

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

6-2191228

Law Department

Union Station • Chicago, Illinois 60606

AUG 6 1976
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MICHAEL D. SULLIVAN
General Attorney and
Corporate Counsel

Washington, D. C.

(312) 236-7600

August 6, 1976

8434

Mr. Robert L. Oswald, Secretary
Interstate Commerce Commission
Washington, D.C. 20523

RECORDATION NO. Filed & Recorded

AUG 6 1976 11 AM

INTERSTATE COMMERCE COMMISSION

Dear Mr. Oswald:

In pursuance of the provisions of Section 20c of the Interstate Commerce Act, as amended, and the regulations of the Interstate Commerce Commission promulgated thereunder, there are herewith transmitted for filing and recording eight (8) executed counterparts of the following document: Equipment Lease, dated as of June 1, 1976, between CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, Lessee, and NO. 2 RAIL CAR LEASING COMPANY, Lessor. Under said Lease, Continental Illinois National Bank and Trust Company of Chicago, as Trustee pursuant to a security agreement dated as of June 1, 1976 between said Lessor and said Bank, is designated as the Assignee. It is anticipated that said security agreement and related documents will also be hereafter filed to supplement this filing and recording.

The names and addresses of the parties to the present transaction are as follows:

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY,
Lessee

746 Union Station Building
516 West Jackson Boulevard
Chicago, Illinois 60606

NO. 2 RAIL CAR LEASING COMPANY, Lessor

P. O. Box 218
Chicago, Illinois 60411
Attn: Stanley D. Christianson

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY
OF CHICAGO, as Trustee under a security agreement
dated as of June 1, 1976 between said Lessor and said
Trustee, as Assignee

231 South La Salle Street
Chicago, Illinois 60693
Attn: Corporate Trust Department

FEE OPERATION BR.

AUG 6 10 36 AM '76

RECEIVED

C. Dunlap
R. Andrews

A general description of the equipment covered by said Equipment Lease is:

100 new, 100-ton bulkhead flat cars, bearing Lessee's road numbers MILW 62150 to MILW 62249, both inclusive.

The above-identified document has not heretofore been recorded with the Interstate Commerce Commission. Please accept for recordation two counterparts of the document, stamp the remaining counterparts with the appropriate recordation number and return them with your fee receipt and letter confirming receipt to my delivering messenger.

The filing and recordation fees in the amount of \$50.00 in respect of this document is submitted herewith.

Yours very truly,

CHICAGO, MILWAUKEE, ST. PAUL
AND PACIFIC RAILROAD COMPANY

BY M. D. Sullivan
General Attorney and
Corporate Counsel

MDS/bp
encls.

Interstate Commerce Commission
Washington, D.C. 20423

8/6/76

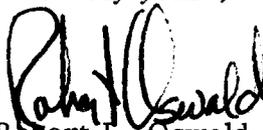
OFFICE OF THE SECRETARY

M.D. Sullivan
General Atty. & Corp. Counsel
Chicago, Milwaukee, St. Paul & Pacific RR.CO.
888 Union Station
Chicago, Illinois 60606

Dear

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on **8/6/76** at **20:45am**, and assigned recordation number(s) **8434**

Sincerely yours,


Robert L. Oswald
Secretary

Enclosure(s)

SE-30
(5/76)

8434

REGISTRATION NO. Filed & Recorded

AUG 6 1976 10 23 AM

~~INTERSTATE COMMERCE COMMISSION~~

THIS EQUIPMENT LEASE dated as of June 1, 1976 between NO. 2 RAIL CAR LEASING COMPANY, an Illinois corporation (the "Lessor"), and CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, a Wisconsin corporation (the "Lessee");

W I T N E S S E T H:

WHEREAS, the Lessor has agreed to purchase from THRALL CAR MANUFACTURING COMPANY (the "Manufacturer") the railroad equipment (collectively the "Equipment" and individually as "Item of Equipment") described in Schedule A attached hereto and made a part hereof; and

WHEREAS, the Lessor has or intends to assign all its rights, titles and interests hereunder to the CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, as Trustee ("Assignee") pursuant to a Security Agreement dated as of June 1, 1976 between the Lessor and the Assignee; and

WHEREAS, the Lessee desires to lease all of the Items of Equipment or such lesser number as are delivered to and accepted on or prior to the outside delivery date set forth in said Schedule, at the rentals and for the terms and upon the conditions hereinafter provided;

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

SECTION 1. DELIVERY AND ACCEPTANCE OF EQUIPMENT.

The Lessor will cause each Item of Equipment to be tendered to the Lessee at the place of delivery set forth in Schedule A. Upon such tender, the Lessee will cause an authorized representative of the Lessee to inspect the same, and if such Item of Equipment is found to conform to the specifications therefor, to accept delivery of such Item of Equipment and to execute and deliver to the Lessor and to the Manufacturer thereof a certificate of acceptance (hereinafter called "Certificate of Acceptance") substantially in the form attached hereto as Schedule B, whereupon such Item of Equipment shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all of the terms and conditions of this Lease.

SECTION 2. RENTALS AND PAYMENT DATES.

2.1. This is a net lease and Lessee agrees to pay to Lessor in immediately available United States funds the monthly rental stated in Schedule A ("Fixed Rental") covering said cars from the date each car is delivered to the Lessee, and until cars are delivered to Lessor upon expiration of the rental term specified in said Schedule A. Such rentals shall be paid to the Lessor, P. O. Box 218, Chicago Heights, Illinois 60411 or such other place as the Lessor or its Assignees pursuant to Section 16 hereof may hereafter direct. Payment with respect to each Item of Equipment will be made in arrears on the first day of every month during the rental term thereof, except that on the first monthly payment date for each Item of Equipment, the rent paid with respect thereto shall be pro rata for the period intervening the date of delivery thereof and the date of such payment.

2.2. The parties hereto agree that the Lessor shall be entitled to all Investment Tax Credit on all subject cars as provided in the applicable provisions of the Internal Revenue Code of 1954, as amended to the date hereof. If any portion or all of such Credit is at any time or times not available to Lessor because of any act or omission of the Lessee or because of any change in the Code, as it is interpreted on the date hereof, the Fixed Rental hereunder shall immediately increase by an amount which is equal to the after tax value of such unavailable investment tax credit.

2.3. The Lessee shall not be entitled to any abatement of rent or reduction thereof, including, but not limited to, abatements or reductions due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise or against Manufacturer or against the Assignee, nor except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of all or any of the

Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of Lessee's use of the Equipment, the interference with such use by any government, private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 hereof, the Equipment is placed and ready for delivery to the Lessor on the Lessee's lines, or is stored for the Lessor on the Lessee's lines or leaves the Lessee's lines for off-line delivery to the Lessor.

SECTION 3. TERM OF THE LEASE.

The term of this Lease as to each Item of Equipment shall begin on the date of delivery to and acceptance by the Lessee of such Item of Equipment and, subject to the provisions of Section 11 and Section 14 hereof, shall terminate on the date for payment of the one hundred eightieth installment of Fixed Rental provided for in Section 2.1 hereof.

SECTION 4. TITLE TO THE EQUIPMENT.

4.1. The Lessor warrants and represents it is acquiring full legal title to the Equipment, and it is understood that Lessee shall acquire no right, title or interest to the Equipment except as Lessee hereunder notwithstanding the delivery of the Equipment to and the possession and use thereof by the Lessee.

4.2. The Lessee shall plainly, permanently stencil the ownership legend specified in Schedule B on each side of each Item of Equipment in letters not less than one (1) inch in height and the car numbers specified within Schedule A, and immediately replace any such stencilling which becomes illegible, wholly or in part. Should changes or additions be required in the foregoing legend, Lessee shall make such changes or additions, and the expense thereof shall be borne by the Lessee. The Lessee shall keep the Equipment free from any marking which might be interpreted as a claim of ownership thereof by anyone other than the Lessor; and will not change, or permit to be changed, the identifying car numbers (except as provided in Section 4.3 hereof).

4.3. Lessee may place advertising (including names, or initials, or other insignia customarily used by the Lessee on Equipment of the same or similar type) on each Item of Equipment, so long as

such does not designate the Lessee as owner. Lessee, upon prior written consent of Lessor and Assignee, may change the car numbers of any one or more than one of the Items of Equipment, all at Lessee's expense.

4.4. Lessee represents, warrants and covenants that each Item of Equipment is now or will be prior to being placed in operation and shall remain throughout the term of this Lease marked and identified in accordance with the car numbers provided for within Schedule A attached hereto and also the legend provided for within Schedule B.

SECTION 5. DISCLAIMER OF WARRANTIES.

AS BETWEEN LESSOR AND LESSEE, LESSOR LEASES THE EQUIPMENT, AS-IS WITHOUT WARRANTY OR REPRESENTATION EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against the Manufacturer.

SECTION 6. LESSEE'S INDEMNITY.

6.1. Scope of Indemnity. The Lessee shall defend, indemnify and save harmless the Lessor and its successors and assigns from and against:

(a) any and all loss or damage of or to the Equipment, usual wear and tear excepted; and

(b) any claim, cause of action, damages, liability, cost or expense (including reasonable counsel fees and costs in connection therewith) which may be incurred in any manner by or for the account of any of them (i) relating to the Equipment or any part thereof, including without limitation, the design, construction, purchase, delivery, installation, ownership, leasing or return of the Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessor or by the Lessee); (ii) by reason or as the result of any act or omission of the Lessee for itself as agent or attorney-in-fact for the Lessor hereunder; (iii) as a result of claims for patent infringements as to the Equipment; or (iv) as a result of claims for negligence or strict liability in tort as to the Equipment or as to Lessee's use or possession thereof.

6.2. Continuation of Indemnities and Assumptions. The indemnities and assumptions of liability in this Section 6 contained shall continue in full force and effect notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any one or more Items of Equipment, whether by expiration of time, by operation of law or otherwise; provided, however, that such indemnities and assumption of liability shall not apply in respect of any matters referred to in subsection (a) or clause (i) or (ii) or (iv) of subsection (b) of Section 6.1 hereof, arising after the termination of this Lease, except for any such matters arising after such termination in connection with the Lessee's assembling, delivering, storing or transporting of the Equipment as provided in Sections 13 or 15, as the case may be. The Lessee shall be entitled to control and has full responsibility for the defense of such claim or liability.

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including the rules of the United States Department of Transportation) with respect to the use, maintenance and operation of each Item of Equipment subject to this Lease. In case any equipment or appliance is required to be installed on such Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such changes, additions and replacements without cost or expense to the Lessor.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the continental United States of America; however, said Equipment may be used intermittently in Canada (such intermittent use shall be of such a term so as not to jeopardize the U.S. Internal Revenue Code defined Investment Tax Credit, and such use shall not be on a regular or sustained basis), and such Equipment shall be used only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange. The Lessee shall not modify any Item of Equipment without the written authority and approval of the Lessor which shall not be unreasonably withheld. Any parts installed or replacements made by the Lessee upon any Item of Equipment shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor, without cost or expense to the Lessor.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge any and all

claims against, through or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon the Equipment, and any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease, but the Lessee shall not be required to pay or discharge any such claims so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor to the Equipment. The Lessee's obligations under this Section 9 shall survive termination of the Lease as to any claims the basis of which occurred prior to the Lessee's assembly, delivery, storing, or transporting of the Equipment as provided in Sections 13 or 15, as the case may be.

SECTION 10. FILING, PAYMENT OF FEES AND TAXES.

10.1. Filing. Prior to the delivery and acceptance of the first Item of Equipment, the Lessee will, at its sole expense, cause this Lease and, if and when requested by Lessor, all collateral documentation and any assignments thereof, to be duly filed, recorded or deposited in conformity with Section 20c of the Interstate Commerce Act and in such other places within or without the United States as the Lessor may reasonably request for the protection of its title or the security interest of the Assignee and will furnish the Lessor proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will re-file, re-register, or re-record whenever required) any and all further instruments required by law or reasonably requested by the Lessor, for the purpose of protecting the Lessor's title to and Assignee's security interest in the Equipment, to the satisfaction of the Lessor's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to the Lessor proof of such filings and an opinion of the Lessee's counsel that such action has been properly taken. The Lessee will pay all costs, charges and expenses incident to any such filing, re-filing, recording and re-recording or depositing and re-depositing of any such instruments or incident to the taking of such action.

10.2. Payment of Taxes. The Lessee, or the Lessor at the Lessee's expense, shall report, pay and discharge when due all license and registration fees, assessments, sales, use and property taxes, gross receipts taxes arising out of receipts from use or operation of the Equipment, and other taxes, fees and governmental charges similar or dissimilar to the foregoing (excluding any tax measured by the Lessor's net income and any gross receipts or gross income taxes in substitution for or by way of relief from the payment of taxes measured by such net income, provided that the Lessee agrees

to pay that portion of any such tax on or measured by rentals payable hereunder or the net income therefrom which is in direct substitution for, or which relieves the Lessee from, a tax which the Lessee would otherwise be obligated to pay under the terms of this Section), together with any penalties or interest thereon, imposed by any state, federal or local government upon any Item of Equipment and whether or not the same shall be assessed against or in the name of the Lessor or the Lessee; provided, however, that the Lessee shall not be required to pay or discharge any such tax or assessment (i) so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor to the Equipment; however, the Lessee shall reimburse the Lessor for any damages or expenses resulting from such failure to pay or discharge; or (ii) as to assessments against or in the name of anyone other than the Lessee, until 20 days after written notice (including a copy of a written notice thereof received by Lessor, if such was in fact so received by the Lessor) thereof shall have been given to the Lessee.

SECTION 11. INSURANCE, PAYMENT FOR CASUALTY OCCURRENCE OR EQUIPMENT UNSERVICEABLE FOR USE.

11.1. Insurance. The Lessor and the Assignee shall be named as additional insureds, as their interests may appear upon all Public Liability insurance now issued to the Lessee, and any replacement thereof.

11.2. Duty of Lessee to Notify Lessor. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease (any such occurrence, except for any governmental requisition or taking which by its terms does not exceed the term of this Lease, being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor in regard thereto.

11.3. Payment for Casualty Loss. The Lessee shall on each rental payment date pay to the Lessor in addition to the installment of rent otherwise due and payable on that date with respect thereto, a sum equal to the Casualty Value as of such date of any Item or Items of Equipment which have suffered a Casualty Occurrence that has come to the knowledge of the Lessee during the preceding calendar month.

11.4. Rent Termination. Upon (and not until) payment of the Casualty Value in respect of any Item or Items of Equipment and the rental installment due on such payment date, the obligation to pay rent for such Item or Items of Equipment accruing subsequent to the Casualty Value payment date shall terminate, but the Lessee shall continue to pay rent for all other Items of Equipment.

11.5. Disposition of Equipment. The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment having suffered a Casualty Occurrence as soon as it is able to do so for the fair market value thereof. Any such disposition shall be on an "as is", "where is" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of, the Lessee may retain all amounts of such price plus any insurance proceeds and damages received by the Lessee by reason of such Casualty Occurrence up to the Casualty Value attributable thereto and shall remit the excess, if any, to the Lessor. In disposing of such Item or Items of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item or Items of Equipment. In the event the Lessor receives money from any governmental authority upon any such Casualty Occurrence, the Lessor shall apply that money in the same manner as it is required to do upon its or the Lessee receiving monies for any other Casualty Occurrence under this Section.

11.6. Casualty Value. The "Casualty Value" of each Item of Equipment shall be an amount determined as of the date the Casualty Value is paid as provided in this Section 11 (and not the date of the Casualty Occurrence) equal to that percentage of the original cost to the Lessor of such Item of Equipment set forth in the Schedule of Casualty Value attached hereto as Schedule C opposite such date of payment.

11.7. Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment from and after the date hereof and continuing until payment of the Casualty Value in respect of such Item of Equipment has been made, such Item or the salvage thereof has been disposed of by the Lessee and the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of such Item or the salvage thereof.

11.8. Eminent Domain. In the event that during the term of this Lease the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for an indefinite period or for a stated period which does not exceed the term of this Lease, the Lessee's obligation to pay rent shall continue for the duration of such requisitioning or taking. The Lessee shall be entitled to receive all sums payable for any such period by

such governmental authority as compensation for such requisitioning 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 the Lessor as its sole property. All such monies so received by the Lessee shall, to the extent Lessee has not already paid such rent to the Lessor, forthwith be delivered to the Lessor by the Lessee and shall be applied by the Lessor to reduce the Lessee's obligations to the Lessor as otherwise provided under the terms of this Lease.

SECTION 12. ANNUAL REPORTS.

12.1. Lessee's Financial Statements. Commencing with the year 1976, the Lessee will furnish to the Lessor or its assigns current quarterly and year-end financial statements throughout the term of this Lease.

12.2. Certification and Inspection. On or before April 1 in each year throughout the term of this Lease and any extensions thereof, the Lessee shall deliver to the Lessor an Annual Certification signed by the President or any Vice President of the Lessee and dated within 15 days of the date of it being delivered to the Lessor. That Annual Certification shall be in the following form:

Annual Certification

To Lessor:

From Lessee:

Subject Lease Date:

Date of this Annual Certificate:

Car Numbers:

The undersigned hereby certifies to the Lessor that:

1. He is a duly authorized officer of the Lessee;
2. That he, on behalf of the Lessor, represents and warrants that the facts herein stated are true;
3. That each railroad car herein scheduled is in good order and repair, is in all respects maintained in accordance with the terms of subject Lease, and is in actual service except for the following specified cars:

A. Items of Equipment lost, damaged, destroyed or for any other reason unserviceable - cars numbered: _____

B. Items of Equipment undergoing repairs or withdrawn from use for repairs - cars numbered: _____

4. The legend required by Section 4.2 of the subject Lease has been renewed on all Items of Equipment that have been repainted or repaired since the date of the last preceding certificate, or in the case of the first certificate, since the date of this Lease.

Lessee:

By: _____
President/Vice Pres.

12.3. Lessor's Inspection Rights. In addition to the foregoing, the Lessor and the Assignee each shall have the right, at its sole cost and expense by its authorized representative, to inspect the Equipment and the Lessee's records with respect thereto, at such times as shall be reasonably necessary to confirm to the Lessor or, as the case may be, the Assignee the existence and proper maintenance thereof during the continuance of this Lease. In the event the Lessor's inspection reveals any failure of Lessee to comply with any term of this Lease, the Lessee must promptly reimburse Lessor for all costs and expenses of such inspection and must otherwise comply with all terms of this Lease.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the term of this Lease whether by default or otherwise with respect to any Item of Equipment, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Item of Equipment to the Lessor in good order and repair, ordinary wear and tear excepted, and upon such storage tracks of the Lessee as the Lessor may designate, or in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Item of Equipment on such tracks for a period not exceeding 90 days and transport the same at any time within such 90 day period to any reasonable place on the lines of railroad operated by the Lessee or to any connecting carrier for shipment, all as directed by the Lessor upon not less than 30 days' written notice to the Lessee. All movement and storage of each such Item during such period is to be at the risk and expense of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negli-

gence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment.

SECTION 14. DEFAULT.

14.1. Events of Default. Any of the following events shall constitute an Event of Default hereunder:

(a) Any default of 10 days or more shall be made in the payment of any part of the rental or other sums provided in Section 2 hereof or in Section 11 hereof; or

(b) The Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or of possession of the Equipment, or any portion thereof, and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such Equipment within five days after written notice is given by the Lessor to the Lessee demanding such cancellation and recovery of possession; or

(c) The Lessee having notice of 10 days or more (such notice may be from the Lessor or be the result of a notification from any source whatsoever) of its default in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein; or

(d) A petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against the Lessee, and if filed against the Lessee, shall not be dismissed by court order within 30 days after such filing; or

(e) Any other proceedings shall be commenced by or against the Lessee for any relief under any bankruptcy or insolvency laws, or laws 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 indebtedness payable hereunder), and if such proceedings are involuntary, they shall have continued for a period in excess of 30 days.

14.2. Remedies. If any Event of Default has occurred and is continuing, the Lessor, at its option, may:

(a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of such Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Equipment for any purpose whatever, but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by a fraction of which the numerator is such accrued number of days in such full rental period and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Item of Equipment, which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then fair rental value of such Item for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of the Item during such period, such present worth to be computed in each case on a basis of a 5-3/4% per annum discount, compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated; and (ii) any damages and expenses including reasonable attorney's fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease, other than for the payment of rental.

14.3. Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives

any and all existing or future claims of any right to assert any off-set against the rent payments due hereunder, and agrees to make the rent payments regardless of any off-set or claim which may be asserted by the Lessee on its behalf in connection with the lease of the Equipment.

14.4. Lessor's Failure to Exercise Rights. The failure of the Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1. Lessee's Duty to Return. If the Lessor or the Assignee shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith place such Equipment in such reasonable storage place on the Lessee's lines of railroad as the Lessor may designate or, in the absence of such designation, as the Lessee may select;

(b) Permit the Lessor to store such Equipment in such reasonable storage place on the Lessee's lines of railroad for a period not exceeding 180 days at the risk of the Lessee;

(c) Transport the Equipment, at any time within such 180 days period, to any place on the lines of railroad operated by the Lessee or to any connecting carrier for shipment, all as the Lessor may reasonably direct upon not less than 30 days written notice to the Lessee.

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

15.3. Lessor Appointed Lessee's Agent. Without in any way limiting the obligations of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of Lessee, with full power and authority,

at any time while the Lessee is obligated to deliver possession of any Items of Equipment to Lessor, to demand and take possession of such Item in the name and on behalf of the Lessee from whosoever shall be at the time in possession of such Item.

SECTION 16. ASSIGNMENTS BY LESSOR.

This Lease and all rent and other sums due and to become due hereunder have been assigned by the Lessor to the Assignee, and all rent and other sums due and to become due hereunder shall be paid to the Assignee at 231 South LaSalle Street, Chicago, Illinois 60693, Attention: Corporate Trust Department, or at such other place as the Assignee shall specify in writing. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of the Assignee in and to the sums payable by the Lessee under any provisions of this Lease shall be absolute and unconditional and shall not be subject to any abatement whatsoever, and shall not be subject to any defense, set-off, counterclaim or re-coupment whatsoever whether by reason of or defect in Lessor's title, or any interruption from whatsoever cause (other than from a wrongful act of the Assignee) in the use, operation or possession of the Equipment or any part thereof or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of the Assignee, the Lessee shall be unconditionally and absolutely obligated to pay the Assignee all of the rents and other sums which are the subject matter of the assignment; and (ii) the Assignee shall have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of the Assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

17.1. Lessee's Rights to the Equipment. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not sub-lease, assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment (except to the extent that the provision of any mortgage now existing or hereafter created on any of the lines of the Lessee may subject such leasehold interest to the lien thereof). The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except to the extent permitted by the provisions of Section 17.2 hereof.

17.2. Use and Possession on Lines Other Than Lessee's Own.
So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of the Equipment and to the use thereof upon the lines of railroad owned or operated by it (either alone or jointly) or by any corporation, a majority of whose voting stock (i.e., having ordinary voting power for the election of a majority of its Board of Directors) is owned directly or indirectly by the Lessee, or upon lines of railroad over which the Lessee or such corporation has trackage or other operating rights or over which Equipment of the Lessee is regularly operated pursuant to contract, and also to permit the use of the Equipment upon connecting and other railroads in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease. Notwithstanding the foregoing, the Lessee will not assign any Item of Equipment to service including the regular operation and maintenance thereof outside the continental United States of America. However, the Equipment may be intermittently but not regularly used in Canada as provided in Section 8 of this Lease. No assignment or sublease entered into by the Lessee hereunder shall relieve the Lessee of any liability or obligations hereunder which shall be and remain those of a principal and not a surety.

17.3. Merger, Consolidation or Acquisition of Lessee.
Nothing in this Section 17 shall be deemed to restrict the right of Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation (which shall have duly assumed the obligations hereunder of Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of Lessee as an entirety or substantially as an entirety.

SECTION 18. OPINION OF COUNSEL.

18.1. Concurrently with the delivery and acceptance of the first Item of Equipment hereunder, the Lessee will deliver to the Lessor ten counterparts of the written Opinion of Counsel for the Lessee addressed to the Lessor and to the Assignee, 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 Wisconsin;

(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 to execute and perform this Lease, 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 has been duly authorized, executed and delivered by the Lessee and constitutes the valid, legal and binding agreement of the Lessee enforceable in accordance with its terms, except as such terms may be limited by bankruptcy, insolvency, or similar laws affecting the enforcement of creditor's rights generally.

(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;

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

(f) The execution and delivery by the Lessee of this Lease does 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 the 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 or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Lessee, except as contemplated and permitted hereby;

(g) No consent, approval or authorization of any governmental authority is required on the part of the Lessee in connection with the execution and delivery of this Lease; and

(h) As to any other matter which the Lessor shall reasonably request.

18.2. Concurrently with the delivery and acceptance of the first Item of Equipment hereunder, the Lessor will deliver to the Lessee a written Opinion of Counsel for the Lessor addressed to the Lessee, in scope and substance satisfactory to the Lessee, to the effect that:

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

(b) The Lessor has the corporate or other power and authority to own its property and carry on its business as now being conducted and to execute and perform this Lease, 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 has been duly authorized, executed and delivered by the Lessor and constitutes the valid, legal and binding agreement of the Lessor enforceable in accordance with its terms, except as such terms may be limited by bankruptcy, insolvency, or similar laws affecting the enforcement of creditor's rights generally; and

(d) The execution and delivery by the Lessor of this Lease does not violate any provision of any law, any order of any court or governmental agency, the Charter or By-Laws of the Lessor, or any indenture, agreement, or other instrument to which the Lessor 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.

SECTION 19. INTEREST ON OVERDUE RENTALS AND AMOUNTS PAID BY LESSOR.

Anything to the contrary herein contained notwithstanding, any nonpayment of rentals due hereunder, or amounts properly expended (no interest shall accrue to Lessor until written notice of such obligation or expenditure is given to Lessee) by the Lessor on behalf of the Lessee, shall result in the additional obligation on the part of the Lessee to pay an amount equal to 12% per annum (or the lawful rate, whichever is less) on the overdue rentals and amounts expended for the period of time during which such rentals are overdue or such amounts expended and not repaid.

SECTION 20. MISCELLANEOUS.

20.1. Notices. Any notice required or permitted to be given by any party hereto to the other shall be deemed to have been given when personally delivered or three business days after being deposited in the United States certified mails, first class postage prepaid, addressed as follows:

If to the Lessor:

(a) If by mail:

NO. 2 RAIL CAR LEASING COMPANY
P. O. Box 218
Chicago Heights, Illinois 60411
Attn: Stanley D. Christianson

(b) If by personal delivery:

NO. 2 RAIL CAR LEASING COMPANY
26th and State Streets
Chicago Heights, Illinois 60411
Attn: Stanley D. Christianson

If to the Lessee:

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC
RAILROAD COMPANY
516 West Jackson Boulevard - Room 746
Chicago, Illinois 60606
Attn: Vice President - Finance and Accounting

If to the Assignee:

CONTINENTAL ILLINOIS NATIONAL BANK AND
TRUST COMPANY OF CHICAGO, as Trustee under
a Security Agreement dated as of 6/1/76 be-
tween NO. 2 RAIL CAR LEASING COMPANY and said
Trustee
231 South LaSalle Street
Chicago, Illinois 60693
Attn: Corporate Trust Department

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

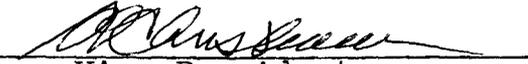
20.2. Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

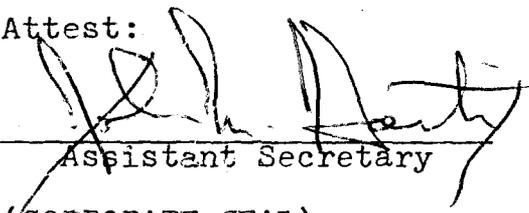
20.3. Law Governing. This Lease shall be construed in accordance with the laws of Illinois; provided, however, that the parties shall be entitled to all rights conferred by any applicable federal statute, rule or regulation.

20.4. Successors and Assigns. This Lease shall be binding upon and shall inure to the benefit of the Lessee and the Lessor and their respective permitted successors and assigns, and the term "Lessor" shall, where appropriate, be deemed to include the Assignee.

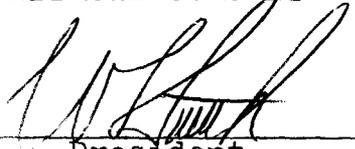
20.5. Date of Lease. This Lease is dated as of June 1, 1976 but in fact was executed by the respective parties on the dates indicated within the notarizations hereof.

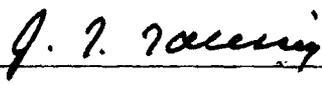
NO. 2 RAIL CAR LEASING COMPANY

By: 
Vice-President

Attest: 
Assistant Secretary
(CORPORATE SEAL)

CHICAGO, MILWAUKEE, ST. PAUL AND
PACIFIC RAILROAD COMPANY

By: 
President

Attest:

(CORPORATE SEAL) *Secretary*

STATE OF ILLINOIS)
COUNTY OF C O O K) SS.

On this 5th day of August, 1976, before me personally appeared Stanley D. Christianson, to me personally known, who being by me duly sworn, says that he is a Vice President of NO. 2 RAIL CAR LEASING COMPANY, an Illinois corporation, that one of the seals 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.

Catherine M. Bretch
Notary Public

(SEAL)

My Commission Expires: June 2, 1980

STATE OF ILLINOIS)
COUNTY OF C O O K) SS.

On this 5th day of August, 1976, before me personally appeared W. L. Smith, to me personally known, who being by me duly sworn, says that he is a President of CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, a Wisconsin corporation, that one of the seals 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.

Barbara Gubanyk
Notary Public

(SEAL)

My Commission Expires:

My Commission Expires June 12, 1979

SCHEDULE A
(to Equipment Lease)

MANUFACTURER: Thrall Car Manufacturing Company
PLANT OF MANUFACTURER: Chicago Heights, Illinois
DESCRIPTION OF EQUIPMENT: 100 - 100-Ton 56-2/3' Bulkhead Flat Cars
CAR NUMBERS: MILW62150 to MILW62249, both inclusive
SPECIFICATIONS: Data sheet FM-C-100-56-130
BASE PRICE: \$35,500 per car
DELIVER TO: Lessee
PLACE OF DELIVERY: Chicago Heights, Faithorn, or Chicago, Illinois as the parties to subject lease may agree
ESTIMATED DELIVERY DATES: 8/2/76
OUTSIDE DELIVERY DATE: 9/30/76
FIXED RENTAL PAYMENTS: One Hundred Eighty (180) monthly rental payments for each Item of Equipment in arrears in the amount of Three Hundred Sixty-Four and no/one hundred Dollars (\$364.00) for each Item of Equipment
RENTAL TERM: One Hundred Eighty (180) full calendar months
LESSEE: Chicago, Milwaukee, St. Paul and Pacific Railroad Company

CERTIFICATE OF ACCEPTANCE
UNDER EQUIPMENT LEASE

To:

No. 2 Rail Car Leasing Company ("Lessor"), and
Thrall Car Manufacturing Company ("Manufacturer")

I, a duly appointed inspector and authorized representative of CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY ("Lessee"), do hereby certify that I have inspected, received, approved and accepted delivery, on behalf of the Lessee and under the Equipment Lease dated as of June 1, 1976 between the Lessor and the Lessee, the following Items of Equipment ("Equipment"):

TYPE OF EQUIPMENT: 100-Ton 56-2/3' Bulkhead Flat Car

MANUFACTURER: Thrall Car Manufacturing Company

PLACE ACCEPTED:

DATE ACCEPTED:

NUMBER OF ITEMS:

NUMBERED:

I do further certify that the foregoing Equipment is in good order and condition, and conforms to the specifications applicable thereto, and at the time of delivery to the Lessee there was plainly, distinctly, permanently and conspicuously marked in contrasting colors upon each side of each Item of Equipment the following legend in letters not less than one inch in height:

"Leased from No. 2 Rail Car Leasing Company,
as Lessor, and subject to a security interest re-
corded with the Interstate Commerce Commission"

SCHEDULE B
(to Equipment Lease)

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

Inspector and Authorized
Representative of Lessee

SCHEDULE OF CASUALTY VALUE

The Casualty Value of an Item of Equipment payable on any rental payment date shall mean an amount equal to the per cent of total cost to the Lessor of such Item, including all taxes and delivery charges, set forth opposite such Rental Payment Date in the following schedule:

<u>Rental Payment Date on which Casualty Value is Paid (Payment in Addition to Rent Payment)</u>	<u>Percentage of Total Cost Payable As Casualty Value</u>
1 - 12	100%
13 - 24	100%
25 - 36	95%
37 - 48	90%
49 - 60	85%
61 - 72	80%
73 - 84	75%
85 - 96	70%
97 -108	65%
109 -120	60%
121 -132	50%
133 -144	40%
145 -156	30%
157 -168	20%
169 -180	20%

The above percentages shall be applied to COST OF CAR (U.S. Currency)
\$35,500.00

SCHEDULE C
(to Equipment Lease)