

SUPPLEMENT TO EQUIPMENT LEASE AGREEMENT AND RIDER THERETO ("LEASE") BETWEEN DETROIT, TOLEDO AND IRONTON RAILROAD COMPANY ("LESSEE") AND GREYHOUND LEASING & FINANCIAL CORPORATION ("LESSOR") DATED NOVEMBER 16, 1973

This Supplement to the Lease is made by and between Lessor and Lessee this 30 day of December, 1974.

RECORDATION NO. 72405 A Filed & Paid

W I T N E S S E T H :

DEC 30 1974 4 30 PM

~~INTERSTATE COMMERCE COMMISSION~~

WHEREAS, Lessor and Lessee did enter into the Lease pursuant to which Lessor did purchase from Vendor (as defined in said Rider to the Lease) a total of one hundred fifty (150) Pullman Common Box Freight Cars (which is called and defined as the "Equipment" in said Rider), and did lease, and is now currently leasing, such Equipment, back to Lessee over a term of fifteen (15) years;

WHEREAS, Lessor and Lessee have negotiated an agreement whereby Lessor will purchase an additional fifteen (15) Box Cars from said Vendor, which are Excess Height Waffle Side Multi-purpose Pullman Box Cars, Nos. 25950 through 25964, costing approximately Six Hundred <sup>Ninety</sup> ~~Fifty~~ eight Thousand Seven Hundred ~~Sixty~~ four Dollars (~~\$658,764.00~~ <sup>\$690,000.00</sup>) (the "Additional Equipment"), for lease to Lessee over a fifteen (15) year term commencing with Lessor's purchase of such Additional Equipment from the Vendor, and they do mutually desire to set forth their agreement in writing and to arrange for the purchase and leasing of such Additional Equipment.

NOW, THEREFORE, the parties do hereby mutually agree as follows:

1. Lessor shall purchase the Additional Equipment from Vendor, for the purposes of leasing the same to Lessee, PROVIDED THAT the conditions to Lessor's obligations, as herein-after enumerated, shall have been fulfilled. The procedure for the purchasing by Lessor of such Additional Equipment shall be substantially similar to that utilized in the purchase of the Equipment, as set forth and described in paragraph 4 to the Rider.

2. Concomitantly with Lessor's purchase of the Additional Equipment, Lessor will commence to lease the same unto Lessee, and Lessee shall commence to lease the same from Lessor, for a term of fifteen (15) consecutive years, which term may only be terminated by either of the parties hereto on the same terms and conditions as the term of the Lease with respect to the Equipment may be terminated, as specified under paragraph 5 of said Rider.

3. To evidence the placement of Additional Equipment onto the Lease, and to serve to appropriate such Additional Equipment to said Lease, Lessee agrees to execute Equipment Lease Schedules to those which are in effect for the Equipment.

4. As consideration for the leasing of the Additional Equipment from Lessor, Lessee agrees to pay quarterly installments of rent, each of which shall be payable in advance, the first such quarterly installment to be due simultaneously with the commencement of the term of the Lease as to the Additional Equipment, and each of which shall be equal to 3.095% of Cost of such Additional Equipment. As used herein, the term "Cost of Additional Equipment" shall mean the consideration which Lessor shall be required to pay unto Vendor for the purchase of such Additional Equipment.

5. Notwithstanding the provisions of paragraph 4 above, it is agreed hereby that the aforementioned quotation of quarterly installments of rent are predicated upon a Prime rate of interest (as that term is defined in the aforesaid Rider) of ten and one-half percent (10-1/2%), and it is agreed hereby that such quarterly installments of rent shall be subject to periodic modification and variation with changes in said Prime rate of interest in accordance with the formula that is annexed hereto and marked "Exhibit A."

6. In Lessor's purchase of the Additional Equipment, it is agreed hereby that Lessor shall be entitled to claim any and all Investment Tax Credit which may emanate from the purchase thereof, and on the ownership of such Additional Equipment during the term of the Lease with respect thereto, it is agreed hereby that Lessor shall be entitled to claim any and all accelerated depreciation allowable by virtue of the

provisions of the Internal Revenue Code of 1954, as amended. If Lessor should not be able to take full advantage of such Investment Tax Credit and/or such depreciation on account of either (1) any act or omission on the part of Lessee (other than the mere following of the procedure to be utilized by the parties hereto in the purchase and leasing of Additional Equipment) which causes or results in the loss or forfeiture (whether partial or whole) of such Investment Tax Credit or such depreciation, or (2) a change in the law relating to such Investment Tax Credit or such depreciation, which change is adverse insofar as Lessor is concerned and which takes effect prior to Lessor's purchase of the Additional Equipment, then Lessee agrees to indemnify Lessor for the loss it may sustain in not being able to claim and take advantage of either such Investment Tax Credit or such depreciation by paying unto Lessor such sum or sums as shall be computed by utilizing the same formula with respect to lost Tax Benefits on the Equipment, as specified in paragraph 9 of the Rider.

7. At the expiration of the Lease term with respect to the Additional Equipment, Lessee shall have the option to purchase all, and not less than all, of the Additional Equipment at a consideration equal to the then fair market value thereof upon the same terms and conditions to which Lessee shall be entitled to purchase the Equipment under the Lease at the expiration of the term thereof, as specified in paragraph 12 of the Rider.

8. At the expiration of the fifteen (15) year term of the Lease, should Lessee decline or fail to exercise its

purchase option in respect to the Additional Equipment as specified in paragraph 7 hereof, then it may elect to continue leasing Additional Equipment from Lessor pursuant to the Lease and Rider and this Supplement at the then fair rental value thereof, on the same conditions under which Lessee shall be entitled to exercise its option to renew the Equipment under paragraph 13 of the Rider at the expiration of the term of the Lease with respect to said Equipment.

9. Lessee hereby reaffirms and reasserts those warranties which it heretofore advanced to Lessor under paragraph 8 of the Lease, and Lessee confirms unto Lessor that the leasing of Additional Equipment under the Lease will not in any way conflict with Lessee's Articles of Incorporation or Lessee's By-Laws, or with any contract, agreement, indenture or other instrument which is either binding upon the Lessee or to which it is subject. Moreover, Lessee confirms and warrants unto Lessor that the financial statements which have heretofore been submitted to Lessor in conjunction with the negotiation of the transaction which is the subject of this Supplement to the Lease and Rider, are true and correct, are not misleading, and accurately portray the financial condition of Lessee.

10. Lessor's obligations to purchase the Additional Equipment and lease the same unto Lessee are predicated upon the fulfillment of the following:

(a) The ability and willingness of the Vendor to sell the Additional Equipment unto Lessor at a consideration of approximately, and not to exceed, ~~\$658,764.00~~, <sup>\$690,000.00</sup>, WVC

*Handwritten initials and date:*  
WVC  
J  
2/16

free and clear of all liens and encumbrances on or before January 31, 1975.

(b) The acceptance of the Additional Equipment by Lessee, in the manner hereinabove specified.

(c) The delivery of an opinion of Lessee's legal counsel substantiating the warranties hereinabove advanced by Lessee.

(d) Delivery of a certified Board Resolution of Lessee indicating that Lessee has approved the transaction which is the subject of this Supplement to the Lease.

(e) The warranties and representations hereinabove advanced by Lessee shall be true and correct, and Lessee shall not be in default under the Lease.

(f) The Additional Equipment shall not have been used or placed into service prior to Lessor purchase thereof.

11. The Stipulated Loss Values for the Additional Equipment for the various quarters during the term of the Lease thereof shall be those percentages of Cost of Additional Equipment as are stated and set forth in Exhibit B hereto.

12. All terms and conditions which shall govern the leasing of the Additional Equipment shall be as contained in the Lease and Rider (except where explicitly modified in this Supplement), and the definition "Equipment" in said Rider is hereby expanded to embrace the term "Additional Equipment" within its purview.

13. Lessor and Lessee do hereby mutually agree to execute such instruments and take such actions as shall be necessary or appropriate to consummate the transaction which is the subject of this Supplement to the Lease.

IN WITNESS WHEREOF, the parties hereto have set their respective corporate names as of the day and year first above written.

DETROIT, TOLEDO AND IRONTON  
RAILROAD COMPANY, LESSEE

GREYHOUND LEASING & FINANCIAL  
CORPORATION, LESSOR

By *K. P. Shoemaker*  
Its President

By *Walter Stanley*  
Its Vice President

By *R. C. Courtney*  
Its Secretary

By *Joseph [unclear]*  
Its Assistant Secretary

*R.C.*  
*12/26/74*

State of Michigan)  
( ss  
County of Wayne )

Subscribed and Sworn to Before me  
this 30th day of December, 1974

*Marion A. Little*  
Notary Public

My Commission expires: April 3, 1976

## RENTAL PAYMENT ADJUSTMENT

1. For purposes of this Agreement, adjustments to the Rental Payments, as hereinafter defined, because of changes in Prime will be made four (4) times a year and therefore changes in the Prime will be recognized only four (4) times a year, i.e., December 1, March 1, June 1 and September 1 (hereinafter referred to as the "Prime Change Dates"). On each Prime Change Date the Prime will be compared to the Prime which was in effect on the immediately preceding Prime Change Date. If a change did in fact occur said change will be recognized and an increase or decrease in Prime, whichever is applicable, will be deemed to have occurred. If December 1, March 1, June 1 or September 1 should fall on a non-business day of First National City Bank, said Prime Change Dates shall be the first business day thereafter of said bank.

2. If at any time during the basic lease term there should be a change in Prime the quarterly rental payments (hereinafter the "Rental Payments") shall be adjusted in the following manner:

(a) If an increase in Prime should be recognized during the basic lease term each Rental Payment due at any time on or subsequent to the first day of the month after the Prime Change Date upon which said increase was recognized shall be increased by adding to the Initial Rental Payment an amount equal to fifty percent (50%) of the stipulated loss value of the equipment (hereinafter the "Stipulated Loss Value") applicable on the Prime Change Date upon which said increase was recognized, multiplied by a fraction the numerator of which is the increase in Prime and the denominator of which is 4.

(b) If a decrease in Prime should be recognized during the basic lease term, each Rental Payment due at any time on or subsequent to the first day of the month after the Prime Change Date upon which said decrease was recognized shall be decreased by subtracting from the Initial Rental an amount equal to fifty percent (50%) of the Stipulated Loss Value of the equipment applicable on the Prime Change Date upon which said decrease was recognized, multiplied by a fraction the numerator of which is the decrease in Prime and the denominator of which is 4.

3. In the event of more than one change in the Prime being recognized during the basic lease term the resulting adjustments to the initial Rental shall be cumulative.

4. For purposes of this Agreement, U. S. Prime Rate shall mean First National City Bank's best rate in effect from time to time on ninety (90) day loans to responsible and substantial commercial borrowers.

5. Notwithstanding anything contained hereinabove to the contrary at the time of the commencement of the term of each of the respective schedules covered by the Lease, the Prime Change Date for the remainder of the then calendar quarter shall be the first business day of the First National City Bank of the then current calendar month. The Prime Change Dates from that time on shall be the same as defined in Paragraph 1 hereof.

GREYHOUND LEASING & FINANCIAL CORPORATIONDETROIT, TOLEDO & IRONTON R. R. CO.  
Stipulated Loss Values

<u>Quarter</u>	<u>Percentage</u>
1	100.00
2	100.00
3	100.00
4	100.00
5	100.00
6	100.00
7	100.00
8	100.00
9	100.00
10	100.00
11	100.00
12	100.00
13	100.00
14	100.00
15	100.00
16	100.00
17	100.00
18	100.00
19	100.00
20	100.00
21	96.13
22	95.19
23	94.19
24	93.13
25	92.02
26	91.00
27	90.03
28	89.00
29	87.02
30	85.64
31	84.19
32	82.69
33	81.14
34	79.52

GREYHOUND LEASING & FINANCIAL CORPORATIONDETROIT, TOLEDO, & IRONTON R. R. CO.  
Stipulated Loss Values (con't)

<u>Quarter</u>	<u>Percentage</u>
35	77.86
36	76.13
37	74.36
38	72.52
39	70.63
40	68.69
41	66.69
42	64.63
43	62.52
44	60.35
45	58.13
46	55.85
47	53.51
48	51.12
49	48.68
50	46.18
51	43.62
52	41.00
53	38.34
54	35.61
55	32.83
56	30.00
57	27.11
58	24.16
59	21.16
60	18.10
THEREAFTER	15.00

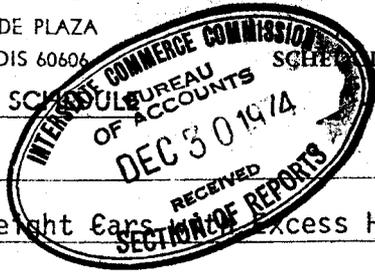
EXHIBIT B

GREYHOUND LEASING & FINANCIAL CORPORATION

10 SOUTH RIVERSIDE PLAZA  
CHICAGO, ILLINOIS 60606

EQUIPMENT LEASE SCHEDULE

SCHEDULE NO. 03



1. DESCRIPTION OF EQUIPMENT:

(1) GLFC No. 8 5446

(2) Description Pullman-Standard Common Box Freight Cars Excess Height Waffle Side Multi-Purpose Box Cars Nos. DT&I 25950 through DT&I 25964

2. SITUATE: Rolling stock utilized in Lessee's normal transportation operations.

3. TERM: 60 Quarters ~~MONTHS~~ COMMENCING December 30, 1974

4. RENT:

A. Total Rent Based on a prime rate of 10.0% based on a cost of \$658,764.75 \$ 1,198,621.10

B. Deposit \$

C. RENT: Payable Quarterly in advance.

1st Year \$ 79,908.07 *	9th Year \$ 79,908.07 *
2nd Year \$ 79,908.07 *	10th Year \$ 79,908.07 *
3rd Year \$ 79,908.07 *	11th Year \$ 79,908.07 *
4th Year \$ 79,908.07 *	12th Year \$ 79,908.07 *
5th Year \$ 79,908.07 *	13th Year \$ 79,908.07 *
6th Year \$ 79,908.07 *	14th Year \$ 79,908.07 *
7th Year \$ 79,908.07 *	15th Year \$ 79,908.07 *
8th Year \$ 79,908.07 *	Thereafter \$

\*Based on a prime rate of 10.0%

5. RENEWAL OPTION: Lessee may renew lease on a year to year basis upon expiration of the term as specified in Item 3 above at an annual rental of \$ fair market value payable in advance.

6. INSURANCE: See Paragraph VII of lease as modified by Paragraph 17(a) of Rider to Lease Agreement.

7. STIPULATED LOSS VALUE: Amount to be paid pursuant to paragraph VIII of Equipment Lease Agreement for leased equipment lost, stolen, destroyed or damaged beyond repair during each year of the term: See Exhibit B to Supplement of Rider to Lease Agreement.

1st \$	5th \$	9th \$	13th \$
2nd \$	6th \$	10th \$	14th \$
3rd \$	7th \$	11th \$	15th \$
4th \$	8th \$	12th \$	Thereafter \$

8. SPECIAL CONDITIONS:

RECORDATION NO. 7240-A Filed & Recorded

DEC 30 1974 - 4 30 PM

INTERSTATE COMMERCE COMMISSION

APPROVED AND AGREED TO this 30 day of December 1974, as a schedule to and part of Equipment Lease Agreement dated the 16 day of November 1973.

Detroit, Toledo and Ironton Railroad Co. LESSEE

GREYHOUND LEASING & FINANCIAL CORPORATION, LESSOR

By K. P. Shoemaker - President TITLE

By Walter L. Crowley - Vice-President TITLE

(Seal) By R. C. Courtney - Secretary TITLE

(Seal) By Joseph Ebner ASST. SECRETARY

Subscribed and sworn to this 30th day of December, 1974

MARION A. LITTLE, NOTARY PUBLIC, WYNE COUNTY, ILLINOIS  
MY COMMISSION EXPIRES APRIL 2, 1979

Notary Public