

EQUIPMENT LEASE AGREEMENT

THIS EQUIPMENT LEASE AGREEMENT ("Lease" or "Agreement"),  
made this 17 day of JANUARY, 19 75, by and between  
WELLS FARGO TRANSPORT LEASING CORPORATION, a California corporation  
("Lessor"), and GREEN BAY AND WESTERN RAILROAD COMPANY ("Lessee");

*CSL*  
*[Signature]*

W I T N E S S E T H :

WHEREAS, Lessee has purchased and presently owns that certain  
railroad equipment (hereinafter called the "Equipment" or "Unit or  
Units of Equipment") described on Schedule "A" hereto and manufactured  
by Pullman Standard, a division of Pullman, Incorporated; and

WHEREAS, Lessee desires to sell the Equipment to Lessor and  
leaseback the Equipment; and

WHEREAS, Lessor is willing to purchase the Equipment and  
lease it back to the Lessee on the terms and conditions contained  
herein.

NOW, THEREFORE, in consideration of the mutual covenants  
and undertakings herein contained, Lessor and Lessee hereby agree  
as follows:

RECORDATION NO. 7780 Filed & Recorded - 7780

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INTERSTATE COMMERCE COMMISSION

I. LEASE OF EQUIPMENT

1.1 Lease. Subject to the terms and conditions of this  
Agreement, Lessor hereby agrees to purchase from and lease to  
Lessee, and Lessee hereby agrees to sell to and lease from Lessor,  
the Equipment described on Schedule "A" hereto.

Notwithstanding anything contained herein to the contrary, Lessor shall have no obligation to purchase from or lease the Equipment to Lessee, or pay the purchase price therefor, unless, prior to January 31, 1975, Lessee (a) delivers to Lessor a Bill of Sale for the Equipment satisfactory to Lessor, (b) this Lease shall have been filed with the United States Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and the rules and regulations promulgated thereunder and (c) Lessee has delivered or causes to be delivered to Lessor an opinion of counsel or certificate from the Interstate Commerce Commission, satisfactory in form and substance to Lessor, to the effect that there are no other rights or interest in the Equipment under any other instrument and that Lessor's interest and rights in the Equipment are valid and enforceable against and superior to all persons including, without limitation, any other purchaser from, mortgagee, creditor, receiver, or trustee in bankruptcy of, the mortgager, buyer, lessee or bailee of the Equipment as of the date this Lease is properly filed.

1.2 Term of Lease. The term of this Lease for each Unit shall commence on the date first hereinabove written (the "Commencement Date") and, unless sooner terminated as provided herein, shall expire fifteen years thereafter. This Agreement may not be terminated by Lessor except as expressly provided herein and may not be terminated or cancelled by Lessee for any reason

whatsoever, unless otherwise expressly provided herein. If such term is extended, the phrase "term of Lease", as used in this Agreement, shall be deemed to include the extended term.

1.3 Rental Payments.

1.3.1 Quarterly Rent. Lessee covenants and agrees to pay to Lessor as rental for each Unit hereunder sixty (60) consecutive quarter-annual payments, each in arrears, beginning the Commencement Date in the amounts set forth below, provided, however, that if any of the payment dates referred to herein is not a business day, the payment shall be payable on the next succeeding business day. The first twenty (20) quarter-annual payments for each Unit shall be in an amount equal to 4.1426% of Lessor's Cost for such Unit; the next twenty (20) quarter-annual payments for each Unit shall be in an amount equal to 3.7125% of Lessor's Cost for such Unit; and the last twenty (20) quarter-annual payments for each Unit shall be in an amount equal to 2.5525% of Lessor's Cost for such Unit. The phrase "Lessor's Cost of each Unit" as used in this Agreement shall mean the purchase price of \$630,989.40 paid or payable by Lessor to Lessee, which price Lessee warrants and represents is the same price paid by Lessee to Pullman, Incorporated for the Equipment. As used herein, the term "quarter-annual" shall mean the four consecutive three-month periods beginning the Commencement Date.

1.3.2 Additional Rent.

(a) Loss of Depreciation Deductions.

Lessee agrees that if Lessor shall not be entitled to the most accelerated method of depreciation provided in Section 167 (b) of the Internal Revenue Code of 1954, as amended, on 100% of Lessor's Cost for each Unit (which shall be deemed to be the 150% declining balance method and an asset depreciation period of twelve (12) years pursuant to the applicable revenue procedure), or such deductions are loss, disallowed, eliminated, reduced, recaptured or otherwise unavailable for any reason (the "loss"), then Lessee shall pay to Lessor as additional rent, within thirty (30) days after the date of any such loss (as defined herein), an amount which, after deduction of all taxes required to be paid by Lessor in respect of the receipt of such sum under the laws of any federal, state, or local government or taxing authority, shall be equal to the amount of such deductions so lost plus the amount of interest or penalties (including additions to tax because of under payment of estimated tax) which may be payable to any federal, state, or local government or taxing authority in connection with such loss. The amount of such loss shall be determined by mutual agreement of Lessor and Lessee, or failing such agreement by an independent firm of certified public accountants or independent tax counsel, at Lessee's expense.

For the purposes of this Lease, the date of any such loss shall be the earliest of (i) the occurrence of any event (such as disposition or change in use of any unit of equipment which may

cause such loss), or (ii) the payment by Lessor (or the consolidated federal taxpayer group of which Lessor is a part) to the Internal Revenue Service of the tax increase resulting from such loss, or (iii) receipt by Lessor from the appropriate taxing authority of any notice of proposed deficiency, statutory notice of deficiency or assessment relating to the loss, or (iv) a determination by an independent firm of certified public accountants or independent tax counsel to the effect that Lessor (or the consolidated federal taxpayer group of which Lessor is a part) is not entitled to such deduction, or (v) the adjustment of the tax return of Lessor (or the consolidated federal taxpayer group of which Lessor is a part) to reflect such loss. Lessee shall not be required to pay the foregoing amounts if the loss results from the occurrence of any of the following events: (i) a disqualifying disposition due to sale of any unit or the lease thereof by Lessor prior to any default by Lessee, or (ii) a failure by Lessor to timely claim depreciation for any unit in the appropriate tax return of Lessor (or the consolidated federal taxpayer group of which Lessor is a part), or (iii) a disqualifying change in the nature of Lessor's business or liquidation thereof.

1.3.3 Late Payment. In the event Lessee shall be in default of the payment of any sum of money to be paid under this Lease, Lessee shall pay to Lessor a late charge equal to five percent (5%) of such unpaid sum plus interest thereon from the due date thereof (without regard to any grace period) to date

of payment at the rate of ten percent (10%) per annum, or such lesser amount as may represent the maximum permitted by applicable law. Lessee shall pay Lessor rent, without deduction or offset, in the amounts and at the time set forth herein.

1.3.4. Place of Payment. All rental and other payments required to be made by Lessee to Lessor hereunder shall be made in immediately available funds to Lessor at the office of Lessor set forth below, or at such other place as Lessor may from time to time designate in writing to Lessee.

## II. REPRESENTATIONS AND WARRANTIES

### 2.1 Lessor's Warranties; Disclaimers.

2.1.1 Warranties. Lessor hereby represents and warrants to Lessee that (i) Lessor is a corporation duly organized, validly existing and in good standing under the laws of the State of California, (ii) Lessor has the right to lease the Equipment to Lessee in accordance with the terms of this Agreement, and (iii) this Agreement has been duly authorized, executed and delivered by Lessor and constitutes the legal, valid and binding obligation of Lessor in accordance with its terms and (iv) there are no mortgages, liens, charges or encumbrances on or against the Equipment by, through or under Lessor except for the rights of Lessee hereunder.

2.1.2 Disclaimers. The warranties set forth in subsection 2.1.1 hereof are exclusive and in lieu of all other warranties of Lessor whether written, oral or implied; and Lessor

shall not, by virtue of having purchased from and leased the Equipment to Lessee under this Agreement, or having executed and delivered any bill or bills of sale pursuant to this Agreement, be deemed to have made any representation, warranty or covenant with respect to the merchantability, fitness, condition, quality, durability or suitability of any Unit in any respect or in connection with or for the purposes and uses of Lessee, AND LESSOR HEREBY DISCLAIMS ANY OTHER REPRESENTATION OR WARRANTY OF ANY NATURE, EITHER EXPRESSED OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE DESIGN OR CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE EQUIPMENT OR CONFORMITY OF THE EQUIPMENT TO THE PROVISIONS AND SPECIFICATIONS OF ANY PURCHASE ORDERS RELATING THERETO, IT BEING UNDERSTOOD THAT LESSEE ACCEPTS THE EQUIPMENT FOR THE PURPOSES HEREOF "AS IS". During the term of this Lease with respect to any Unit of Equipment in which Lessee renders faithful performance of its obligations, Lessor hereby assigns to Lessee any factory or dealer warranty, whether express or implied, on such Unit. All claims or actions on any warranty so assigned shall be made or prosecuted by Lessee, at its sole expense, and Lessor shall have no obligation whatsoever to make any claim on such warranty. Any recovery in cash or cash equivalent under such warranty shall be made payable jointly to Lessee and Lessor. At Lessor's option, all cash proceeds or equivalent thereof from such warranty recovery shall be used to repair or replace the Equipment.

2.2 Lessee's Warranties. Lessee hereby represents and warrants to Lessor as follows:

2.2.1 Organization, Corporate Power, etc. Lessee (i) is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation, (ii) is qualified to do business in every jurisdiction in which such qualification is necessary and (iii) has the corporate power and authority to own its properties and to carry on its business as now being conducted and to execute and perform this Agreement.

2.2.2 Validity of Lease. The execution, delivery and performance by Lessee of this Agreement have been duly authorized by all requisite corporate action and will not violate any provision of law, any order of any court or other agency of government, the Certificate or Articles of Incorporation or By-Laws of Lessee, or any indenture, agreement or other instrument to which it is a party, or by which it or any of its property is bound, or result in a 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 or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of its property or assets; and this Agreement constitutes the legal, valid and binding obligation of Lessee in accordance with its terms.

2.2.3 Financial Statements. All balance sheets, statements of profit and loss and other financial data that have

been given to Lessor with respect to Lessee (i) are complete and correct in all material respects, (ii) accurately present the financial condition of Lessee as of the dates, and the results of its operations for the periods, for which the same have been furnished, and (iii) have been prepared in accordance with generally accepted accounting principles consistently followed throughout the periods covered thereby (except as noted therein); all balance sheets disclose all known liabilities, direct and contingent, as of their respective dates; and there has been no change in the condition of Lessee, financial or otherwise, since the date of the most recent financial statements given to Lessor with respect to Lessee other than changes in the ordinary course of business, none of which changes has been materially adverse.

2.2.4 Other Information. To the best of Lessee's knowledge and belief, all other written information, reports, papers and data given to Lessor with respect to Lessee are accurate and correct in all material respects and complete insofar as completeness may be necessary to give Lessor a true and accurate knowledge of the subject matter.

2.2.5 Other Agreements. Lessee is not a party to any agreement or instrument materially and adversely affecting its present or proposed business, properties or assets, operation or condition, financial or otherwise; and Lessee is not materially in default in the performance, observance or fulfillment of any obligations, covenants or conditions set forth in any agreement or instrument to which it is a party.

2.2.6 Taxes. Lessee has filed all Federal, State, county and municipal income tax returns required to have been filed by it and has paid all taxes which have become due pursuant to such returns or pursuant to any assessment received by it (except taxes which Lessee is contesting in good faith), and Lessee does not know of any basis for additional assessment in respect of such taxes.

2.2.7 Litigation. There is not now pending against or affecting Lessee, nor to its knowledge is there threatened, any action, suit or proceeding at law or in equity or by or before any administrative agency which if adversely determined would materially impair or affect its financial condition or operation except as disclosed in the December 31, 1973 financial statement of Lessee or otherwise disclosed in writing to Lessor.

2.2.8 Interstate Commerce. The Equipment is to be used exclusively in interstate commerce.

2.2.9 No Fraudulent Conveyance or Bulk Sale. That the transactions contemplated by this Lease will raise no presumption of fraud as against and will be effective against all creditors of Lessee under applicable state and federal laws, including, without limitation, laws relating to fraudulent conveyances or bulk transfers.

2.2.10 Consents. There are no pending or threatened actions or proceedings before any court or administrative agency which will materially adversely affect the condition, business or operations of Lessee or any of its subsidiaries or the ability of Lessee to perform its obligations under this Lease.

2.2.11 Opinion of Counsel. Lessee shall provide Lessor, upon request, with an opinion of counsel satisfactory to Lessor with respect to the foregoing matters.

2.2.12 Association of American Railroads. Lessee is and during the term of this Lease shall be a party to the Interchange Agreement of the Association of American Railroads.

2.2.13 Net Worth. Lessee shall maintain its tangible net worth at no less than \$11.7 million during the term of this Lease, determined in accordance with generally accepted auditing and accounting principles consistently applied throughout the periods involved.

### III. COVENANTS OF LESSEE

3.1 Payment of Rent and Other Monies. Lessee shall promptly pay Lessor all rentals and other payments payable by it under this Agreement without asserting any setoff, counterclaim or other defense for any reason whatsoever.

#### 3.2 Use of Equipment.

3.2.1 Operation. Lessee shall use and operate the Equipment (i) in a careful and proper manner, (ii) solely in the conduct of its business, (iii) in a manner and for the use contemplated by the manufacturer thereof and (iv) in compliance with (A) all laws, rules and regulations of every governmental authority having jurisdiction over the Equipment and (B) the provisions of all policies of insurance carried by Lessee pursuant to Section 3:6 hereof. In no event shall Lessee utilize the Equipment in such

a way so as to subject the same and/or this Agreement to the terms and provisions of the Renegotiation Act of 1951 (50 U.S.C. SS 1211-1233) as may be amended from time to time. Lessee shall not, without the prior written consent of Lessor, affix or install any part, accessory or device on any Unit if the same will impair the originally intended function or use of such Unit. Lessee shall pay all costs, expenses, fees and charges incurred in connection with the use and operation of the Equipment. Lessee shall not remove any Unit from the United States of America (as such term is defined in the Internal Revenue Code of 1954, Subsection 7701 and Treasury Regulations pertaining thereto, and as the same may be amended from time to time) without Lessor's prior written consent.

3.2.2 Compliance. The Lessee agrees, for the benefit of the Lessor, to comply in all respects with all laws of the jurisdictions in which the Units may be operated, with the interchange rules of the Association of American Railroads, if applicable, and with all lawful rules of the Department of Transportation and the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units. In the event that such laws or rules require the alteration of the or in case any equipment or appliance on any such Unit shall be required to be changed or replaced or in case any additional or other equipment or appliance is required to be installed on such Unit in order to comply with such laws and rules, the Lessee agrees to make such alterations, changes, additions and replacements

at its own expense; and the Lessee agrees at its own expense to use, maintain and operate such Unit in full compliance with such laws and rules so long as it is subject to this Lease; provided, however, that the Lessee, upon notice to the Lessor, may, in good faith, contest the validity or application of any such law or rules in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property or rights of the Lessor hereunder.

3.3 Maintenance. Lessee shall, at its own cost and expense, maintain, service and repair the Equipment so as to keep it in at least as good operating condition, order, repair and appearance, as it was when it was first purchased by and delivered to Lessee, ordinary wear and tear excepted. Lessee shall, at its own cost and expense and within a reasonable period of time replace all parts of any Unit that may become worn out, lost, destroyed or otherwise rendered permanently unfit for use with appropriate replacement parts, free and clear from any mortgage, lien, charge or encumbrance (and title thereto shall vest in Lessor immediately upon installation, attachment, or incorporation of the same in, on or into such Unit).

3.4 Taxes. In addition to the rentals and other amounts payable by Lessee under this Agreement, Lessee shall pay promptly all sales, use, rental, registration and any other taxes, assessments, license fees and governmental charges, municipal, state, and Federal (hereinafter referred to as "Imposts"):

(a) levied or assessed against Lessee (i) in respect of this Agreement or the purchase orders or sales contracts issued in connection with the purchase of the Equipment, (ii) upon the interest of the Lessee in the Equipment, (iii) upon the use or operation thereof, or (iv) upon the earnings of Lessee arising therefrom; or

(b) levied or assessed against Lessor (i) on account of the purchase, lease, ownership, possession, maintenance, delivery, or return of the Equipment, (ii) on account of or measured by the use or operation thereof, or (iii) on account of or measured by the earnings, rentals or gross receipts arising therefrom, excluding, however, any income taxes payable by Lessor to the United States or any state or political subdivision thereof (except any such tax which is in substitution for, or relieves Lessee from the payment of, any tax or other charge for which Lessee would otherwise be obligated to pay as provided herein), but including any excise, sales, use or similar tax imposed on Lessor, solely on account of the use or sale (except a sale pursuant to subsection 4.3.2 of this Agreement) of the Equipment by, to or for the account of Lessee hereunder, provided, however, that Lessee shall not be required to pay any such Impost if and so long as it shall in good faith, with due diligence and by appropriate legal or administrative proceedings contest the validity, applicability or amount thereof. If the claim is made against Lessor for any Impost payable by Lessee hereunder, Lessor shall promptly notify

Lessee, and if Lessor pays the same, Lessee will promptly reimburse Lessor therefor. If any Impost payable by Lessee hereunder is, at its expense, do any and all things required to be done by Lessor in connection with the levy, assessment, billing or payment thereof; and Lessor hereby authorizes Lessee to act for and on behalf of Lessor in connection therewith but Lessee shall indemnify and hold harmless Lessor from and against any and all claims and all costs, expenses, damages, losses and liabilities incurred or suffered by Lessor in connection therewith, as a result of, or incident to, any action by Lessee pursuant to the above authorization. Lessee shall cause all billing of Imposts levied against Lessor to be made to it in care of Lessee, and shall, from time to time, on request of Lessor, submit written evidence of the payment of such Imposts.

3.5 Loss and Damage. Lessee hereby assumes and shall bear the entire risk of loss, damage to, theft, or destruction of the Equipment for any cause whatsoever ("Loss or Damage") (including, without limitation, economic loss through extraordinary or premature wear, or requisition of the Equipment by any government agency) whether or not such Loss or Damage is covered by insurance. No such Loss or Damage shall relieve Lessee of any of its obligations under this Lease.

In the event of Loss or Damage to any unit of Equipment, Lessee, at the option of Lessor, shall: (a) repair or restore the Equipment to good repair, condition and working order; or (b) replace the Equipment with similar equipment in good repair, condition and working order; or (c) pay Lessor in cash the

"Stipulated Loss Value" for such unit as set forth in the Stipulated Loss Value Schedule attached hereto as Exhibit "A". Upon payment of the Stipulated Loss Value, this Lease shall terminate only with respect to the unit of Equipment for which Lessee has so paid, and Lessee shall become entitled to said unit As-Is, Where-Is without any warranty, express or implied, with respect to any matter whatsoever.

3.5.1 Disposition of Insurance and Other Proceeds.

The proceeds of insurance (except as provided in Section 3.6 hereof) or of any confiscation, condemnation or other taking in respect of a Unit as to which an Event of Loss has occurred shall be paid to and retained by Lessor. Except as provided in Section 3.6 hereof, the proceeds of insurance in respect to damage to a Unit, the repair of which is practicable shall be paid to Lessor and, unless an Event of Default hereunder has occurred and is continuing, shall be applied either to such repair or to the reimbursement of Lessee for the cost of such repair, at the election of Lessee, after such repair has been made and such Unit has been restored to good operating condition.

3.6 Insurance.

3.6.1 Coverage. Lessee will carry with insurers of recognized responsibility comprehensive public liability and property damage insurance in respect of the operation and use of the Equipment, in an amount not less than \$500,000 for each occurrence.

3.6.2 Policy Provisions. Lessee shall cause each insurance policy issued pursuant to the requirements of subsection 3.6.1 hereof to provide, and the insurer issuing such policy to certify to Lessor as follows: as to public liability and property damage insurance, that (i) Lessor, as owner and Lessor of the Equipment, is an additional insured thereunder, (ii) all provisions of such policy, except the limits of liability, will operate in the same manner as if there were a separate policy covering each insured and (iii) if such policy be cancelled or materially changed for any reason whatsoever such insurer will promptly notify Lessor and such cancellation or change will not be effective for thirty (30) days after notice to Lessor.

3.6.3 Delivery of Policies and Receipts for Premiums. Lessee shall deliver to Lessor copies of each such insurance policy (or a certificate of insurance relating thereto) upon the execution hereof and copies of each renewal policy (or a certificate or other evidence of insurance relating thereto) prior to the expiration of the original policy or preceding renewal policy, as the case may be (provided, however, that Lessee shall notify Lessor in writing of the status of such insurance thirty (30) days prior to the expiration thereof in the event it has not then delivered to Lessor a renewal policy, or a certificate or other evidence of insurance relating thereto), and Lessee shall deliver to Lessor receipts or other evidence that the premiums thereon have been paid if reasonably requested by Lessor.

3.7 Indemnity. Lessee agrees to indemnify and hold harmless Lessor, from and against any and all claims of whatsoever kind and nature accruing during the time of this Agreement, (including but not limited to claims arising out of injury or death to or of persons and damage to property, but excluding claims arising out of the negligence of Lessor), and all costs, expenses, damages, losses and liabilities whatsoever incurred or suffered by Lessor in connection therewith (including fees and expenses of counsel), as a result of, or incident to:

(a) the purchase, ownership, management, control, use, operation or storage of the Equipment, or any part thereof;

(b) any defect in the Equipment; or

(c) the use in or about the construction or operation of the Equipment of any design, article or material which infringes, or is claimed to infringe on, any patent or other right.

(d) the failure to comply with any laws of the jurisdiction in which the Units may be operated, with the interchange rules of the Association of American Railroads or with all lawful rules of the Department of Transportation or the Interstate Commerce Commission or any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment.

(e) any and all claims, actions, damages, including reasonable attorneys' fees, obligations, liabilities and liens

in connection with latent or other defects, or any claim for patent, trademark or copyright infringement or under the doctrine of "strict liability", imposed or incurred by or asserted against Lessor or its successors or assigns, arising out of the manufacture, purchase, lease, possession, operation, condition, return or use of the Equipment, or by operation of law. Lessee shall give Lessor prompt written notice of any matter hereby indemnified against and agrees that upon written notice by Lessor of the assertion of such a claim, action, damage, obligation, liability or lien, Lessee shall assume full responsibility for the defense thereof.

The covenant of indemnity contained in this Section 3.7 shall continue in full force and effect notwithstanding the full payment of all amounts due hereunder or the termination of this Agreement in any manner whatsoever.

The Lessee's obligations under the indemnities provided for in this Agreement shall be those of a primary obligor regardless of whether the Lessor shall also be indemnified with respect to the same matter under the terms of any other document or instrument, and the Lessor may proceed directly against the Lessee without first seeking to enforce any other right of indemnification. Upon the payment in full by the Lessee of any indemnity provided for under this Agreement, the Lessee shall be subrogated to any right of the Lessor in respect of the matter as to which such indemnity was paid.

3.8 Inspection. Lessee shall permit any person designated by Lessor, at Lessor's expense, to visit and inspect the Equipment, or any part thereof, at such reasonable times and places and as often as Lessor may reasonably request.

3.9 Possession; Assignment; Pledge. Lessee shall not, without the prior written consent of Lessor:

(a) sublease, hire out or otherwise transfer or part with the possession, control or custody of the Equipment, or any part thereof;

(b) assign this Agreement or its interests hereunder;

or

(c) create, incur or suffer to exist any mortgage, pledge, lien, encumbrance or charge on, or adverse claim with respect to, the Equipment, or any part thereof, or its interest therein, by, through or under Lessee.

3.10 Identification. Lessee shall, at its own cost and expense, cause each side of each Unit to be legibly, plainly, distinctly, permanently and conspicuously marked in letters not less than one (1) inch in height, with the name and address of Lessor followed by the words "Owner and Lessor" or other appropriate words designated by Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of Lessor to such Unit and the rights of Lessor under this Lease. Lessee shall not remove or deface, or permit to be removed or defaced, any such

plate, disc or other marking or the identifying manufacturer's serial number with respect to such Unit, and, in the event of any such removal or defacement, Lessee shall promptly cause such plate, disc, other marking or serial number to be replaced. Lessee shall not allow the name of any person, association or corporation to be placed on any Unit in any manner that might be interpreted as a claim of ownership; provided, however, that Lessee may cause the Equipment to be lettered with the name or initials or other insignia customarily used by Lessee on equipment used by it of the same or a similar type as the Equipment for convenience of identification of its rights to use the Equipment as permitted under this Agreement.

3.11 Equipment to be Personal Property. It is expressly understood that all the Equipment shall be and remain personal property notwithstanding the manner in which the same may be attached or affixed to realty, and Lessee shall do all acts and enter into all agreements necessary to insure that the Equipment remains personal property.

3.12 Financial and Other Statements.

3.12.1 Financial Statements. Lessee shall furnish to Lessor within one hundred twenty (120) days after the end of each of its fiscal years, a complete conformed copy of an executed report of an examination of its financial affairs, such report to include a balance sheet and a statement of profit and

loss for such year in the same detail as hereintofore furnished to Lessor and an unqualified opinion to the effect that such balance sheet and statement of profit and loss fairly represent the financial condition of Lessee and the results of its operations in conformance with generally accepted accounting principles applied on a consistent basis, except as may be described in such opinion.

Any financial statement furnished pursuant to this Section 3.12.1 may be a consolidated statement (i.e., consolidate the financial information with respect to Lessee with that of its consolidated subsidiaries, if any).

3.13 Certificate of Compliance. Lessee shall provide Lessor within sixty (60) days after the date hereof with a certificate of its president and/or any vice-president to the effect that each Unit of Equipment has been marked in accordance with Section 3.10 hereof.

#### IV. DEFAULT AND REMEDIES

4.1 Events of Default. The occurrence of any of the following shall constitute an Event of Default hereunder:

4.1.1 Default in Payment. Lessee shall fail to pay all or any part of a rental or other payment hereunder when and as the same shall become due and payable, and shall continue to fail to do so for a period of ten (10) days after written notice thereof by Lessor to Lessee.

4.1.2 Breach of Warranty. Any representation or warranty made in this Agreement, or in any report, certificate, financial statement or other statement furnished pursuant to the provisions of this Agreement, shall prove to have been false or misleading in any material respect as of the date on which the same was made.

4.1.3 Breach of Covenant. Lessee shall fail to duly observe or perform any covenant, condition or agreement made by it hereunder or under any other agreement between Lessor and Lessee, and shall continue to fail to observe or perform the same for a period of thirty (30) days after written notice thereof by Lessor to Lessee.

4.1.4 Judgment. A judgment for the payment of monies in excess of \$750,000 shall be rendered against Lessee and shall remain undischarged for a period of sixty (60) days unless said judgment be appealed from or stayed.

4.1.5 Attachment. An attachment or other lien against the property of Lessee for an amount in excess of \$750,000 shall be issued or entered and shall remain undischarged or unbonded for thirty (30) days.

4.1.6 Bankruptcy, Receivership, Insolvency, etc. Lessee shall commit an act of bankruptcy within the meaning of the Federal Bankruptcy Act, as the same may be amended from time to time; or bankruptcy, receivership, insolvency, reorganization, dissolution, liquidation or other similar proceedings shall be

instituted by or against Lessee or all or any part of its property under the Federal Bankruptcy Act or other law of the United States or of any state or other competent jurisdiction, and, if against Lessee, it shall consent thereto or shall fail to cause the same to be discharged within thirty (30) days.

4.1.7 Default Under Other Loan Agreements. Any indebtedness now or hereafter owing by Lessee, for borrowed money under Lessee's major long-term loan agreement(s) shall not be paid when due and payable, whether at the due date thereof or at a date fixed for prepayment or upon the acceleration of the maturity thereof or otherwise. For the purposes of this subsection 4.1.7, the phrase "major long-term agreement(s)" shall be deemed to mean Lessee's largest monetary obligation(s) owing to a financial institution (banks or insurance companies), the last installment of which would not be due and payable before a year's period shall have elapsed following any takedown of funds thereunder.

4.1.8 Assignment for Benefit of Creditors. Lessee makes a general assignment for the benefit of its creditors, or sells, transfers or disposes of all or substantially all of its assets or property, or merges with any other entity or engages in any form of corporate reorganization, without the prior written consent of Lessor.

4.2 Remedies. Upon occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, Lessee shall be in default of the terms of this Lease and Lessor

may exercise one or more of the following remedies: (a) take possession of any Unit of Equipment without demand or notice and without court order or legal process. Taking possession of any or all of the Equipment by Lessor shall not be construed to be an election to terminate this Lease with respect to any Unit of Equipment unless written notice to that effect is given to Lessee. Absent such written notice, this Lease shall remain in effect, and Lessee shall remain liable for all payments to be made hereunder. (b) Lease any unit of Equipment to such persons, at such a rental and for such a period of time (which may extend beyond the term of this Lease for such unit or units as Lessor shall elect). (c) Sell the Equipment at a public or private sale for cash or on credit, without demand or notice to Lessee, Lessee hereby agreeing that the proceeds of such sale will exceed the reasonable rental value of the Equipment for the term of this Lease with respect thereto. Lessor shall apply the net proceeds (the proceeds of any renting or sale pursuant to this paragraph 4.2 minus all costs and expenses incurred with recovery, repair, storage, renting or sale) of any such rental to the payment of Lessee's obligations hereunder, Lessee remaining liable for any deficiency, which at Lessor's option, shall be paid monthly, as suffered, or immediately, or at the end of the term as damages for Lessee's default. (d) Terminate this Lease with respect to any or all units of Equipment and recover from Lessee the worth

at the time of termination, of the excess, if any, of the amount of rent and charges equivalent to rent reserved in the Lease for the balance of the term or any shorter period of time over the then reasonable rental value of the Equipment for the same period.

(e) Terminate this Lease as to any or all units leased hereunder and recover from Lessee the net profit which Lessor would have realized from this transaction if Lessee had performed all of its obligations hereunder and such Lease had expired with respect to such unit or units on the expiration date referred to herein. (f) Bring legal action to recover all rents or other amounts then accrued or thereafter accruing from Lessee to Lessor under this Lease. (g) Pursue any other remedy which Lessor may have. Each of the foregoing remedies is cumulative and may be enforced separately or concurrently. In the event any action is brought to enforce the obligations or the rights of the parties hereunder, the prevailing party in such action will be entitled to all costs and expenses including attorneys' fees incurred therein.

V. SURRENDER; OPTIONS

5.1 Surrender. Upon expiration or earlier termination of this Lease with respect to each Unit of Equipment, unless upon request by Lessor Lessee has paid Lessor in cash the Stipulated Loss Value for such unit, Lessee shall return each Unit of Equipment to Lessor, as may be specified by Lessor, free of all advertising or insignia placed thereon by Lessee, and in good condition, repair and working order, ordinary wear and tear resulting from proper use thereof excepted, in the following manner: (a) by delivering the Equipment at Lessee's sole cost and expense to the City of Chicago, Illinois; or (b) to any other location selected by Lessee at Lessor's expense.

5.2 Lessee's Options. In lieu of surrendering the Equipment described herein upon expiration of the Lease, as set forth in Section 5.1 above, provided the Lease has not been earlier terminated with respect to said Equipment and Lessee is not in default thereunder, Lessee may elect, by written notice

delivered to Lessor not less than one hundred twenty (120) days prior to expiration of the Lease Term:

(a) to purchase all, but not less than all, of the Equipment then subject to the Lease at a purchase price equal to the Fair Market Value (as defined herein) of said Equipment upon expiration of the Lease Terms, or

(b) renew the Lease for all, but not less than all, of the Equipment at its Fair Rental Value (as defined herein) for such period of time and upon terms and conditions mutually acceptable to Lessor and Lessee:

(c) In the event Lessee elects to exercise one of the foregoing options, then Fair Market Value or Fair Rental Value, respectively, of the Equipment shall be determined on the basis of, and shall be equal in amount to the value which would obtain, assuming the Equipment had not been installed, in an arm's-length transaction between an informed and willing buyer or lessee and an informed and willing seller or lessor under no compulsion to sell or 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 sixty (60) days after Lessee has timely elected to renew the Lease or purchase the Equipment, Lessor and Lessee do not agree upon a determination of the Fair Market Value or Fair Rental Value of the Equipment, as the case may be, such value shall be determined in accordance with the foregoing definition by a qualified independent appraiser as selected by mutual agreement between Lessor and Lessee, or failing such agreement, by 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 so selected, or in the event the first two are unable to agree, then by the American Appraisal Company. The appraisers shall be instructed to make such determination within a period of twenty (20) days following appointment, and shall promptly communicate such determination in writing to Lessor and Lessee. The determination so made by the sole appraiser or by a majority of the appraisers, if there is more than one, shall be conclusively binding upon both Lessor and Lessee. The expenses and fees of the appraiser(s) shall be borne by Lessee.

(d) Bill of Sale. If Lessee elects to purchase the Equipment as provided herein upon payment of the purchase price, Lessor shall, upon request of Lessee, execute and deliver to Lessee or to Lessee's assignee or nominee, a bill of sale without representations or warranties, express or implied, except that such Equipment is free and clear of all claims, liens, security interests and other encumbrances by or in favor of a person claiming by, through or under Lessor for such Equipment, except liens and claims which Lessee assumed or is obligated to discharge under the terms of the Lease. Lessee agrees to pay or cause to be paid all sales and/or use taxes payable in connection with such sale, and any unpaid property taxes theretofore assessed or levied against said Equipment.

VI. MISCELLANEOUS

6.1 Performance of Lessee's Obligations. If Lessee shall fail to make payment or perform any act required by this Agreement,

Lessor may, but shall not be obligated to, make such payment or perform such act for the account of and at the expense of Lessee, without notice to or demand upon Lessee and without waiving or releasing any obligation or default. Lessee shall indemnify and hold harmless Lessor from and against all losses and expenses (including, but not limited to, attorneys' fees) suffered or incurred by Lessor by reason of any acts performed by it pursuant to this Section 6.1; and Lessee shall pay to Lessor, upon demand, all sums expended by Lessor pursuant to this Section 6.1 or with respect to which it shall be entitled to be indemnified, plus interest thereon, at the rate of ten percent (10%) per annum, from the date on which such sums are expended by Lessor to the date on which Lessee pays the same to Lessor.

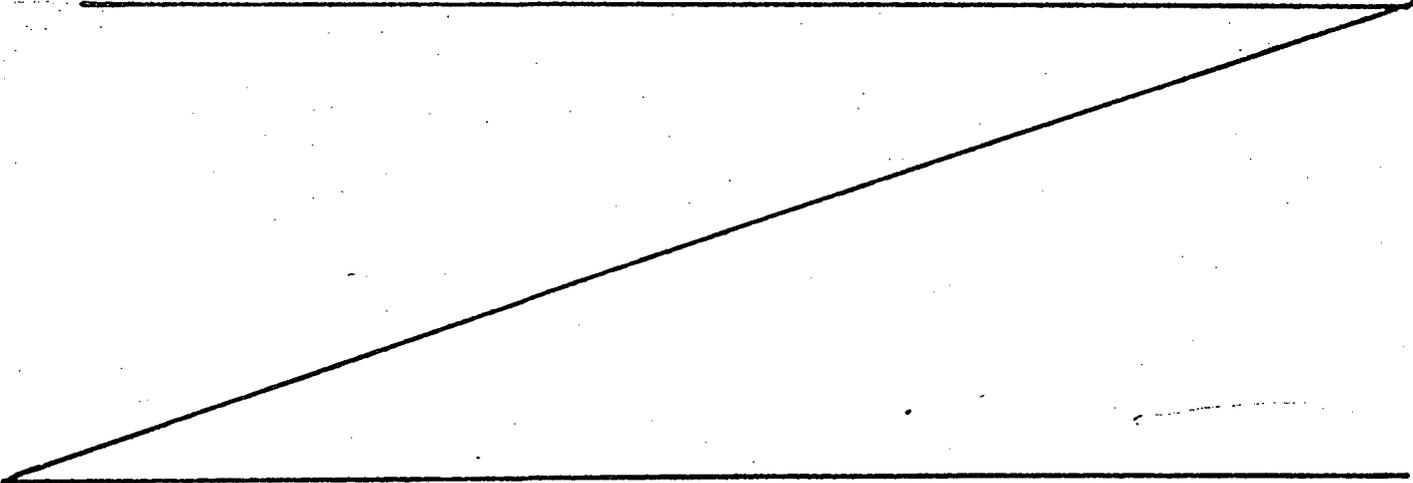
6.2 Further Assurances. Lessee agrees that at any time and from time to time, after the execution and delivery of this Agreement, it shall, upon request of Lessor, execute and deliver such further documents and do such further acts and things as Lessor may reasonably request in order fully to effect the purposes of this Agreement, including but not limited to, any and all information necessary to enable Lessor to properly complete and file any and all state or political subdivision thereof income tax returns in connection herewith. It is hereby agreed that Lessee will cause this Agreement and any assignment hereof to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20(c) of the Interstate Commerce Act.

Without limiting the generality of the foregoing, Lessee shall cause this Agreement to be kept, and/or any UCC-1's to be filed and recorded in such places as Lessor may reasonably request in order to perfect and preserve Lessor's rights hereunder.

6.3 Rights, Remedies, Powers. Each and every right, remedy and power granted to Lessor hereunder shall not be exclusive but shall be cumulative and in addition to any other right, remedy or power herein specifically granted or now or hereafter existing in equity, at law, by virtue of statute or otherwise and may be exercised by Lessor from time to time concurrently or independently and as often and in such order as Lessor may deem expedient. Any failure or delay on the part of Lessor in exercising any such right, remedy or power, or abandonment or discontinuance of steps to enforce the same, shall not operate as a waiver thereof or affect Lessor's right thereafter to exercise the same, and any single or partial exercise of any such right, remedy or power shall not preclude any other or further exercise thereof or the exercise of any other right, remedy or power. In the event Lessor shall have proceeded to enforce any such right, remedy or power and such proceeding shall have been determined adversely to Lessor, then in such event Lessee and Lessor shall be restored to their former positions and the rights, remedies and powers of Lessor shall continue as if no such proceeding had been taken.

6.4 Modification, Waiver, Consent. Any modification or waiver of any provision of this Agreement, or any consent to any departure by Lessee therefrom, shall not be effective only in the specific instance and for the specific purpose given. Any notice to or demand on Lessee in any event not specifically required of Lessor hereunder shall not entitle Lessee to any other or further notice or demand in the same, similar or other circumstances unless specifically required hereunder.

6.5 Communications. Any notice, request, demand, consent, approval or other communication provided or permitted hereunder shall be in writing and be given by personal delivery or sent by United States first class mail, postage prepaid, addressed as follows:

- (a) if to Lessor: Wells Fargo Transport Leasing Corporation  
425 California Street  
San Francisco, California 94104  
Attention: Vice President-General Counsel
  - (b) if to Lessee: Green Bay and Western Railroad Company  
Green Bay, Wisconsin 54306  
Attention: Vice President-Operations
- 
- 

provided, however, that either party may change its address for purposes of receipt of any such communication by giving ten (10) days' written notice of such change to the other party in the manner above prescribed.

6.7 Section Headings, etc. Section headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement. All references herein to sections, paragraphs, clauses and other subdivisions refer to the corresponding sections, paragraphs, clauses and other subdivisions of this Agreement; and the words "herein", "hereof", "hereby", "hereunder", and words of similar import refer to this Agreement as a whole and not to any particular section, paragraph, clause or other subdivision hereof.

6.8 Governing Law. This Agreement shall be deemed to have been made under and shall be governed by, the laws of the State of California in all respects, including matters of construction, validity and performance.

6.9 Severability. If any provision of this Agreement is prohibited by, or is unlawful or unenforceable under, any applicable law of any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof; provided, however, that any such prohibition in any jurisdiction shall not invalidate such provision in any other jurisdiction; and provided further, that where the provisions

of any such applicable law may be waived, they hereby are waived by Lessee to the full extent permitted by law to the end that this Agreement shall be deemed to be a valid and binding agreement in accordance with its terms.

6.10 Assignment. Lessor, or any assignee of Lessor, may at any time, without notice to or consent by Lessee, sell, assign, transfer or mortgage or otherwise encumber its interest under this Agreement or in the Equipment, subject to the terms of this Agreement and the rights of Lessee hereunder, and upon receipt of written notice of any such assignment, Lessee shall recognize such assignment subject to the rights of Lessee against Lessor hereunder. No assignment or reassignment shall release Lessor from its obligations to Lessee under this Agreement. Lessor agrees to deliver to Lessee a copy of each agreement evidencing any such sale, assignment, transfer, mortgage or other encumbrance, or the portion thereof which effects compliance with the provisions of this Section 6.10, as soon as practicable after the execution and delivery thereof.

6.11 Use of Equipment Beyond Lease Term. If Lessor permits the use of any Unit beyond the term of lease with respect thereto, the obligations of Lessee hereunder shall continue; provided, however, that such permissive use shall not be construed as a renewal of such term of lease nor as a waiver

of any right or continuation of any obligation of Lessor hereunder, and Lessor may take possession of such Unit at any time upon demand.

6.12 Entire Agreement. This Agreement contains the entire agreement between Lessor and Lessee with respect to the subject matter hereof and supersedes and cancels any prior understandings and agreements between Lessor and Lessee with respect thereto.

6.13 Binding Effect. This Agreement, subject to the provisions of Section 3.9 hereof, shall be binding upon and shall inure to the benefit of the respective successors and assigns of Lessee and Lessor.

6.14 Counterparts. This Agreement may be executed in counterparts, and each such counterpart shall, for all purposes, constitute one agreement binding on the parties hereto, notwithstanding that both parties are not signatory in the same counterpart.

6.15 Survival. The representations, warranties, indemnities and agreements of the Lessee provided for in this Agreement, and the Lessee's obligations under any and all

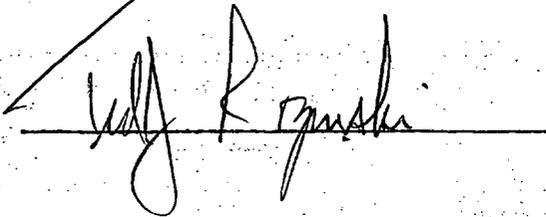
thereof, shall survive the delivery of the Equipment and, the expiration or other termination of this Agreement.

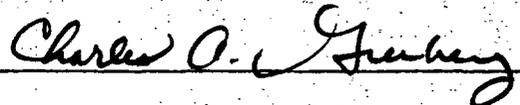
IN WITNESS WHEREOF, Lessor and Lessee have executed this EQUIPMENT LEASE AGREEMENT.

LESSOR:

WELLS FARGO TRANSPORT LEASING CORPORATION

Attest:

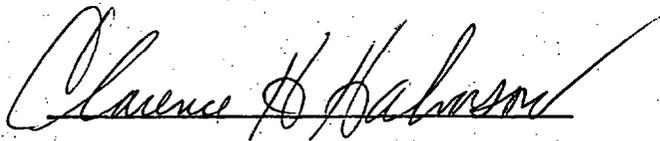
  
\_\_\_\_\_

By   
\_\_\_\_\_

LESSEE:

GREEN BAY AND WESTERN RAILROAD COMPANY

Attest:

  
\_\_\_\_\_

By   
\_\_\_\_\_

SCHEDULE A

to

Equipment Lease Agreement dated as of January 17, 1975.

between

Wells Fargo Transport Leasing Corporation (Lessor)

and

Green Bay and Western Railroad Company (Lessee)

*CAL*  
*BWM*

DESCRIPTION OF EQUIPMENT

The Equipment covered by the Equipment Lease Agreement identified above is as follows:

<u>Quantity</u>	<u>Unit Description</u>	<u>Manufacturer</u>	<u>Lessor's Cost</u>
30	70-Ton 50'6" Boxcars— all steel boxcars with rigid underframe and 10' 0" door opening, Cars numbered as follows: 1730 to 1759, both inclusive.	Pullman- Standard, divi- sion of Pullman, Incorporated	<u>Unit Price</u> \$21,032.98  <u>Total Price</u> \$630,989.40

"EXHIBIT A"

STIPULATED LOSS VALUE SCHEDULE

<u>Payment Number</u>	<u>%</u>	<u>Payment Number</u>	<u>%</u>
1.	106.961	31.	74.940
2.	106.713	32.	73.131
3.	106.358	33.	71.255
4.	106.017	34.	69.313
5.	105.570	35.	67.304
6.	105.056	36.	65.229
7.	104.477	37.	63.087
8.	103.830	38.	60.880
9.	103.117	39.	58.605
10.	102.338	40.	56.265
11.	101.492	41.	53.858
12.	100.580	42.	52.544
13.	99.602	43.	51.165
14.	98.557	44.	49.719
15.	97.446	45.	48.206
16.	96.268	46.	46.627
17.	95.024	47.	44.982
18.	93.714	48.	42.270
19.	92.337	49.	41.492
20.	90.894	50.	39.648
21.	89.385	51.	37.737
22.	88.239	52.	35.759
23.	87.027	53.	33.716
24.	85.749	54.	31.606
25.	84.404	55.	29.423
26.	82.992	56.	27.187
27.	81.515	57.	24.878
28.	79.971	58.	22.503
29.	78.360	59.	20.061
30.	76.684	60.	17.552
		THEREAFTER	15.0

*CAH*  
*[Signature]*

The first value of the stipulated loss value (SLV) set forth in column 1 is in effect from the date the lease is entered into until the first payment under the lease is due. The second and subsequent values for the stipulated loss value are in effect for subsequent like periods, until the lease term ends.

STATE OF WISCONSIN )  
                          )     SS.  
COUNTY OF BROWN    )

ON THIS 12 day of January, 1975, before me personally appeared Charles A. Greenberg, to me personally known, who being by me duly sworn, says that he is the Vice President and General Counsel of Wells Fargo Transport Leasing Corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Adrian D. Ulatowski

My commission expires:

Permanent

STATE OF WISCONSIN )  
                          )  
COUNTY OF BROWN   )

SS.

ON THIS 17 day of January, 1975, before me  
personally appeared H. Weldon McGee,

to me personally known, who being by me duly sworn, says that  
he is the President of Green Bay and

Western 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.

Adrian D. Ulatowski

My commission expires:

permanent