, Wholesale Leasing;

(b) To Wisconsin Power and Light Company, 222 West Washington Avenue, Madison, Wisconsin 53701, Attention: Treasurer;

(c) To Wisconsin Public Service Corporation, 700 North Adams Street, Green Bay, Wisconsin 54301, Attention: Vice President-Finance;

(d) To Madison Gas and Electric Company, 100 North Fairchild Street, Madison, Wisconsin 53701, Attention: Financial Vice President; and

(e) To the Security Trustee, Two Hopkins Plaza, Post Office Box 2258, Baltimore, Maryland 21203, Attention: Corporate Trust Department;

or to such other address as may have been furnished in writing by such person to the other parties to this Agreement.

Section 20. Severability; Effect and Modification of Lease. Any provision of this Lease prohibited or unenforceable by any applicable law of any jurisdiction shall as to such jurisdiction be 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. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Lessees to the full extent permitted by law, to the end that this Lease shall be enforced as written.

This Lease exclusively and completely states the rights of the Lessor and the Lessees 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 officers of the Lessor and of the Lessees.

Nothing in this Lease shall be deemed to create any right in any person not a party hereto (other than the Beneficiary, the Security Trustee, the Note Purchasers and their respective permitted successors and assigns), and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of any third party except as aforesaid.

The table of contents and all section headings are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

Section 21. Obligations of Lessees Several. The obligations, duties and liabilities of each of the Lessees under this Lease shall be several and not joint and shall be in the following percentages:

Wisconsin Power and Light Company.....	52%
Wisconsin Public Service Corporation.....	26%
Madison Gas and Electric Company.....	22%

provided, however, that any liability resulting from the failure of less than all of the Lessees to fulfill their respective obligations and duties hereunder shall be the sole responsibility of the Lessee or Lessees failing to fulfill such obligations or duties; and no other person, including, without limitation, the Lessor and the non-defaulting Lessee or Lessees, shall have any right or claim hereunder against any other non-defaulting Lessee by reason of such failure. Nothing herein contained shall be construed to create an association, joint venture, trust or partnership among the Lessees, or impose any trust or partnership duty, obligation or liability on or with respect to any one or more of the Lessees; and no Lessee or group of Lessees shall be deemed to be under the control of or to control any other Lessee or group of Lessees. Notwithstanding the foregoing, each Lessee agrees that Wisconsin Power and Light Company shall be authorized to act as agent for the Lessees for all purposes of the Participation Agreement and this Lease and the transactions contemplated thereby and hereby, and the Lessor, the Trustor, the Security

Trustee and each Note Purchaser and their respective successors and assigns shall be entitled to rely on such agency unless and until each such party shall have received written notice of the revocation of such agency in the manner provided for notices in Section 9.3 of the Participation Agreement.

Nothing contained herein shall impair or affect any rights, claims or remedies which any Lessee may have against any other Lessee or Lessees by reason of or in connection with any default, breach or non-performance of any contract, agreement or other arrangement among any two or more of the Lessees other than the Participation Agreement or any document or instrument referred to therein or contemplated thereby. No later than five days following the due date of any payment hereunder, Wisconsin Power and Light Company shall give notice to the Lessor, the Trustor and the Security Trustee of any default by any of the other Lessees in depositing with Wisconsin Power and Light Company the necessary funds to satisfy such Lessee's payment obligations hereunder in accordance with the operating procedures established by and among the Lessees, it being understood and agreed that no Lessee shall have the right to perform the obligations of, or to cure the defaults of, any other Lessee or Lessees, except to the extent permitted by the provisions of this Section 21.

In the event of the occurrence of any default by any Lessee in depositing with Wisconsin Power and Light Company the necessary funds to satisfy such Lessee's payment obligations hereunder, the non-defaulting Lessee or Lessees (the "Curing Lessee or Lessees") may, at any time within 10 days following notice by Wisconsin Power and Light Company of such default pursuant to the preceding paragraph, cure such default; provided, however, that concurrent with any such cure, the Curing Lessee or Lessees shall enter into an instrument, satisfactory in form and substance to the Lessor, the Beneficiary and the Security Trustee, providing for the assumption by the Curing Lessee or Lessees of all of the obligations of the defaulting Lessee or Lessees under all of the Operative Agreements (as defined in the Participation Agreement). Upon any such assumption, the obligations of the defaulting Lessee or Lessees under the Operative Agreements shall continue in full force and effect as the obligations of a principal and not as the obligations of a guarantor or surety. Except as hereinafter provided, the Curing Lessee or Lessees shall not obtain any lien, charge or encumbrance of any kind on any of the Units or any rental or other sums payable under this Lease and any other Operative Agreement for or on account of costs or expenses incurred in connection with the exercise of its right to cure any such payment default under this Lease, nor shall any claim of the Curing Lessee or Lessees against the defaulting Lessee or Lessees for the repayment of such costs or expenses impair the prior right of the Lessor and the Security Trustee in and to the Units or the rentals and other sums payable under this Lease and any other Operative Agreement. Upon exercise of the right to make any such payment, the Curing Lessee or Lessees shall be subrogated to the rights of the Lessor and the Security Trustee in respect of any rentals or other sums payable under this Lease which are paid by the Curing

Lessee or Lessees to the Security Trustee pursuant to the exercise of the right to make such a payment; provided, however, if an Event of Default shall have occurred and be continuing under this Lease, such subrogation shall, until the Lessor and the Security Trustee shall have been paid in full under the Operative Agreements, be subordinate to the rights of the Lessor and the Security Trustee in respect of any sums payable by the defaulting Lessee or Lessees under this Lease.

The percentage of participation of each Lessee set forth above is an approximation based on the current estimate of the cost of Unit 2 of the Columbia Energy Center located near Portage, Wisconsin, and jointly owned by the Lessees. Upon completion of Unit 2 (scheduled for March, 1978), the Lessees and the Lessor may, without the prior written consent of the Security Trustee, the Beneficiary or the Note Purchasers, amend this Lease to adjust the percentage of participation of each Lessee set forth above; provided that (i) the percentage of participation of each Lessee shall not increase or decrease by more than 7 percentage points from the percentage set forth above, (ii) the aggregate percentages of all Lessees shall equal 100 percent, and (iii) the Lessees shall furnish a copy of such amendment setting forth the final percentage of participation of each Lessee, together with an opinion of counsel for the Lessees that such amendment has been filed and recorded in accordance with Section 16 hereof, to the Lessor, the Beneficiary, the Security Trustee and the Note Purchasers.

Notwithstanding anything to the contrary in this Section 21 contained, if an Event of Default hereunder shall have occurred and be continuing the Lessor shall have the right to exercise any and all of the remedies set forth in Section 11 hereof, including, without limitation, the right to terminate this Lease with respect to all Lessees and to take possession of all of the Units of Equipment, all in accordance with Section 11 hereof.

Section 22. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording, registering or depositing, if any, of this Lease as shall be conferred by the laws of the several jurisdictions in which this Lease shall be filed, recorded, registered or deposited.

Section 23. Execution. This Lease may be executed in any number of counterparts, but the counterpart delivered to the Security Trustee shall be deemed to be the original counterpart. Although this Lease is dated as of November 1, 1977 for convenience, 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.

Section 24. Limitations of Liability. It is expressly understood and agreed by and between the Lessor, the Beneficiary and the Lessees and their respective successors and assigns, that this Lease is executed by First National Bank and Trust Company of Evanston, not individually or personally but solely as Trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such Trustee (and First National Bank and Trust Company of Evanston hereby warrants that it possesses full power and authority to enter into and perform this Lease); and it is expressly understood and agreed that, except as otherwise expressly provided herein, in the Participation Agreement or the Security Agreement, nothing herein contained shall be construed as creating any liability on the Lessor or the Beneficiary, individually or personally, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the Lessees and by each and every person now or hereafter claiming by, through or under the Lessees; and that so far as the Lessor or the Beneficiary, individually or personally is concerned the Lessees and any person claiming by, through or under the Lessees shall look solely to the Trust Estate as defined in the Trust Agreement for the performance of any obligation under this Lease.

Section 25. Lessor's Right to Perform for the Lessees. If the Lessees fail to perform or comply with any of the agreements contained herein, the Lessor may upon notice to the Lessees itself perform or comply with such agreement, and the amount of the reasonable costs and expenses of the Lessor incurred in connection with such performance or compliance, together with interest on such amount at the rate per annum equal to the greater of (i) 9-1/4%, or (ii) 125% of the rate from time to time charged by Chemical Bank to its most credit-worthy corporate borrowers, shall be payable by the Lessees upon demand.

Section 26. Obligations of Lessor Under Security Agreement; Additional Rentals. In the event that the Lessor shall become obligated to make any payment or to perform any obligations pursuant to Section 2.3 or Section 2.5 of the Security Agreement not covered by the provisions of this Lease, the Lessees shall pay such additional rentals hereunder and perform such obligations so that all of the Lessor's obligations pursuant to Section 2.3 or Section 2.5 of the Security Agreement shall be fully complied with, without regard for any limitation of liability of the Lessor contained in the Security Agreement.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this Lease 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 date first above written.

[CORPORATE SEAL]

FIRST NATIONAL BANK AND TRUST COMPANY OF EVANSTON, as Trustee under Columbia Trust No. 77-1

By Wesley E. Howe
Its VICE PRESIDENT and TRUST OFFICER

ATTEST:
Adrian J. Kunk
ASSISTANT VICE PRESIDENT & TRUST OFFICER

[CORPORATE SEAL]

WISCONSIN POWER AND LIGHT COMPANY

By C. G. Kerndt
Senior Vice President

ATTEST:

DL Van Bent
Asst Secretary

[CORPORATE SEAL]

WISCONSIN PUBLIC SERVICE CORPORATION

By Eel James
Vice President

ATTEST:

A. A. Bollen
Assistant Secretary

[CORPORATE SEAL]

MADISON GAS AND ELECTRIC COMPANY

By W. A. McNamee
SENIOR Vice President - FINANCE

ATTEST:

W. A. McNamee
ASST. Secretary

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 1st day of December, 1977, before me personally appeared Warren E. Powers, to me personally known, who, being by me duly sworn says that he is a Vice President of First National Bank and Trust Company of Evanston, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and 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.

Charlene D. Dorn
Notary Public

(NOTARIAL SEAL)

My commission expires: **NOTARY PUBLIC STATE OF ILLINOIS**
MY COMMISSION EXPIRES JUNE 29 1981
ISSUED THRU ILLINOIS NOTARY ASSOC

STATE OF WISCONSIN)
) SS
COUNTY OF DANE)

On this 1ST day of December, 1977, before me personally appeared C. G. Kerndt, to me personally known, who, being by me duly sworn says that he is a ~~Senior~~ Vice President of Wisconsin Power and Light Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and 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.

Elizabeth C. Madigan
Notary Public

(NOTARIAL SEAL)

ELIZABETH C. MADIGAN
Notary Public, Dane County, Wisconsin
My Commission Expires Jan. 21, 1979

My commission expires:

STATE OF WISCONSIN)
COUNTY OF Brown) SS

On this 2nd day of December, 1977, before me personally appeared E. H. James, to me personally known, who, being by me duly sworn says that he is a Vice President of Wisconsin Public Service Corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and 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.

Priscilla Delorit Priscilla Delorit
Notary Public

(NOTARIAL SEAL)

My commission expires: **August 30, 1981**

STATE OF WISCONSIN)
COUNTY OF DANE) SS

On this 1st day of September, 1977, before me personally appeared W. A. M. Hanna, to me personally known, who, being by me duly sworn says that he is a Vice President of Madison Gas and Electric Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and 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.

Carol A. Buth
Notary Public

(NOTARIAL SEAL)

My commission expires: October 15, 1978

CERTIFICATE OF ACCEPTANCE

TO: First National Bank and Trust Company of Evanston, as
Trustee under Columbia Trust No. 77-1 (the "Trustee").

Thrall Car Manufacturing Company (the "Manufacturer").

I, a duly appointed and authorized representative of
WISCONSIN POWER AND LIGHT COMPANY, WISCONSIN PUBLIC SERVICE
CORPORATION and MADISON GAS AND ELECTRIC COMPANY (the "Lessees")
under the Equipment Lease dated as of November 1, 1977 (the
"Lease") between the Trustee and the Lessees, do hereby certify
that I have inspected, received, approved and accepted delivery
under the Lease of the following Units:

TYPE OF EQUIPMENT: 53' 100-ton Open-top Rotary Dump
Gondola Coal Cars

PLACE ACCEPTED:

DATE ACCEPTED:

NUMBER OF UNITS:

NUMBERED:

I do further certify that each Unit described above
is in good order and condition, and appears to conform to the
specifications applicable thereto and to all applicable United
States Department of Transportation and Interstate Commerce
Commission requirements and specifications, and that each Unit has
been marked in accordance with Section 5 of the Lease.

I do further certify that each Unit described above has
been labeled by means of a plate or stencil printed in contrasting
colors upon each side of the Unit in letters not less than one
inch in height as follows:

EXHIBIT A
(to Equipment Lease)

"Owned by a Bank or Trust Company under a
Financing Agreement recorded with the
Interstate Commerce Commission under Section
20c of the Interstate Commerce Act"

The execution of this Certificate will in no way
relieve or decrease the responsibility of the Manufacturer for
any warranties, express or implied, it has made with respect to
the Equipment.

Dated: _____, 1977

Inspector and Authorized
Representative of the Lessees
and the Trustee

DESCRIPTION OF EQUIPMENT

MANUFACTURER: Thrall Car Manufacturing Company

DESCRIPTION OF EQUIPMENT: 285 53' 100-ton Open-top Rotary Dump Gondola Coal Cars, bearing identifying numbers WISX 1015 through WISX 1299, both inclusive

SPECIFICATIONS: As per Purchase Order No. 939385 dated May 26, 1977 and more fully described in Schedule A to the Purchase Order Assignment

ESTIMATED AVERAGE PRICE: \$32,500 per Unit of Equipment

ESTIMATED TOTAL PRICE: \$9,262,500 for all 285 Units of Equipment

OUTSIDE DELIVERY DATE: December 31, 1977

DELIVER TO: Wisconsin Power and Light Company, Wisconsin Public Service Corporation and Madison Gas and Electric Company

PLACE OF DELIVERY: On trackage of Chicago, Milwaukee, St. Paul and Pacific Railroad Company near Poynette, Wisconsin

SCHEDULE OF CASUALTY VALUE

CASUALTY VALUE: The following percent of the Purchase Price of a Unit of Equipment is to be paid on January 16, 1978 or a rental payment date pursuant to Section 7 of the Lease as the result of a Unit becoming the subject of a Casualty Occurrence, depending upon when the Casualty Value is paid:

<u>Rental Payment Date</u>	<u>Casualty Value Payable Per Unit [in addition to rental payment for such Unit due on such date]</u>
January 16, 1978	103.711
July 16, 1978	104.135
January 16, 1979	102.882
July 16, 1979	102.575
January 16, 1980	101.838
July 16, 1980	100.878
January 16, 1981	99.708
July 16, 1981	98.324
January 16, 1982	96.724
July 16, 1982	94.929
January 16, 1983	92.942
July 16, 1983	90.782
January 16, 1984	88.456
July 16, 1984	85.977
January 16, 1985	83.358
July 16, 1985	80.605
January 16, 1986	77.742
July 16, 1986	74.769
January 16, 1987	71.719
July 16, 1987	68.586
January 16, 1988	65.411
July 16, 1988	62.136
January 16, 1989	58.808
July 16, 1989	55.390
January 16, 1990	51.934
July 16, 1990	48.408
January 16, 1991	44.865
July 16, 1991	41.259
January 16, 1992	37.634
July 16, 1992	33.942
January 16, 1993	30.214
July 16, 1993	26.423
January 16, 1994 and thereafter during any storage period following the original term of this Lease	23.000

SCHEDULE OF TERMINATION VALUES

TERMINATION VALUES: The following percent of the Purchase Price of all Units then subject to the Lease is to be paid on a rental payment date pursuant to Section 8 of the Lease as the result of the Lease terminating with respect to such Units, depending upon when the Termination Value is paid:

<u>Rental Payment Date</u>	<u>Termination Value Payable (in addition to the rental payment with respect to such Units due on such rental payment date)</u>
January 16, 1988	65.411
July 16, 1988	62.136
January 16, 1989	58.808
July 16, 1989	55.390
January 16, 1990	51.934
July 16, 1990	48.408
January 16, 1991	44.865
July 16, 1991	41.259
January 16, 1992	37.634
July 16, 1992	33.942
January 16, 1993	30.214
July 16, 1993	26.423
January 16, 1994	23.000