

Re:
EQUIPMENT LEASE AGREEMENT DATED AS OF
July 22, 1974
BY AND BETWEEN

U.S. STEEL CREDIT CORPORATION, successor by merger to
AS LESSOR U.S. Steel Leasing Co., Inc.
AND
HAMMERMILL PAPER COMPANY
AS LESSEE

The undersigned lessor and lessee under the Equipment Lease Agreement described in the caption hereof (the "lease") hereby acknowledge and agree that the items of equipment described in this schedule have been unconditionally accepted by the lessee under and pursuant to and subject to all the terms and conditions of the lease and that the following is a description of said items, the expiration date of the lease term for said items, the location, rent, Stipulated Loss Value and applicable interest rate with respect to said items.

DESCRIPTION:

The description of the items of equipment covered by this schedule is set forth in the Description of Leased Equipment attached as Exhibit A hereto and hereby made a part of this schedule. The lessor and the lessee acknowledge and agree that the cost of each separate item of equipment for purposes of computing the Stipulated Loss Value thereof is the cost set forth in said Description.

LOCATION OF EQUIPMENT: Kaukauna, Wisconsin

RECORDATION No. 7578-A FILED & RECORDED

JAN 21 1975 - 3 05 PM

INTERSTATE COMMERCE COMMISSION

EXPIRATION DATE OF TERM: January 21, 1990

RENT:
\$ 1,035,364.80 payable in 60 consecutive quarterly payments of \$17,256.08 each, payable in arrears commencing April 21, 1975 but accruing from the date of this Schedule anything in STIPULATED LOSS VALUE: this lease to the contrary notwithstanding.

The Stipulated Loss Value of equipment shall be the sum of (i) any past due rent payments, including interest applicable thereto, (ii) the product in dollars of the amount shown on Exhibit A to this schedule as the cost of the item or items of equipment with respect to which Stipulated Loss Value is payable under the lease and the percentage set forth on Exhibit B hereto which is appropriate to the number of rent payments lessee has actually paid to lessor, and (iii) all taxes, fees and charges payable as a result of or in connection with payment of the foregoing amounts.

INTEREST RATE APPLICABLE TO ADVANCES OR LATE PAYMENTS: 15% per annum.

Dated: January 21, 1975

LESSOR:
U.S. STEEL CREDIT CORPORATION

LESSEE:
HAMMERMILL PAPER COMPANY

By [Signature]
Title Asst. Treas.

By [Signature]
Title Executive Vice President

Attest [Signature]
Title Asst. Secy.

Attest [Signature]
Title Assistant Secretary



(Seal)



600 Grant Street
Pittsburgh, Pennsylvania 15230

Address: P.O. Box 1440
Eric, Pennsylvania 16512

State of *Pennsylvania*
County of *Allegheny*) ss:

On this *21st* day of January, 1975 before me personally appeared *J. L. Brady* to me personally known, who, being by me duly sworn, says that he is the *Asst. Pres.* of U. S. Steel Credit Corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(NOTARIAL SEAL)

Diane L. Powell

Notary Public

My Commission expires:
DIANE L. POWELL, Notary Public
PITTSBURGH, ALLEGHENY COUNTY, PA.
MY COMMISSION EXPIRES
OCTOBER 17, 1977

State of Pennsylvania)
County of Erie) ss:

On this *20th* day of January, 1975 before me personally appeared *D. S. Leslie, Jr.* to me personally known, who, being by me duly sworn, says that he is the *Exec. V. Pres.* of Hammermill Paper Company, that one of the seals affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(NOTARIAL SEAL)

Eleanore L. Loyer

Notary Public

My commission expires:

ELEANORE L. LOYER, NOTARY PUBLIC
ERIE, ERIE COUNTY, PENNSYLVANIA
MY COMMISSION EXPIRES DEC. 23, 1976

EXHIBIT A TO SCHEDULE NO. 2

Re:
EQUIPMENT LEASE AGREEMENT DATED AS OF
JULY 22, 1974
BY AND BETWEEN
U.S. STEEL CREDIT CORPORATION, successor by merger to
AS LESSOR U.S. Steel Leasing Co., Inc.
AND
HAMMERMILL PAPER COMPANY
AS LESSEE

DESCRIPTION OF LEASED EQUIPMENT

COST*

Twenty-five (25) new gondola railroad cars lettered and numbered TPPX 40101 to 40125 , inclusive.	\$582,090.75 total, or \$23,283.63 each
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*Includes taxes, installation, freight and other costs, if any,
paid by lessor.

EXHIBIT B TO SCHEDULE NO. 2

Re:
EQUIPMENT LEASE AGREEMENT DATED AS OF
July 22, 1974

BY AND BETWEEN
U.S. STEEL CREDIT CORPORATION successor by merger to
AS LESSOR U.S. Steel Leasing Co., Inc.
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AS LESSEE

<u>After Receipt of Rent Payment No.</u>	<u>Number of Rent Payments Remaining</u>	<u>Stipulated Loss Value Percentages</u>
0	60	108.750
1	59	108.000
2	58	107.250
3	57	106.500
4	56	105.750
5	55	104.875
6	54	104.000
7	53	103.125
8	52	102.250
9	51	101.375
10	50	100.500
11	49	99.500
12	48	98.500
13	47	97.500
14	46	96.500
15	45	95.500
16	44	94.375
17	43	93.375
18	42	92.250
19	41	91.125
20	40	89.875
21	39	88.750
22	38	87.500
23	37	86.250
24	36	85.000
25	35	83.750
26	34	82.375
27	33	81.000
28	32	79.625
29	31	78.250
30	30	76.750
31	29	75.250
32	28	73.750
33	27	72.250
34	26	70.625
35	25	69.000
36	24	67.375
37	23	65.625
38	22	63.875
39	21	62.125
40	20	60.375
41	19	58.500
42	18	56.625
43	17	54.750
44	16	52.750
45	15	50.750
46	14	48.750
47	13	46.625
48	12	44.500
49	11	42.375
50	10	40.125
51	9	37.875
52	8	35.625
53	7	33.250
54	6	30.875
55	5	28.375
56	4	25.875
57	3	23.250
58	2	20.750
59	1	18.000
60	Thereafter	15.000