RAILROAD EQUIPMENT LEASE

THIS RAILROAD EQUIPMENT LEASE dated as of October 1, 1971 among TOLEDO ASSOCIATES, an Illinois limited partnership (the "Lessor"), Arthur Heim, doing business as LEASING CONSULTANTS, as Agent for the Lessor (the "Lessor's Agent"), and DETROIT, TOLEDO AND IRONTON RAILROAD COMPANY (the "Lessee'),

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INTERSTATE COMMERCE COMMISSION

W I T N E S S E T H :

SECTION 1. DESCRIPTION OF LEASED PROPERTY:

Lessor does hereby lease and demise to Lessee, certain railway equipment (hereinafter sometimes referred to as the "Cars") described in Equipment Lease Schedules in the form of Exhibit "A" attached hereto which shall become a part of this Lease upon execution by Lessee.

The Cars have been or are in the course of being constructed by THRALL CAR MANUFACTURING COMPANY (hereinafter referred to as the "Manufacturer") and copies of the specifications (hereinafter referred to as "Specifications") have been delivered to Lessee and are incorporated herein by reference and made a part of this Lease as fully as though expressly set forth herein.

SECTION 2. DELIVERY AND ACCEPTANCE OF THE CARS:

A. Lessor shall deliver the Cars to Lessee F.O.T. Chicago Heights, Illinois, or at such other place outside the State of Illinois and within the United States of America, as Lessee and Lessor mutually agree. Delivery of said Cars is to commence on or about October 15, 1971 and is to be completed on or about December 20, 1971. Lessor shall not be liable to Lessee for any failure or delay in making delivery of the Cars due to accident, fire, flood, explosion, labor difficulties, acts of the government including embargoes, priorities and allocations, war and war conditions, delays of carriers and any other cause or causes (whether or not of the same kind as herein specifically enumerated) beyond the Lessor's reasonable control. Lessee will cause its authorized representative to inspect the Cars, and each of them, at the point of delivery. If the Cars meet the Specifications, Lessee shall accept the same and shall issue and deliver to Lessor a Certificate of Inspection and Acceptance in respect of each Car, substantially in the form attached hereto as Exhibit "B." The execution by Lessee of such Certificate of Inspection and Acceptance shall for all purposes of this Lease be deemed to be conclusive evidence that the Car described therein has been delivered to and is in the possession of Lessee under and subject to all the terms of this Lease.

B. Lessee acknowledges that at all times during the term of this lease, or any extension thereof, title to the Cars shall be vested in Lessor to the exclusion of Lessee, and that the sole rights of Lessee in the Cars are those arising out of the leasehold created hereunder.

SECTION 3. LEASE TERM OF CARS:

The lease term for each Car shall commence on the date the Car is delivered to and accepted by Lessee, as evidenced by the Certificate of Inspection and Acceptance with respect thereto, and shall terminate 15 years following the date on which the first installment of fixed rent for such Car is due as set forth in Section 4 below, unless sooner terminated in accordance with the provisions hereof.

SECTION 4. FIXED RENTS AND PAYMENT DATES:

A. Lessee agrees that it will pay to Lessor's Agent the following rent for each Car:

(i) As fixed rent for each Car (over and above all other and additional sums to be paid by Lessee as hereinafter set forth) 60 installments of fixed rent, each payable in advance, in the amount provided for each Car in Schedule A hereto.

(ii) As daily interim rent for each Car, the amount per day provided for each Car in Schedule A hereto, for the period, if any, from the date of delivery to and acceptance of each Car by the Lessor to and including the due date of the first installment of fixed rent as hereinafter set forth.

The first installment of fixed rent and the total amount of the daily interim rent for all Cars delivered to the Lessee hereunder shall be due and payable on December 31, 1971. The second through sixtieth installments of fixed rent for all cars shall be due and payable quarterly commencing March 31, 1972 and the last day of each June, September, December and March thereafter to and including September 30, 1986.

B. The amount of any installment of fixed rent remaining unpaid more than five (5) days of the due date thereof shall bear interest at the rate of Ten and one-half Per Cent (10-1/2%) per annum from and after such due date.

C. Lessee will upon the execution and delivery of this Lease deposit with Lessor's Agent the sum set forth on Exhibit "A" referring to the specific Car being leased hereunder, shown as security deposit on the Equipment Lease Schedule, for each car as security for the faithful performance and observance by Lessee of the terms, provisions, and conditions of this Lease. Upon the occurrence of any Event of Defualt under this Lease, Lessor may use or apply the whole or any part of the security so deposited to the extent required for the payment of any rental and any other sum as to which Lessee is in default or for any sum which Lessor may expend or may be required to expend by reason of Lessee's default in respect to any of the terms, covenants and conditions of this Lease. Any balance of such security remaining after the expiration of the first five years of the term hereunder shall be refunded by Lessor's Agent on a quarter-annual basis in equal installments over the remaining life of the Lease except to the extent such security is used, applied or retained in respect to any default under this Lease in which event the amounts subsequently to be refunded shall be reduced accordingly.

SECTION 5. ADDITIONAL SUMS PAYABLE BY THE LESSEE:

In addition to the fixed rents payable by the Lessee under the provisions of Section 4 above, Lessee shall, during the continuance of this Lease, pay any and all sales taxes, use taxes, excise taxes, personal property taxes, assessments and other governmental charges whatsoever, whether payable by Lessor or Lessee, on or relating to the Cars leased hereunder, including all such taxes, fees, assessments and charges upon Lessor by reason of its purchase or its ownership of such Cars and all such taxes, fees, import and export duties and charges, assessments and charges on the use, rental, shipment, transportation, delivery or operation of the Cars leased hereunder. This Section 5 shall not, however, obligate Lessee to pay, and there is specifically excluded from the operation of this Section 5, any and all Federal Income Taxes. In the event any ad valorem tax returns are required to be made on the Cars, Lessee shall prepare and file such returns in such manner as to show ownership of the Cars by Lessor. Any statement for such taxes received by Lessor shall be promptly forwarded to Lessee by Lessor. Lessee shall not be obligated to pay any amount under this Section 5 so long as it shall in good faith and by appropriate proceedings contest the validity or the amount thereof and, in the event the amount of the tax which is being contested including interest and penalties exceeds $5,000.00, shall set up a reserve in accordance with sound accounting practice against such payment, unless such contest would adversely affect the title of Lessor to any Car or would subject any Car to forfeiture or sale.

SECTION 6. PLACE OF PAYMENT OF RENTS:

All or any portion of the fixed rents payable by Lessee under Section 4 above and all or any portion of the amounts payable

by Lessee under Section 12 shall be paid to Lessor's Agent at his office at 221 North LaSalle Street in Chicago, Illinois, 60601, or at such other places as Lessor's Agent or its assigns may hereinafter, from time to time, direct (including, if specifically requested in writing by Lessor's Agent, or its assigns, by bank wire transfer to such bank as it shall designate). Payment of any additional amounts required by Section 5 hereof shall be made at said place only to the extent that such payments are not being, or have not been, made by Lessee directly and are instead being paid to Lessor by way of reimbursement for, or to provide Lessor with the necessary funds to pay, the amounts required by Section 5 to be paid by Lessee. All rents and other sums payable to Lessor shall be paid in funds of the United States of America current in Chicago, Illinois.

SECTION 7. COVENANTS, REPRESENTATIONS AND WARRANTIES:

A. Lessor represents and warrants that at the time a Car becomes subject to this Lease, Lessor will be the true and lawful owner thereof and that such Car will be free and clear of all liens and encumbrances of any nature whatsoever except only the rights of Lessee hereunder and of the Lenders pursuant to the Security Agreement and Assignment (subject to the rights of Lessee) as hereinafter set forth in Section 17 following and except for liens for taxes, assessments or governmental charges or levies not yet due and delinquent or not yet subject to penalty for non-payment, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's, employees' or other like liens arising in the ordinary course of business and not delinquent (such liens being herein called "Permitted Liens"). Lessor agrees to pay or hold the Lessee harmless from any such Permitted Liens.

B. Lessee acknowledges and agrees that: (1) each Car is of a size, design, capacity and manufacture selected by Lessee; (2) Lessee is satisfied that the same is suitable for its purposes; (3) Lessor is not a manufacturer thereof nor a dealer in property of such kind; and (4) except as provided in A. above with respect to Lessor's title, LESSOR HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION OR WARRANTY OR COVENANT WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY, DURABILITY OR SUITABILITY OF ANY SUCH CAR IN ANY RESPECT OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF LESSEE, OR ANY OTHER REPRESENTATION OR WARRANTY OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO. The Lessee's acceptance of delivery of the Cars shall be conclusive evidence as between Lessee and Lessor that all Cars described in the Certificates of Inspection Acceptance are in all respects satisfactory to Lessee and that Lessee will not assert any claim of any nature whatsoever against the Lessor with respect to size, design, capacity, manufacture, merchantability, condition, quality, durability or suitability of any Car. Lessee agrees that Lessor shall not be liable to Lessee for any liability, claim, loss, damage or expense of any kind or nature caused, directly or indirectly, by a Car or any inadequacy thereof for any purpose, or any deficiency or defect therein, or the use or

maintenance thereof, or any repairs, servicing or adjustments thereto, or any delay in providing or failure to provide any thereof, or any interruption or loss of service or use thereof, or any loss of business or any damage whatsoever and however caused.

C. The execution and delivery of this Lease by Lessee and its assumption and undertaking of the obligations, duties and liabilities hereof have been duly authorized by the Lessee's Board of Directors; and this Lease is legal, valid, and binding and enforceable against Lessee in accordance with the Lease terms.

D. No Litigation or administrative proceedings are pending or, to the knowledge of Lessee, are threatened against Lessee, the adverse determination of which would affect the validity of this Lease or the rights of Lessor hereunder.

E. Lessee warrants that there are no governmental authorizations, approvals or exemptions required for the execution and delivery of this Lease or for the validity and enforceability hereof or for the leasing of the Cars hereunder, for the payment or agreement as to rentals or to any of the other terms and conditions herein provided; or, if any such authorizations are required, that they have been duly obtained and, if any such shall hereafter be required, they will be promptly obtained.

F. Obligations to make rentals and other payments under this Lease will constitute expenses of administration of Lessee, payable on a parity with other equipment obligations theretofore or thereafter assumed or incurred by Lessee; and, upon occurrence of an Event of Default under this Lease, any claim for damages will constitute an expense of administration.

SECTION 8. PATENT INDEMNIFICATION CLAUSE:

Lessee agrees to and does hereby indemnify, protect and hold harmless Lessor from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and expenses of litigation including counsel fees, in any manner imposed upon or accruing against Lessor or its assigns, because of the use of, or relating to the construction or operation of the Cars or any article or material specified by Lessee but not manufactured by the Manufacturer, having to do with material, design, system, process or formulae which infringes or is claimed to infringe upon any patent or other rights.

SECTION 9. REPAIRS AND MAINTENANCE:

Lessee shall during the continuance of the Lease keep the Cars in good working order, condition and repair, reasonable wear and tear excepted and, without limiting the foregoing, shall make all replacements, changes or additions to the Cars or their

equipment and appliances to the extent required from time to time by the Code of Rules of the Association of American Railroads for continuing Cars in interchange service and by applicable laws and regulations of any state or governmental body, all at Lessee's cost and expense, provided, however, that Lessee shall not be required to make any repairs or replacements to a particular Car if Lessee shall terminate the lease term with respect to that Car pursuant to the provisions of Section 12 hereof. Any and all replacements, repairs and substitutions of parts of the Cars shall constitute accessions to the Cars and title thereto shall immediately vest and remain in Lessor.

SECTION 10. SUBROGATION:

Lessor agrees that Lessee shall be entitled to the proceeds of any claim or right of Lessor or Lessee against third persons for injury, damage, or loss with respect to the Cars or the use or operation thereof, including settlements pursuant to the Association of American Railroads' rules, and Lessee shall be subrogated to all Lessor's rights of recovery therefor against any other person, firm or corporation. Lessor hereby authorizes Lessee to make settlement of, receive payment and receipt for any and all such claims on behalf of Lessor, and Lessor agrees to have Lessor's Agent execute and deliver from time to time such instruments and do such other acts and things as may be necessary or appropriate more fully to evidence Lessee's authority and/or to vest in Lessee such proceeds or to effect such subrogation; and in the event of any loss, damage or destruction in respect of which Lessee is entitled to proceeds or subrogation as aforesaid, Lessor shall refrain from doing any act or executing any instrument which would prejudice the right of Lessee to such proceeds or to such subrogation provided, however, that all costs and expenses, including court costs and attorneys' fees, in connection with enforcing or realizing upon any such claim or right to proceeds or obtaining enforcement of or realizing upon such right of subrogation, shall be borne and paid by Lessee.

SECTION 11. USE AND POSSESSION OF THE CARS:

A. During the continuance of this Lease, Lessee shall, so long as it is not in default hereunder, be entitled to and shall have the exclusive use and possession of the Cars. Lessee agrees that the Cars will be used solely on its own lines and upon the lines of railroads in the continental United States and the Dominion of Canada in the usual interchange of traffic; provided, however, that any use in Canada shall be incidental and temporary. Lessee further agrees that the Cars will at all times be used and operated in compliance with all lawful acts, rules and regulations of any executive or judicial body or officer having power to regulate or supervise the use of the Cars and in compliance with the Code of Rules of the Association of the American Railroads; provided, however, that Lessee may in good

faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner which will not adversely affect the title of Lessor to any Car or subject any Car to forfeiture or sale.

B. Lessee agrees that it will not, without the prior written consent of Lessor's Agent, assign this Lease or any of its rights hereunder or sub-lease any Car; provided, however, that nothing herein contained shall be deemed to prevent (i) a consolidation or merger of Lessee or a transfer referred to in Section C. following, subject to compliance to the terms and conditions therein stated, or (ii) the sub-lease or use of any of the Cars by others upon lines of railroads in the continental United States and the Dominion of Canada in the usual interchange of traffic; provided, however, that any use in Canada shall be incidental and temporary, or (iii) the sub-lease or use of any of the Cars by ANN ARBOR RAILROAD, a wholly owned subsidiary of Lessee. No such assignment, sub-lease or permitted use referred to in this Section shall relieve Lessee of any of the obligations, liabilities or duties hereunder. Lessee may receive and retain for its own account such compensation for sub-letting the Cars and/or for the use of the Cars by others, as provided in this Section, as Lessee may determine. Without limiting the foregoing, it is contemplated that Lessee 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 Cars and if for any reason Lessor shall receive any Mileage then (unless an Event of Default as defined in Section 12 shall have occurred and be continuing) Lessor shall remit such Mileage to Lessee promptly after Lessee shall furnish to Lessor an opinion, ruling or other evidence satisfactory to Lessor that the remittance thereof to Lessee will not violate any applicable law or regulation.

C. Subject to compliance with the provisions of this Section, nothing in this Lease shall prevent any consolidation or merger of Lessee with or into any other corporation or corporations or the transfer of all or substantially all of Lessee's assets (including the right, title and interest of Lessee hereunder) as an entirety to any corporation; provided, however, that upon any such consolidation, merger or transfer, the successor corporation formed by such consolidation or into which such merger shall have been made or which acquires by transfer, the right, title and interest of Lessee hereunder as an entirety, shall be a corporation which is organized under the laws of the United States of America or any State thereof and which is lawfully entitled to acquire Lessee's interest hereunder and operate the Cars and shall execute and deliver to Lessor's Agent, simultaneously with such consolidation, merger or transfer a supplement hereto, in form satisfactory to Lessor's Agent, containing an agreement on the part of such successor corporation to assume the due and

punctual payment of all the rents and other sums due and to become due hereunder and the due and punctual performance and observance of all the covenants and conditions of this Lease which are to be performed or observed by Lessee, with the same effect and to the same extent as if such successor corporation had been the Lessee originally named herein.

D. No mortgage, deed of trust, or other lien of any nature whatsoever which now covers or affects, or which may hereafter cover or affect any property or interest therein of Lessee, now attached or will hereinafter attach to the Cars or in any manner affects or will affect adversely Lessor's right, title and interest therein; Lessee will keep the Cars free and clear of any and all liens, charges and encumbrances which may be levied against or imposed upon the Cars as a result of the failure of Lessee for any reason to perform or observe any of the covenants or agreements required to be performed or observed by the Lessee hereunder, and of any and all liens, encumbrances and charges of persons claiming by, through or under the Lessee, firm or corporation in possession of any Car under the provisions of Section B. hereof.

SECTION 12. LOSS, THEFT OR DESTRUCTION OF CARS AND SETTLEMENT THEREAFTER:

A. In the event that during the term hereof any Car is lost, destroyed or is "uneconomical to repair" (as that term is hereinafter defined) Lessee shall have the option either to replace such Car with another Car of the same type, quality and substantially equal fair market value or to terminate this Lease in respect of such Car on the following terms and conditions:

(i) The Lessee shall give the Lessor's Agent written notice of the exercise of the option designating the date (the "settlement date") on which the Lease shall terminate in respect of the Car. The settlement date shall be the next date on which an installment of fixed rent is due and which is not less than 10 days subsequent to the date such notice is given to the Lessor's agent; and

(ii) On the settlement date, Lessee shall pay Lessor's Agent the "settlement value" of the Car (as that term is hereinafter defined) computed as of the settlement date or shall pay to such person as the Lessor's Agent may designate, in exchange for execution and delivery by Lessor to Lessee of a Bill of Sale conveying good title to the Car free and clear of any and all liens, claims and encumbrances by persons claiming by, through or under Lessor or any assignee or secured party referred to in Section 17 hereof. Upon such

payment, the Lease shall terminate as to such Car and no installment of fixed rent shall be payable on such settlement date for or in respect of such Car and no further installments of fixed rent shall be payable for or in respect of such Car.

B. In connection with the termination and settlement under Section A. above, it is understood and agreed that:

(i) The "settlement value" of any Car shall be an amount determined as of the December 31 last preceding the date the settlement value is paid equal to that percentage of the cost of such Car as set forth in Exhibit "C" attached hereto.

(ii) The term "uneconomical to repair" shall mean that (a) a car has been damaged to an extent that the cost of repair of the Car would exceed 75 % of the settlement value of the Car, or (b) compliance with the requirements of Section 10 hereof would require the change, replacement or addition of any appliances or equipment on any Car and the cost of such change, replacement or addition would exceed 75% of the settlement value of the Car, all as established by a Certificate signed by the Chief Engineer of Lessee setting forth in reasonable detail the nature of the repairs, or, as the case may be, replacements, changes or additions which would be required.

(iii) In any settlement under this Section 12 Lessee shall be entitled to credit for the amount of any proceeds of any insurance and any settlement under the Association of American Railroad rules which may have been received by Lessor on account of the loss, theft, damage or destruction of the Car or any part thereof for which settlement is then being made.

(iv) If at the time of any settlement under this Section 12 any interest on overdue installments of fixed rents remains unpaid, the portion of such interest applicable to the Car involved in the settlement shall also be paid at the time of such settlement.

C. In the event that during the term of this Lease the use of any Car is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for a period which does not exceed the remaining term of this Lease, Lessee's duty to pay rent shall continue for the duration of such requisitioning or taking. Lessee shall be entitled to

receive and retain for its own account all sums payable for any such period by such governmental authority with compensation for requisition or taking of possession to an amount equal to the rent paid or payable hereunder for such period, and the balance, if any, shall be payable to and retained by Lessor as its sole property. Lessee shall give Lessor's Agent prompt notice of any such governmental attempt to take or requisition. Lessor's Agent shall have the right to control the defense of any such action, all expenses, including attorneys' fees, to be paid by Lessee.

SECTION 13. INDEMNITY:

Lessee does hereby assume, and does hereby agree to indemnify, protect, save and keep harmless Lessor, its agents and servants and any assigns of Lessor from and against, any and all losses, damages, injuries, claims, demands and expenses, including legal expenses, of whatsoever kind and nature arising on account of the condition, use or operation of any Car subject to this Lease, and by whomsoever used or operated, during the lease term. Lessee shall not, however, be required to pay or discharge any claim or demand referred to in this Section 13 so long as the validity or the amount thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner which will not adversely affect the title of Lessor to the Cars or any part thereof or result in the forfeiture or sale of any Car. The indemnities and assumptions of liability in this Section 13 contained shall continue in full force and effect as to losses, damages and injuries occurring and claims and demands arising on account of the use or operation of any Car while it is subject to this Lease notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any Car, whether by expiration of time, by operation of law or otherwise. Lessor shall give Lessee prompt notice of any claim or liability hereby indemnified against, and Lessee shall be entitled to control the defense thereof.

SECTION 14. INSURANCE:

A. Lessee will maintain at its sole cost and expense at all times during the continuance of this Lease and thereafter so long as the Cars leased hereunder shall be located upon the lines of the railroad or other property of Lessee, public liability, fire and the perils covered by standard extended coverage endorsements, for the benefit of Lessor and Lessee, as their interests appear, in amounts, in form and with insurance companies or underwriters as shall be satisfactory to Lessor from time to time and shall deliver to Lessor's Agent satisfactory evidence of such insurance coverage. Without limiting the foregoing, each insurance policy shall provide that it will not be invalidated as against

Lessor, because of any violation of a condition or warranty of the policy or application therefor by Lessee and that it may be altered or cancelled by the insurer only after thirty (30) days advance written notice to and that losses shall be adjusted only with the consent of Lessor or its assigns. If Lessee shall fail to provide and furnish any of said insurance, Lessor's Agent may procure such insurance, and Lessee shall upon demand reimburse Lessor for all outlays for such insurance, with interest therein computed at the rate of 9-1/2% per annum. Lessor's Agent shall be furnished with two certified copies of all insurance policies.

B. All such insurance shall cover both the interest of Lessor and Lessee in the Cars, or as the case may be, shall protect Lessor and Lessee in respect of risks arising out of the condition, maintenance, use or operation of the Cars and shall provide that losses, if any in respect of the Cars shall be payable to Lessee and Lessor as their respective interests may appear; provided, however, that in the event Lessor has granted a security interest in any Car, or assigned this Lease with respect to any Car, Lessee upon being notified in writing of any such security interest or assignment by Lessor shall cause such insurance to provide that losses, if any, in respect of such Car shall be payable under a standard mortgage loss payable clause to the Secured Party or Assignee as its interest may appear. Lessee shall furnish Lessor with certificates or other satisfactory evidence of the maintenance of the insurance required hereunder and with respect to any renewal policy or policies shall furnish certificates evidencing such renewal prior to the expiration of the original policy or policies.

C. The proceeds of any insurance received by Lessor on account of or for any loss or casualty shall be released to Lessee upon a written application signed by the Treasurer or the Assistant Treasurer of Lessee for the payment of, or to reimburse Lessee for, the payment of the cost of repairing, restoring or replacing the Car which has been lost, damaged or destroyed (which application shall be accompanied by satisfactory evidence of such cost and of the completion of such repairs, restoration or replacement) unless Lessee is at the time in default in the payment of any other liability hereunder of Lessee to Lessor, in which event such proceeds shall be applied against such other unpaid liability. If settlement is being made by Lessee for the Car pursuant to Section 12, such insurance proceeds shall be credited upon such settlement, or if settlement has been made, paid over promptly to Lessee.

SECTION 15. IDENTIFICATION OF CARS; NUMBERING:

A. Upon or before the delivery to Lessee of each of the Cars, Manufacturer has agreed to cause to be plainly, distinctly,

permanently and conspicuously placed and fastened upon each side of such Car a legend bearing the following words in letters not less than one inch in height:

> Leased to the Detroit, Toledo and Ironton Railroad Company by Leasing Consultants (Chicago, Illinois), Lessor's Agent, and subject to a Security Interest recorded with the I.C.C.

In case, during the continuance of this Lease, any such legend shall at any time be painted over or otherwise made inconspicuous, removed, defaced or destroyed on any Car, Lessee shall immediately cause the same to be restored or replaced. Lessee will not allow the name of any person, association or corporation to be placed on any of the Cars as a designation which might be interpreted as indicating a claim of ownership thereof by any person, association or corporation other than Lessor or its assignee; but the Cars may be lettered with the names or intials or other insignia customarily used by Lessee on equipment of the same or a similar type for convenience of identification of the rights to use and operate the Cars under this Lease.

B. On or prior to the time of delivery of each Car to Lessee, Manufacturer has agreed to cause to be placed on each side of such Car the identifying reporting mark and the Railroad's Road Number, as shown on Exhibit "A." At all times thereafter, during the continuance of this Lease, Lessee will cause each Car to bear the numbers so assigned to it, and Lessee will not change or permit to be changed the numbers of any such Car except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with Lessor by Lessee and filed, recorded or deposited in all public offices where this Lease will have been filed, recorded or deposited.

SECTION 16. DEFAULTS:

A. The following shall constitute Acts of Default hereunder:

> (i) Lessee shall fail in the payment of any installment of rent (including as rent within the meaning of this paragraph the sums payable by Lessee under Section 12 hereof) and such default shall in any case continue for more than five (5) days after the same is due and payable; or

(ii) Lessee shall make a voluntary assignment or transfer of Lessee's interest as Lessee hereunder (in a manner or to a person not permitted by the terms hereof) or of all or substantially all of its property; or

(iii) Lessee shall for more than 30 days after written notice by Lessor's Agent fail or refuse to comply with any other of the terms and covenants herein on its part to be kept and performed, or to make provision satisfactory to Lessor for such compliance; or

(iv) Lessee shall become insolvent or bankrupt or admit in writing its inability to pay its debts as they mature or shall make an assignment for the benefit of its creditors; or

(v) Default shall occur under any evidence of indebtedness issued or assumed by Lessee, or under any indenture, agreement or other instrument under which the same may be issued and such default shall continue for a period of time sufficient to permit the acceleration of the maturity of any such indebtedness; or

(vi) A petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may hereinafter be amended, shall be filed by or against the Lessee, and all the obligations of Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings or otherwise given a status comparable to obligations incurred by such a trustee or trustees within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall occur earlier; or

(vii) Any other proceedings shall be commenced by or against Lessee for any relief under any Bankruptcy or Insolvency Laws or laws of any state or of the United States relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of Lessee hereunder), and all the obligations of Lessee under this Lease

shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for Lessee or for the property of Lessee in connection with any such proceedings or otherwise given a status comparable to obligations incurred by such a trustee or trustee or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall occur earlier.

B. After occurrence of an Event of Default, in addition to all rights and remedies now or hereafter provided by law, for the repossession of the Cars and for the recovery of damages occasioned by Lessee's default, Lessor may exercise the following rights and remedies, all of which shall be cumulative and not exclusive of one another:

(i) Elect only to terminate Lessee's right of possession (but not to terminate the Lease), without releasing Lessee in whole or in part from its obligations hereunder for the remaining term of this Lease, and thereupon take possession of any or all of the Cars as provided herein. Lessor may, but is under no duty to, repossess the Cars and relet the same or any part thereof to others for such rent and upon such terms as it may see fit. The proceeds of any such reletting shall first be applied to the expense of retaking and reletting of the Cars and delivery to the new Lessee, and then to the payment of rent due under this Lease. Lessee shall pay any deficiency remaining due after so applying the proceeds as the same shall accrue. Lessor shall not be required to accept or receive any lessee offered by Lessee. The election by Lessor to relet the Cars and the acceptance of a new lessee, shall not operate to release Lessee from liability for any existing or future default in any other covenant or promise herein contained.

(ii) Declare this Lease terminated and recover from Lessee as liquidated damages, but not as penalty, all amounts which are then due and payable under this Lease, and an aggregate sum, which at the time of such termination, represents the excess, if any, of the then present value of the aggregate rents which would

have accrued for the balance of the term of this Lease over the then present value of the aggregate fair rental value of the Cars for the balance of the term, such present worth to be computed in each case on the basis of a 6% per annum discount from the respective dates upon which such rents would have been payable hereunder had this Lease not been terminated.

(iii) Proceed by appropriate court action or actions either at law or in equity to enforce performance by Lessee of the applicable covenants and terms of this Lease or to recover from Lessee, any and all damages or expenses including reasonable attorneys' fees, which Lessor shall have sustained by reason of Lessee's default in any covenant or covenants of the Lease or on account of Lessor's enforcement of its remedies hereunder.

(iv) Recover or take possession of any or all of the Cars wherever they may be found.

C. Without limiting the foregoing, it is specifically understood that any modification, limitation, or discharge of Lessee's liability under the Lease arising out of or by virtue of any bankruptcy arrangement, reorganization or similar proceeding for relief of debtors under federal or state law hereunder initiated by or against Lessee shall not affect or act to modify, limit, or discharge the liability of Lessee in any manner whatsoever, and this guarantee shall remain in full force and effect and shall be enforceable against Lessee, to the same extent and with the force and effect as if such proceedings had not been instituted; and it is the intent and purpose of this guarantee that Lessee waive, and Lessee does hereby waive, all rights and benefits which might accrue to it by reason of any such proceeding and that it shall be liable for the full amount of rents and other sums, including all damages imposed, payable under the terms of the Lease, irrespective and without regard to any modification, limitation or discharge of the liability of Lessee that may result from any such proceedings. In the event any statute or ruling of law requires this clause to be void or of no effect, it is then hereby rendered void and of no effect and its insertion herein shall have no effect upon the legality or enforceability of any other portion of this Lease.

D. In the event any Cars are to be surrendered to Lessor pursuant to any of the foregoing provisions of this section, and Lessor's Agent shall not otherwise elect by written instrument delivered to Lessee, Lessee shall forthwith deliver possession of

the Cars to the Lessor in good order and repair, ordinary wear excepted. For the purpose of delivering possession of any Cars to Lessor as above required, Lessee shall, at its own cost and expense, forthwith:

(i) assemble such Cars and place them upon storage tracks within 25 miles of Chicago, Illinois (or such other place or places as the parties hereto shall agree in writing);

(ii) provide storage at the risk of Lessee for such Cars on such tracks for a period of 100 days after written notice to Lessor's Agent specifying the place of storage and car numbers of the Cars so stored; and

(iii) cause the same or any thereof to be transported, at any time within such 100 day period, to any place or places on lines of a railroad within a 25-mile radius of such storage tracks on which the Cars have been assembled, all as directed by Lessor.

The assembling, delivery, storage and transporting of the Cars as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having a jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so to assemble, deliver, store and transport the Cars.

E. The remedies herein provided in favor of the Lessor in the event of default as hereinabove set forth shall not be deemed to be exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing in law, in equity or in bankruptcy.

SECTION 17. ASSIGNMENT BY LESSOR FOR SECURITY PURPOSES:

Lessor intends to assign this Lease and all rents and other sums due and to become due hereunder as collateral security for indebtedness of Lessor incurred to provide funds to pay or reimburse the Lessor for the payment of the purchase price of the Cars, such assignee being hereinafter referred to as the "Secured Assignee." Upon such assignment, Lessor's Agent shall give written notice to Lessee, stating the name and post office address of the Secured Assignee, and all rents and other sums payable by Lessee which are the subject matter of such assignment shall thereafter be paid as directed by the Secured Assignee. Secured Assignee shall not be bound by or obligated to perform

or see to the performance of any duty, covenant or condition or warranty (express or implied) made by Lessor or required to be observed or performed by Lessor under any of the terms hereof, but on the contrary, Lessee by its execution hereof acknowledges and agrees that notwithstanding such assignment each and all of such covenants and agreements of Lessor and all representations and warranties shall survive such assignment and shall be and remain the sole liability of Lessor and of every person, firm or corporation succeeding (by merger, consolidation, purchase of assets or otherwise) to all or substantially all of the business, assets or good will of Lessor. Without limiting the foregoing, Lessee further acknowledges and agrees that in the event of such assignment, the rights of such Secured Assigneee in and to the sums payable by Lessee under any provisions of this Lease shall not be subject to any abatement whatsoever, and shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever whether by reason of any damage to or loss or destruction of any Car, or any part thereof, or by reason of any defect in or failure of title of Lessor or interruption from whatsoever cause (other than from the wrongful act of such assignee) in the use, operation or possession of any Car, or any part thereof, or by reason of any indebtedness or liability, howsoever and whenever arising, of Lessor to Lessee, or to any other person, or for any other reason whatever, it being the intent hereof that Lessee shall be absolutely and unconditionally obligated to pay all such sums to the Secured Assignee except in the event of a wrongful act of the Secured Assignee. It is further understood and agreed that a security interest in the Cars may be granted by Lessor to such Secured Assignee under a Security Agreement. In any such event, the right, title and interest of the Secured Party under any Security Agreement covering any Cars shall by the express terms of such Security Agreement be subject to the right, title and interest of Lessee in and to such Cars.

Lessor and Lessee acknowledge and agree that in the event of such assignment or the grant of a Security Interest and upon notice thereof to Lessee, the Secured Assignee shall have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of Lessor for the use and benefit of the Secured Assignee) which by the terms of the Lease or by applicable law are permitted or provided to be exercised by Lessor, and Lessee will take direction from the Secured Assignee with respect to the Cars and the payment of rents, and upon the termination hereof will deliver the Cars to such Secured Assignee or upon its order.

All terms, provisions, covenants and agreements contained in this Section 17 shall inure to the benefit of the Secured Assignee and its successors and assigns, including each and every

successive holder of the indebtedness secured by the assignment referred to in this Section.

SECTION 18. RETURN OF UNITS UPON EXPIRATION OF TERM:

As soon as practicable on or after the expiration of the term of this Lease with respect to any Cars, Lessee will, at its own cost and expense, at the request of Lessor, deliver possession of such Cars to Lessor upon such storage tracks of Lessee as Lessor may designate, and permit Lessor to store such Cars on such tracks for a period not exceeding 100 days and transport the same, at any time within such 100 day period, to any reasonable place on the lines of railroad operated by Lessee or to any connecting carrier for shipment, all as directed by Lessor, the movement and storage of such Cars to be at the expense and risk of Lessee. During any such storage period Lessee will permit Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same.

SECTION 19. MISCELLANEOUS:

A. Inspection and Inventories. During the continuance of this Lease, Lessor shall have the right at its own cost and expense to inspect the Cars at any reasonable time or times whether on Lessee's line or elsewhere. Lessee shall at least once every year furnish Lessor's Agent with an accurate inventory of all Cars in service showing their location at such time to the best knowledge of Lessee.

B. Transfer of Manufacturers' Warranty. Lessor hereby transfers and assigns to Lessee for and during the term of this Lease all of its right, title and interest in, under and to any manufacturer's warranty in respect of the Cars and agrees to execute and deliver such further instrument and to do such further acts as may be necessary to enable Lessee to obtain customary warranty service for the Cars by the Manufacturer.

C. Recording of the Lease. Prior to the delivery and acceptance of the first Car, Lessor's Agent intends (at the expense of Lessee) to cause this Lease, or an acceptable memorandum thereof, to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. Lessee will upon the request of Lessor's Agent also promptly cause this Lease, or an acceptable memorandum thereof, to be filed, registered or recorded (and thereafter will cause it to be filed, registered or recorded, and refiled, re-registered, and re-recorded whenever and wherever required) in each place in the United States of America or elsewhere as and when designated by Lessor's Agent

for the proper protection to the satisfaction of Lessor's Agent of Lessor's title to the Cars. Lessee will pay all costs, charges and expenses incident to the filing, refiling, registering, re-registering, recording and re-recording of any such further instrument or incident to the taking of any such other action.

D. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States mails, first-class postage prepaid, registered or certified mail, return receipt requested, addressed as follows:

If to the Lessor or the Lessor's Agent:

c/o Leasing Consultants
221 North LaSalle Street
Chicago, Illinois 60601

with a carbon copy to

Lederer, Fox and Grove
111 West Washington Street
Chicago, Illinois 60602

and

If to the Lessee: Detroit, Toledo and Ironton
Railroad Company
13520 Michigan Avenue
Dearborn, Michigan
Attn: Vice President - Finance

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

E. Lessee will keep proper books of account and records and will deliver, or cause to be delivered to Lessor's Agent, in duplicate:

(a) as soon as available and in any event within 90 days after the end of each quarterly fiscal period of Lessee (except the last such period in each fiscal year), a copy of the balance sheet of Lessee as at the end of such period and an income and surplus statement of Lessee for the period of the current fiscal year ending at the date of the balance sheet, prepared and certified by the principal accounting office of Lessee; and

(b) as soon as available and in any event within 120 days after the close of each fiscal year of Lessee a complete audit report certified by independent Certified Public Accountants

of recognized standing covering the operations of Lessee for such fiscal year and containing a balance sheet and an income and surplus statement of Lessee for such fiscal year, prepared in comparative form covering the preceding fiscal year.

F. This Lease shall be binding upon and shall inure to the benefit of Lessor and Lessee and their respective successors and assigns. This Lease may be executed in any number of counterparts, which may be photocopies hereof, each counterpart constituting an original but all together one and the same instrument and contract.

G. The provisions of this Lease and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Illinois.

H. This Lease constitutes the entire understanding of the parties in respect to the Cars and the rights of the parties thereto.

I. Lessee agrees that it will not at any time make any claim for an investment tax credit, or other credit resulting from the purchase or ownership of the Cars, as such term or any similar term, is defined under the Internal Revenue Code as amended from time to time.

J. It is understood by and between the parties that time is of the essence with respect to the performance of the covenants herein contained.

SECTION 20. PURCHASE OPTION:

Not more than six months prior to 180 months from the date of this Lease, Lessee will cause the Appraiser (as hereinafter defined) to render, at the expense of Lessee, an appraisal of the fair market value of the Cars and the written report of the Appraiser setting forth its determination of such fair market value shall be delivered to Lessor and Lessee not later than four months prior to 180 months from the date of this Lease. Such fair market value as so determined in respect of any Car is hereinafter called the "Market Value" of such Car.

After Lessee shall have caused such appraisal to be made, Lessee, by written notice delivered to Lessor's Agent not later than three months prior to 180 months from the date of this Lease, unless an Event of Default shall have occurred, may elect to purchase all, but not fewer than all, of the Cars, the Market Value of which

shall have been determined as herein provided, for an aggregate purchase price in cash equal to the greater of ten per cent (10%) of the cost of the Cars as set forth on the Manufacturer's paid invoices or the Market Value of such Cars, which is to be payable for each Car on the date on which the term of this Lease for each such Car expires. Upon payment of the purchase price of any Car, Lessor shall upon the request of Lessee execute and deliver to Lessee, or to Lessee's assignee or nominee, a bill of sale (with representations or warranties that such Cars are free and clear of all claims, liens, security interests and other encumbrances by or in favor of any person claiming by, through or under Lessor) for such Car paid for, and such other documents as may be required to release such Car from the terms and scope of this Lease and to transfer title thereto to Lessee or such assignee or nominee, in such form as may reasonably be requested by Lessee, all at Lessee's expense.

The term "Appraiser" shall mean such independent appraiser as Lessor and Lessee may mutually agree upon, or, failing such agreement, a panel of three independent appraisers, one of whom shall be selected by Lessor, the second by Lessee and the third designated by the first two selected. Lessor shall be under no obligation to deliver said Cars to any assignee and this shall be the sole obligation of Lessee.

SECTION 21. OPINIONS OF COUNSEL:

Concurrently with the delivery and acceptance of the first Car hereunder, the Lessee will deliver to the Lessor the written opinion of counsel for the Lessee addressed to the Lessor, the Agent and to any assignee under Section 17 of which the Lessee has notice, in scope and substance satisfactory to the Lessor, to the effect that:

(a) The Lessee is a corporation legally incorporated and validly existing, in good standing, under the laws of the State of Delaware;

(b) The Lessee has the corporate or other power and authority to own its property and carry on its business as now being conducted and is duly qualified to do business as a foreign corporation in all states in which such qualification is necessary to carry out the terms of the Lease;

(c) This Lease and the Acquisition Agreement of even date herewith, among the Lessor, the Lessor's Agent and the Lessee have been duly authorized, executed and delivered by the Lessee and constitute the valid, legal and binding agreements of the Lessee enforceable in accordance with their respective terms;

(d) This Lease has been filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act and no other filing, recording or depositing is necessary to protect the Lessor's title to the Equipment in the United States of America and in Canada;

(e) No approval, consent or withholding of objection is required from any public regulatory body with respect to the entering into or performance of the Acquisition Agreement or this Lease;

(f) The execution and delivery by Lessee of the Acquisition Agreement and this Lease do not violate any provision of any law, any order of any court or governmental agency, the Charter or By-laws of the Lessee, or any indenture, agreement, or other instrument to which Lessee is a party or by which it, or any of its property is bound, and will not be in conflict with, result in the breach of, or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument, or result in the creation of or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of Lessee, except as contemplated and permitted hereby; and

(g) As to any other matters which Lessor shall reasonably request.

Upon request, Lessor shall provide Lessee with a favorable written Opinion of Lessor's Counsel that Lessor has good title to the Cars which are the subject of this Lease and that they are free and clear of any liens and encumbrances in any claims of third persons, excepting only the lien of the Secured Assignee arising under the terms of the heretofore mentioned assignment of this Lease and any Security Agreement relating to the Cars leased hereunder and of current ad valorem taxes not in default and the right, title and interest of Lessee under the Lease.

SECTION 22. 360 DAY YEAR:

Computations hereunder involving the determination of interest or discount shall be made on the basis of a 360 day year of twelve 30-day months.

SECTION 23. OTHER EQUIPMENT LEASES AND SECURED OBLIGATIONS:

Lessee agrees that, during the continuance of this Lease, Lessee will not assume or enter into any other leases of equipment, equipment trust agreements, conditional sale agreements or other liabilities or obligations in connection with the leasing or financing of the acquisition of equipment or other tangible personal property, (i) if such liabilities or obligations would be entitled, directly or indirectly, to any priority in right of payment over the obligations of Lessee under this Lease, or (ii) if such liabilities or obligations would be secured, directly or indirectly, by any mortage, lien or other security interest in property of the Railroad or Lessee (except the equipment or other property involved in the particular transaction) unless the obligations of Lessee under this Lease are equally and ratably secured thereby.

IN WITNESS WHEREOF, Lessor's Agent and Lessee have each caused this instrument to be executed in its corporate and/or registered name by its President or by one of its Vice Presidents thereunto duly authorized, and its corporate seal to be affixed and attested by its Secretary or one of its Assistant Secretaries, all as of the day and year above written.

TOLEDO ASSOCIATES,
an Illinois limited partnership

By Arthur Heim
General Partner

Arthur Heim, doing business as
Leasing Consultants

By Arthur Heim
Lessor's Agent

Detroit, Toledo and Ironton Railroad
Company

By C J Tark
Its President

(CORPORATE SEAL)

ATTEST:

N W Mullen
Its Secretary

STATE OF Illinois)
) SS.
COUNTY OF Cook)

On this 21 day of October, 1971, before me personally appeared ARTHUR HEIM, to me personally known, who being by me duly sworn, says that said instrument was signed and sealed on his behalf and he acknowledged that the execution of the foregoing instrument was his free act and deed.

Barbara Hall
Notary Public

(Notary Seal)

My commission expires December 21, 1973.

STATE OF Michigan)
) SS.
COUNTY OF Wayne)

On this 7th day of October, 1971, before me personally appeared C. L. Towle, to me personally known, who being by me duly sworn, says that he is the President of Detroit, Toledo and Ironton Railroad Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Louise K. White
Notary Public

(Notary Seal)

LOUISE K. WHITE
Notary Public, Wayne County, Mich.
My Commission Expires Apr. 30, 1974

My commission expires _____.

EQUIPMENT LEASE SCHEDULE
TOLEDO ASSOCIATES

Exhibit "A"

1. Description of Equipment: Thirty-four (34) Freight Cars 52 feet 6 inches, 100 Ton Gondola Cars per Thrall Car Manufacturing TC Job Order 549.

2. Lessee's Road Numbers: D.T.&I. 9668 thru D.T.& I. 9701, both numbers inclusive.

3. Term: Ending December 31, 1986. Commencing: Upon execution of a Certificate of Inspection and Acceptance.

4. Rent Per Car: $ 492.46 Total: $ 16,743.64 per quarter-annual period, payable on the first day of each of said sixty (60) quarter-annual periods; the first such quarter-annual period shall commence on January 1, 1972. The rent for the fractional period preceding the first quarter-annual period commencing on the date of delivery and acceptance shall be paid on December 31, 1971.

5. Daily Interim Rent: Per Car: $5.47

6. Security Deposit, one-half (1/2) of which is to be deposited by Lessee and one-half (1/2) of which is to be deposited by Thrall Car Manufacturing Company: $500 per car. Total $17,000.

In the event the price of any Car covered by this Exhibit is greater or less than $16,736, the Fixed Rent and Daily Interim Rent for such Car shall be ratably increased or decreased.

APPROVED AND AGREED TO this 18th day of October, 1971, as a schedule to and part of Equipment Lease Agreement dated the 1st day of October, 1971.

DETROIT, TOLEDO AND IRONTON RAILROAD COMPANY

By _____
President

Attest:

_____
Secretary

Lessor's Agent:

_____
Arthur Heim - doing business as Leasing Consultants

EXHIBIT "A"

CERTIFICATE OF INSPECTION AND COMPANY ACCEPTANCE

Dated this _____ day of
_____, 1971 at the
City of _____, in
the State of _____.

Gentlemen:

The undersigned Inspector of DETROIT, TOLEDO and IRONTON RAILROAD COMPANY (the "Lessee") hereby certifies that he has made a thorough examination of _____ railroad cars bearing numbers as follows:

and hereby accepts them for Lessee under and pursuant to that certain Railroad Equipment Lease dated as of October 1, 1971 between TOLEDO ASSOCIATES, an Illinois limited partnership, as Lessor, and the Lessee, that each of said cars is plainly marked in stencil on both sides of each car with the words "Leased to the Detroit, Toledo and Ironton Railroad Company by Leasing Consultants (Chicago, Illinois), Lessor's Agent, and subject to a security interest recorded with the I.C.C." in readily visible letters not less than one inch (1") in height, and that each of said cars fully complies with the Specifications referred to in said Railroad Equipment Lease.

_____
Inspector for

Company

EXHIBIT "B"

SCHEDULE OF COMPUTATION OF SETTLEMENT VALUE

DECEMBER 31:	APPLICABLE PERCENTAGE OF COST PER CAR:
1973 and prior	100%
1974	95%
1975	90%
1976	85%
1977	80%
1978	75%
1979	70%
1980	65%
1981	55%
1982	50%
1983	40%
1984	30%
1985 and subsequently	20%

Types of Cars	Lessor's Cost per Car (U.S. Currency)
100 Ton Gondola Cars	$16,736.—

EXHIBIT "C"