

Southern Pacific Transportation Company

Southern Pacific Building • One Market Plaza • San Francisco, California 94105

(415) 541-1000

THORMUND A. MILLER
VICE PRESIDENT AND GENERAL COUNSEL

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GENERAL SOLICITOR
DOUGLAS E. STEPHENSON
JOHN MACDONALD SMITH
SENIOR GENERAL ATTORNEYS

May 3, 1988

RECORDATION NO. 6634-A Filed 1425

ROBERT S. BOGASON
LOUIS P. WARCHOT
WILLIAM E. SAUL
DAVID W. LONG
CAROL A. HARRIS
LELAND E. BUTLER
GENERAL ATTORNEYS

MAY 10 1988-2:00 PM

INTERSTATE COMMERCE COMMISSION

HAROLD S. LENTZ
GARY A. LAAKSO
JONATHAN M. FIL
DORENE M. CURTIS
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DAVID B. BURNETT
ROBERT E. PATTERSON
ATTORNEYS
WRITER'S DIRECT DIAL NUMBER
(415) 541-1757

5/10/88
13.00
RECORDED. D. 1

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
Twelfth Street & Constitution Avenue, N.W.
Washington, D.C. 20423

RE: Equipment Lease dated as of June 1, 1972 among Trust Company for USL, Inc., as Lessor, United States Leasing International, Inc., as Agent, and Southern Pacific Transportation Company, as Lessee (SP Trust No. 1)

Dear Ms. McGee:

There are enclosed for recording, pursuant to Title 49, United States Code, Section 11303, the original and seven (7) counterparts of Net Lease Agreement, dated as of July 31, 1987, together with Rider No. 3 to Agreement dated October 26, 1987, attached thereto, to Equipment Lease dated as of June 1, 1972 among Trust Company for USL, Inc., United States Leasing International, Inc. and Southern Pacific Transportation Company, together with voucher in payment of the recording fee.

The following documents have been recorded with the Commission under Section 11303 in this matter:

Equipment Lease dated as of June 1, 1972, recorded on June 16, 1972, at 10:50 AM, assigned Recordation No. 6634.

Ms. Noreta R. McGee
Page Two
May 3, 1988

In connection with the recording of the Net Lease Agreement, dated as of July 31, 1987, to the Equipment Lease dated as of June 1, 1972, the following information is set forth in accordance with the provisions of Section 57.4 of the Commission's Order of July 28, 1952, as amended:

Name and Address of Trustee - Lessor:

Trust Company for USL, Inc.
733 Front Street
San Francisco, CA 94111

Name and Address of Guarantor - Lessee:

Southern Pacific Transportation Company
Southern Pacific Building
One Market Plaza
San Francisco, CA 94105

General Description of the Equipment
Covered by the Net Lease Agreement:

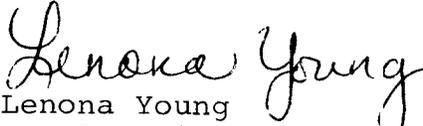
Number
of Units

Description

56	70-ton Box Cars; Gunderson, Inc., builder; lettered SP and numbered 241467, 241471, 241488, 241506, 241507, 241546, 241563, 241595, 241599, 241609, 241610, 241635, 241639, 241643, 241644, 241649, 241661, 241662, 241663, 241675, 241683, 241684, 241702, 241728, 241730, 241733, 241738, 241741, 241748, 241755, 241758, 241762, 241765, 241772, 241793, 241799, 241805, 241806, 241816, 241818, 241833, 241836, 241837, 241849, 241855, 241860, 241861, 241864, 241865, 241875, 241881, 241888, 241919, 241920, 241926, and 241939.
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When the recording of the Net Lease Agreement has been completed, will you please endorse, with the pertinent recording information, all counterparts thereof, and return seven (7) of the same to the undersigned.

Very truly yours,


Lenona Young
Legal Assistant

Enclosures

cc: Mr. E. L. Johnson
(Attn.: Mr. C. D. Tyler)

Interstate Commerce Commission
Washington, D.C. 20423

5/10/88

OFFICE OF THE SECRETARY

Leona Young,
Legal Assistant

Southern Pacific Transportation Company

Southern Pacific Building

One Market Plaza

San Francisco, California 94105

Dear Ms. Young:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 5/10/88 at 2:50pm, and assigned recordation number(s). 6654-A

Sincerely yours,

Nerita L. McLee

Secretary

Enclosure(s)

NET LEASE AGREEMENT

This Agreement is entered into as of the ^{egm 8/3} ~~31st~~ day of ^{July} ~~July~~, 1987, between WCTU RAILWAY COMPANY, a Corporation incorporated pursuant to the laws of the State of Oregon, having an office in Chicago, Illinois (hereinafter referred to as "LESSEE"), and SOUTHERN PACIFIC TRANSPORTATION COMPANY, a Corporation incorporated pursuant to the laws of the State of Delaware, and/or ST. LOUIS SOUTHWESTERN RAILWAY COMPANY, a Corporation incorporated pursuant to the laws of Missouri, having offices in San Francisco, California (hereinafter referred to as "LESSOR").

In consideration of the mutual benefits to be derived by LESSOR and LESSEE and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, LESSOR and LESSEE covenant and agree as follows:

I. Lease of Cars

RECORDATION NO. 6634-A FILED 1428

1.01 Definitions

MAY 10 1988-2 10 PM

a) Riders

INTERSTATE COMMERCE COMMISSION

For purposes hereof "Rider" to this Agreement shall be defined as sequentially numbered attachments defining the specific terms applicable to specific groups of cars included in this lease. Each such Rider shall consist of two parts, a Rider and Schedule A to the Rider. Rider shall define the group of cars; delivery and acceptance terms; specific marking and stenciling requirements/restrictions and the specific terms of the car hire based lease payments. The Schedule A to each Rider shall be an attachment identifying each individual car by Road Number subject to the Rider with a cross reference to the original road number of the car if such car Road Numbers are changed under the terms of this lease.

b) Parties

For purposes hereof, "Parties" to this Agreement shall be defined as WCTU Railway Company; Southern Pacific Transportation Company; and/or St. Louis Southwestern Railway Company and/or any holder of a security interest in cars as identified in each specific Rider attached hereto.

c) Lessee/Lessor Trackage

For the purpose hereof, "LESSEE's Trackage" shall mean the rail lines of the LESSEE and the rail lines owned or leased by LESSEE, or on which LESSEE has running rights. "LESSOR's Trackage" shall mean the rail lines of the LESSOR and the rail lines owned or leased by LESSOR, or on which LESSOR has running rights.

WLS

d) Road Numbers

For purpose of this Agreement "Road Numbers" shall be defined as the Reporting Mark and Car Number representing each car as stencilled on the car and registered in the UMLER file with the Association of American Railroads.

1.02 Lease

LESSOR agrees to lease to LESSEE, and LESSEE agrees to lease from LESSOR, upon terms and conditions set forth herein, the railway cars described in riders which may from time to time be added to this Agreement by agreement of the Parties. Such cars are referred to herein as the "Cars" or "Car". This Agreement, hereinafter referred to as "Agreement", will be effective from the date hereof, and will expire upon the expiration of the term of lease of the last Car leased hereunder, except that all obligations of LESSEE and LESSOR which have not been satisfied in full by that time shall continue until so satisfied.

1.03 Term

The term of lease of each Car shall be that specified in the Rider with respect to such Car and shall commence on the date the first Car is forwarded to LESSEE.

1.04 Delivery and Acceptance of Equipment

The LESSOR will deliver Car(s) at LESSOR's expense to a place of delivery set forth in the Rider. Upon such tender, the LESSEE will cause an authorized representative of the LESSEE to inspect the same, and if such Cars are found to be in satisfactory condition, to accept such Cars and to execute and deliver to the LESSOR thereof a written notification of acceptance. If such Cars are not in satisfactory condition, LESSEE shall cause such initial repairs to be made to bring Cars into satisfactory condition as specified in the Rider. Upon acceptance of the Cars, LESSOR shall forward the Car to such location as specified by the LESSEE in the Rider as soon as reasonably possible thereafter. All Initial Repair Costs plus Fees as specified in the Rider incurred in such acceptance shall be paid by LESSEE and set off against Rental due LESSOR in accordance with Section 4 of the Rider to this Agreement.

WHS

1.05 Rental and Fees

The monthly rental payable to LESSOR ("Rental") and the monthly fees, charges and expenses payable or reimbursable to LESSEE ("Fees") for each Car shall be that specified in the Rider with respect to such Car. Except as otherwise provided herein, such Rental and such Fees shall commence upon the date the Car is forwarded pursuant to Section 1.03 to the date the Car is released to LESSOR in the manner provided in Section 1.08. Upon expiration of this Agreement or any extension thereof, LESSOR will pay LESSEE the balance of all Fees not covered by Car Hire Earnings generated by Cars while under this Agreement accrued up to the time cars are returned. EJ

1.06 Car Hire Earnings

All compensation (hereinafter referred to as "Car Hire Earnings") paid by railroads including LESSOR by reason of the use or handling of the Cars during the term of the lease will be paid to such Parties as specified in the Rider. Such Car Hire Earnings include but are not limited to mileage payments, straight car hire payments and incentive car hire payments under then applicable Interstate Commerce Commission (ICC) and Association of American Railroads (AAR) Car Hire Rules. All Rental, Fees and other amounts required to be paid hereunder shall be paid within ten (10) days of receipt of Car Hire Earnings. EJ

1.07 Reports

LESSOR or LESSEE, as the case may be, as specified in the Rider shall keep records of and monitor the use and movements of all Cars and shall provide the other Party as reasonably requested all information and copies of all records and reports pertaining to the Cars received or available to it.

1.08 Return of Cars

Upon expiration or any earlier termination of this Agreement as to any Car, LESSEE shall forward Cars to LESSOR at any open interchange on LESSOR's trackage specified by LESSOR at LESSOR's expense. LESSEE shall return the Cars in good order, ordinary wear and tear excepted, suitable for interchange under the accepted interchange practices of the industry in accordance with the requirements of the AAR Interchange Rules, Regulations of the United States Department of Transportation, the Interstate Commerce Commission and other applicable rules and regulations of federal and state authorities having jurisdiction over such matters. Any repairs required under the provisions of AAR Interchange Rule 95B will be the responsibility of LESSEE. Cars shall be delivered to LESSOR in groups of not less than twenty (20) cars unless otherwise agreed to by LESSOR. Joint inspections are required at time of return and will take place at locations mutually agreed upon by LESSEE and LESSOR. Return of each Car is subject to the execution of the Joint Inspection Certificate by both LESSOR and LESSEE at the point of inspection. When the Cars have been so returned, they shall be deemed to have been released from all obligations covered hereunder.

WKS

1.09 Registration and Reporting Marks

Each Car leased hereunder shall be registered by such Party as specified in the Rider in the Official Railway Equipment Register and the Universal Machine Language Equipment Register.

Cars will be stenciled with the reporting marks or other references as specified in the Rider. All costs associated with such stenciling shall be the responsibility of LESSOR unless otherwise noted.

No marking of any kind shall be placed upon any Car without the prior written consent of LESSOR, except that any Car may be marked in accordance with the applicable requirements of the Association of American Railroads or any governmental or other regulatory authority having jurisdiction over such Car.

LESSOR will be responsible for the removal of any such markings and restenciling to LESSOR designated markings at the termination of the lease of such Car. All costs associated with such stenciling will be paid by LESSOR unless otherwise noted.

II. Condition and Care of Cars

2.01 Maintenance of Cars

Except as otherwise provided in this Agreement, LESSEE or its agents, will provide all necessary maintenance and repair services to the Car in accordance with the Code of Interchange Rules of the Association of American Railroads and the regulations of the U. S. Department of Transportation and other U. S. Federal authorities having jurisdiction.

All maintenance and repair costs associated with keeping Cars in good operating condition will be paid by LESSEE and set off against Rental due LESSOR hereunder unless otherwise noted. All empty transportation costs off LESSEE's Trackage shall be for the account of LESSOR unless a repair or alteration constituting an improvement to the Car is performed at LESSEE's discretion with LESSOR's prior written consent.

2.02 Modification

If, at any time after the effective date of any Rider, a modification to any Car covered thereby should be required by any governmental, railroad, or other authority, LESSOR may (but shall not be required to) make such modification. If LESSOR elects to make such modification, LESSEE shall make such modification to the Cars at such shop and at such time as LESSEE shall designate for the purpose thereof. All costs associated with such modifications shall be billed by LESSEE and paid for by LESSOR as specified in the Rider.

If LESSOR elects not to make such modification, LESSEE may terminate this Agreement with respect to such Car, in which case the Car shall be tendered to LESSOR pursuant to other provisions of the Agreement.

WLS

2.03 Destroyed Cars

If any Car is destroyed (including damage which, in LESSOR's opinion, would require repairs, the cost of which could not be recovered economically over the remaining useful life of the Car), the Agreement with respect to such Car shall terminate and the monthly Fees due hereunder will cease on the date LESSOR so advises LESSEE that the Car will not be repaired, but the LESSOR shall not be relieved of any obligation accrued hereunder with respect to such Car as of said date. All salvage or settlement monies realized from the disposition of the destroyed Car(s) shall revert to the LESSOR. Settlement for destroyed Cars shall be in accordance with Rule 107 of the Association of American Railroads Interchange Rules. *EGM*

2.04 Substitution of Cars: Earlier Termination

- a) If for any reason, any Car is destroyed or requires repairs which LESSOR determines would be uneconomical to perform, LESSOR may, but shall not be obligated to, furnish LESSEE a replacement Car of the same type and upon the same terms. If LESSOR elects to furnish a replacement Car, such Car shall become subject to the terms hereof on the date such Car is delivered to LESSEE. All provisions of this Agreement shall apply to any replacement Car; and upon request of LESSOR, LESSEE shall execute such documents as may be necessary to effect the substitution.
- b) If LESSEE certifies that the Cars are no longer required by the LESSEE, the LESSEE shall have the right to terminate this Agreement whereupon Cars will be returned to LESSOR according to Section 1.07. LESSOR will pay LESSEE the balance of all Fees not covered by Car Hire Earnings generated by Car while under this Agreement accrued up to the time Cars are returned. *EGM*

III. Use of Cars

3.01 Compliance with Laws

LESSEE shall use the Cars in compliance with all laws and regulations of all federal, state, local and foreign authorities having jurisdiction thereof.

3.02 Sublease and Assignment

Neither party may sublease, assign or transfer its interest in this Agreement without prior written consent of the other Party; provided, however, that LESSEE may assign certain of its repair responsibilities under this Agreement to third parties and such assignment shall not alter LESSEE's obligations under this Agreement.

3.03 Car Hire Reclaim and Relocation Charges

Unless specifically identified in the *Rider* hereto, LESSEE will not grant or allow any car hire relief with respect to any Car without LESSOR's prior written consent. *EGM*

WHS

In the event that provisions of the AAR Car Service or Car Hire Rules provide another railway with the option to charge for the relocation of empty Cars, such charges shall be the responsibility of the LESSOR.

3.04 Additional Charges

All costs, charges, and expenses relating to switching, demurrage, detention, storage or terminal facilities on empty Cars shall be the responsibility of the LESSOR.

Ejm 8/3

3.05 Utilization

LESSEE and LESSOR agree to seek and pursue opportunities to improve the utilization of Cars subject to this Agreement. LESSOR also agrees to assist LESSEE in developing such bilateral agreements as may be identified by either LESSEE or LESSOR during the term of this Agreement. LESSEE agrees not to enter into any bilateral agreement affecting use or Car Hire ~~Earnings~~ of Cars without prior approval of LESSOR. LESSOR shall give preference and shall reload the Cars subject to this Agreement prior to reloading similar foreign railroad cars available to LESSOR, provided, however, that this shall in no event prevent or prohibit LESSOR from fulfilling its obligations to provide transportation and facilities upon reasonable request to shippers on its railroad tracks, and provided further, LESSOR shall not have to give priority to the loading of the Cars at the expense of unreasonably disrupting LESSOR's normal operation. In addition, LESSOR shall give preference and shall reload such LESSEE owned cars subject to the Confidential Equipment Agreement dated May 1, 1985 prior to reloading Cars subject to this Lease Agreement, provided, however, that this shall in no event prevent or prohibit LESSOR from fulfilling its obligations to provide transportation and facilities upon reasonable request to shippers on its railroad tracks, and provided further, LESSOR shall not have to give priority to the reloading of the Cars at the expense of unreasonably disrupting LESSOR's normal operations.

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IV. Miscellaneous Provisions

4.01 Taxes and Liens

For Cars bearing LESSEE's reporting marks and numbers, LESSEE shall prepare and file ad valorem and property tax returns relating thereto and will pay such taxes as may be assessed on the Cars during the term of this Agreement. LESSEE shall set off such taxes paid against Rental due LESSOR hereunder in accordance with Section 4 of the Rider to this Agreement.

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LESSEE shall not be liable to pay or reimburse LESSOR for any other taxes or similar charges assessed by any governmental or other taxing authority.

LESSEE and LESSOR obligations under Section 4.01 shall survive the expiration or earlier termination of this Agreement until the expiration of the statute of limitations in respect of any taxes and/or charges referred to herein (in the absence of fraud).

WHS

4.02 Subordination

This Agreement and all rights of LESSEE (and of any persons claiming or who may hereafter claim under or through LESSEE) are hereby made subject and subordinate to any security agreements, chattel mortgages, equipment trust agreements and other security instruments heretofore or hereafter created by LESSOR with respect to any Cars. Any sublease of Cars made by LESSEE and otherwise permitted hereby shall contain language which expressly makes such sublease subject to the subordination contained herein, and shall be subject to approval by such party(s) as may be designated in the specific Rider(s) to this Agreement, to which the sublease is subordinated. At LESSOR's election, any Car may be marked to indicate the rights of LESSOR or of a trustee, mortgagee, pledgee, assignee, or other holder of a security interest in such Car, or a lessor to LESSOR.

4.03 Past Due Payments

Any ^{Rentals} Rental, ^{Fees} Fees or other sums payable under this Agreement and not paid when due shall (whether or not LESSOR shall then be entitled to exercise its rights under Section 4.04) thereafter bear interest at a rate of 9.5% per annum.

4.04 Defaults and Remedies

The occurrence of any of the following events shall be an event of default:

- (i) The nonpayment of any sum required herein to be paid by either Party to the other which is not paid within ten (10) days after receipt of written notice thereof;
- (ii) The breach by either Party of any other term, covenant, or condition of this Agreement, which is not cured within twenty (20) days after written notice thereof;
- (iii) The institution by or against either Party of a proceeding in bankruptcy, liquidation or dissolution, reorganization, arrangement of debts or receivership; or
- (iv) The voluntary or involuntary making of an assignment of a substantial portion of either Party's assets to a receiver, custodian, assignee for the benefit of creditors or trustee.

WHS

Upon the occurrence of any event of default, the Party not in default may, at its option, terminate this Agreement by notice in writing and may proceed by appropriate legal action to recover damages for the breach of this Agreement or pursue any and all other legal or equitable rights to which it might be entitled. In addition, the Party in default will be liable for any and all unpaid amounts due hereunder before, during or after the exercise of such remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of occurrence of any event of default in the exercise of the other Party's remedies with respect thereto. The remedies in this Agreement provided in favor of each Party will not be deemed exclusive, but will be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity.

4.05 Force Majeure

Neither Party to this Agreement will be liable for nonperformance or delay in the performance of any obligations under this Agreement (except for payment of monthly or other ~~Fees~~ or ~~Rentals~~ due LESSEE or LESSOR hereunder) due to any cause not in its control ("Force Majeure"). If affected by Force Majeure, the Party so affected will give notice to the other Party hereto as promptly as possible of the nature and probable duration of such Force Majeure. If because of Force Majeure, either Party hereto is unable to carry out any of its obligations under this Agreement, then the obligations of such Party will be suspended to the extent made necessary by Force Majeure. Force Majeure will include, without limitation, acts of God, legislation or regulations of any governmental body, court decrees, acts of the public enemy, riots, strikes, labor disputes, labor or material shortages, fires, explosions, floods, breakdown of or damage to plants, equipment or facilities. The effect of any event of Force Majeure will be eliminated by the Party that is affected as promptly as possible. If affected Party is unable to eliminate the event of Force Majeure within 60 days either Party may terminate this Agreement, so long as all Fees and/or Rentals due the other Party are satisfied.

4.06 Governing Law

The validity of this Agreement and the rights, obligations and relations of the Parties hereunder will be construed and determined under and in accordance with the laws of the state of California; provided, however, that if any provision of this Agreement is held by any court of competent jurisdiction to be used in violation of any applicable law, such provision will be construed to give it maximum legal validity and the other provisions of this Agreement shall nonetheless remain in full force and effect.

WHS

4.07 Severability

If any provisions of this Agreement shall be held to be invalid or unenforceable by the final judgment of a court of competent jurisdiction, such invalidity or unenforceability shall cause this Agreement to be subject to renegotiation between the Parties to effect a mutually acceptable revision. If Parties are unable to effect such revision within 60 days, this Agreement will be terminated under the conditions agreed to as if the Agreement had expired. *EPT*

4.08 Headings

The Article and Section headings used herein are for convenience of reference only and shall not be used in interpreting this Agreement.

4.09 Waiver

This Agreement may not be amended or modified except by written agreement signed by the Parties. No waiver of any provision of this Agreement shall be effective unless in writing signed by the Party against whom enforcement of such waiver is sought, and unless otherwise expressly so provided such waiver shall be limited to the specific situation for which it was given.

4.10 Benefit

This Agreement shall be binding upon and inure to the benefit of LESSOR and its successors and assigns, and LESSEE and its successors and assigns.

4.11 Entire Agreement

This Agreement, including all Riders and other documents attached hereto or incorporated by reference herein, constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes all other understandings, oral or written, with respect to the same.

4.12 Set Off

LESSEE shall have the right to set off against car hire funds received by it on LESSOR's behalf or otherwise payable to, LESSOR by LESSEE, any and all obligations due LESSEE from LESSOR.

WHS

4.13 Representations

LESSEE and LESSOR as Parties to this Agreement respectively covenant, warrant and represent that all of the following matters shall be true and correct at all times that any Car is subject to this Agreement:

- (a) Each Party is a corporation duly organized and validly existing in good standing under the laws of the state of its incorporation and has the corporate power, authority and is duly authorized or qualified to do business wherever it transacts business and such qualification is required, and has corporate power to and has taken all corporate action necessary to enter into this Agreement and carry out its obligations hereunder.
- (b) This Agreement has been duly executed on behalf of each Party and constitutes the legal, valid and binding obligation of the respective parties enforceable in accordance with its terms.
- (c) No governmental, administrative or judicial authorization, permission, consent or approval is necessary on the part of either Party in connection with this Agreement or any action contemplated on its part hereunder, nor will the execution or performance of this Agreement violate any law, judgment order or regulation, or any indenture or agreement binding upon either Party; and
- (d) Neither Party nor their respective counsel know of any requirements for recording, filing or depositing this Agreement other than pursuant to Section 20c of the Interstate Commerce Act, which is necessary to preserve or protect the title of LESSOR or its assignee or mortgagee in the United States of America.

Upon request of LESSOR or its assignee or mortgagee at any time or times, LESSEE shall deliver to LESSOR an opinion of its counsel addressed to LESSOR or its assignee or mortgagee, in form and substance satisfactory to LESSOR or its assignee or mortgagee, which opinion shall confirm the matters set forth in this Section 4.13 (a) through (d).

WLS

4.14 Notice

Any notice required or permitted to be given by one party to another hereunder shall be properly given when made in writing, deposited in the United States Mail, registered or certified, postage prepaid, addressed to:

LESSEE at: President WCTU Railway Company
111 West Jackson Boulevard
Chicago, Illinois 60604

LESSOR at: AVP Fleet Management
One Market Plaza
Southern Pacific Building, Room 730
San Francisco, California 94105

or such other address as either party may from time to time designate by such notice in writing to the other.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

AGREED:

WCTU RAILWAY COMPANY
(LESSEE)

By: *W. J. [Signature]*
Title: President

SOUTHERN PACIFIC TRANSPORTATION CO.
(LESSOR)

By: *E. J. Morrissey*
Title: AVP - Fleet Management

ST. LOUIS SOUTHWESTERN RAILWAY CO.
(LESSOR)

By: *E. J. Morrissey*
Title: AVP - Fleet Management

2. Term

The initial term of the lease, shall commence on the date the first Car is forwarded to SUBLESSEE or July 1, 1987, whichever is later, shall continue thereafter to June 1, 1992. Upon the expiration of the initial term, this Agreement may be extended for additional period(s) of twelve (12) months if notice is given by Southern Pacific, with written concurrence of Trust Company for USL, Inc. at least thirty (30) days prior to the end of the initial or extended term. If such notice is not given disposition of cars will be in accordance with the conditions of the lease between Southern Pacific and Trust Company of USL.

3. Initial Repair/Delivery/Inspection

SUBLESSOR will deliver, at SUBLESSOR's expense, the Cars to the Gunderson, Inc. repair shop located in Portland, Oregon as designated by SUBLESSEE. Upon delivery of a Car, SUBLESSEE shall cause an authorized representative of SUBLESSEE to inspect the Car and prepare an initial estimate of the cost of any necessary repairs to bring the Car within AAR standards ("Initial Repair Cost"). If the initial estimate indicates an Initial Repair Cost to be less than \$2,500 for any single Car, Lessee shall cause such repairs to be made. In the event the Initial Repair Cost is estimated to exceed \$2,500 for any single Car, SUBLESSEE shall notify SUBLESSOR of same and cause such repairs to be made only if the average repair cost per Car, (including the costs to repair such Car whose Initial Repair Cost exceeds \$2,500), is less than \$2,500. If the Initial Repair Cost for a Car when added to the aggregate repair costs of all other Cars, causes the average to exceed \$2,500, SUBLESSEE shall at SUBLESSOR's option and expense, either hold such Car until such time as the average repair cost (including the cost to repair such Car) is less than \$2,500 or return such Car to SUBLESSOR.

4. Rental & Fees

During the term hereof, SUBLESSOR shall deem as rent the amount equal to the net amount of Car Hire earnings less all fees and charges payable and/or reimbursable to SUBLESSEE.

The following shall constitute Fees:

- (a) Maintenance Fee
The cost of inspection, repair, and maintenance of the Cars (exclusive of initial repair) plus 5% incurred during the term of this Agreement.
- (b) Administrative Services Fee
\$10.00 per car per calendar month, or any partial calendar month, during the term of this Agreement.

- (c) Tax Service Fee
The actual ad valorem taxes billed to paid or accrued by LESSEE for the Cars during the term of this Agreement.
- (d) Initial Repair Fee
The aggregate of all initial repair charges plus 5%.
- (e) Finance Service Fee
When Car Hire Earnings in any given month during the term of this Agreement are less than the Cumulative Fees, any outstanding balance of the current monthly balance of all Fees less the amount of Car Hire earnings received shall bear interest at a rate of 9.5% per annum.
- (f) Transportation/Storage Charges Fee
All Transportation and storage charges assessed the Cars when empty during the term of this Agreement.

5. Car Hire Earnings

Insofar as applicable laws and regulations permit and unless an event of default as defined in Section 4.06 of this Agreement shall have occurred and be continuing, SUBLESSOR will be entitled to, as rent for the Cars on lease to SUBLESSEE hereunder, the difference between the Car Hire collected by SUBLESSEE from railroads as a result of the use of the Cars less any Fees payable to SUBLESSEE hereunder. SUBLESSEE shall apply such Car Hire earned by the Cars while this Agreement is in force and which are actually received by SUBLESSEE against Fees due SUBLESSEE hereunder to the extent and in the manner herein provided. SUBLESSEE will remit the balance of such Car Hire, if any, to SUBLESSOR in accordance with Section 1.06 of the Agreement.

In the event there are insufficient revenues from Car Hire during the course of any month to offset Fees due SUBLESSEE for such month, the balance due SUBLESSEE shall accrue and be charged against the following month's Car Hire and such balance shall bear interest, payable monthly, in arrears, on the first day of each month at the rate of 9.5% per annum.

SUBLESSEE will also keep reports according to Section 1.06.

6. Registration and Reporting Marks

Cars will have SUBLESSEE owned markings of WCTR with XM mechanical designation. SUBLESSEE will register such Cars according to Section 1.08 of the Agreement.

7. Maintenance

SUBLESSOR will provide a complete set of mechanical drawings of Cars.

IN WITNESS THEREOF, the Parties hereto have executed this Rider as of the day and year first above written.

WCTU RAILWAY COMPANY
(SUBLESSEE)

By: W. J. [Signature]
Title: President

SOUTHERN PACIFIC TRANSPORTATION CO
(SUBLESSOR)

By: E. J. [Signature]
Title: AVP - Fleet Management

TRUST COMPANY FOR USL, INC.
(LESSOR)

By: Walter J. [Signature]
Title: Vice President

REVISED EFFECTIVE: March 30, 1988

Schedule A to Rider No. 3 to Net Lease Agreement between WCTU Railway and Southern Pacific Transportation Company or St. Louis Southwestern Railway Company of 31 July, 1987.

Cars: SP 241465 - 241940 leased by USL, Inc. to Southern Pacific.

<u>Original SP Car Number</u>		<u>Remarkd WCTR Car Number</u>	<u>Date Into Subleased Service</u>			
			MONTH	DAY	YEAR	
SP	241467	WCTR	241467	03	24	88
SP	241471	WCTR	241471	03	10	88
SP	241488	WCTR	241488	11	20	87
SP	241506	WCTR	241506	11	30	87
SP	241507	WCTR	241507	11	23	87
SP	241546	WCTR	241546	10	29	87
SP	241563	WCTR	241563	11	23	87
SP	241595	WCTR	241595	12	03	87
SP	241599	WCTR	241599	10	29	87
SP	241609	WCTR	241609	10	05	87
SP	241610	WCTR	241610	09	30	87
SP	241635	WCTR	241635	03	25	88
SP	241639	WCTR	241639	03	07	88
SP	241643	WCTR	241643	12	01	87
SP	241644	WCTR	241644	12	23	87
SP	241649	WCTR	241649	12	02	87
SP	241661	WCTR	241661	11	12	87
SP	241662	WCTR	241662	12	09	87
SP	241663	WCTR	241663	12	18	87
SP	241675	WCTR	241675	10	29	87
SP	241683	WCTR	241683	11	06	87
SP	241684	WCTR	241684	10	29	87
SP	241702	WCTR	241702	10	29	87
SP	241728	WCTR	241728	12	03	87
SP	241730	WCTR	241730	12	18	87
SP	241733	WCTR	241733	12	17	87
SP	241738	WCTR	241738	11	19	87
SP	241741	WCTR	241741	12	04	87

REVISED EFFECTIVE: March 30, 1988

Schedule A to Rider No. 3 to Net Lease Agreement between WCTU Railway and Southern Pacific Transportation Company or St. Louis Southwestern Railway Company of 31 July, 1987.

Cars: SP 241465 - 241940 leased by USL, Inc. to Southern Pacific.

<u>Original SP</u> <u>Car Number</u>		<u>Remarkd WCTR</u> <u>Car Number</u>		<u>Date Into</u> <u>Subleased Service</u>		
				MONTH	DAY	YEAR
SP	241748	WCTR	241748	12	14	87
SP	241755	WCTR	241755	11	13	87
SP	241758	WCTR	241758	11	25	87
SP	241762	WCTR	241762	12	08	87
SP	241765	WCTR	241765	11	30	87
SP	241772	WCTR	241772	12	16	87
SP	241793	WCTR	241793	12	16	87
SP	241799	WCTR	241799	11	10	87
SP	241805	WCTR	241805	10	05	87
SP	241806	WCTR	241806	03	09	88
SP	241816	WCTR	241816	12	14	87
SP	241818	WCTR	241818	11	19	87
SP	241833	WCTR	241833	10	29	87
SP	241836	WCTR	241836	03	09	88
SP	241837	WCTR	241837	12	15	87
SP	241849	WCTR	241849	11	06	87
SP	241855	WCTR	241855	03	30	88
SP	241860	WCTR	241860	12	01	87
SP	241861	WCTR	241861	12	02	87
SP	241864	WCTR	241864	12	04	87
SP	241865	WCTR	241865	10	29	87
SP	241875	WCTR	241875	12	04	87
SP	241881	WCTR	241881	11	13	87
SP	241888	WCTR	241888	10	29	87
SP	241919	WCTR	241919	10	29	87
SP	241920	WCTR	241920	11	10	87
SP	241926	WCTR	241926	11	11	87
SP	241939	WCTR	241939	10	29	87

RIDER NO. 3 TO AGREEMENT

Effective this 26th day of October, 1987, this Rider shall become a part of the Agreement between WCTU RAILWAY COMPANY ("SUBLESSEE"), and SOUTHERN PACIFIC TRANSPORTATION COMPANY and/or ST. LOUIS SOUTHWESTERN RAILWAY COMPANY ("SUBLESSOR"), dated July 31, 1987 and the Cars and the use of the Cars described herein shall be leased to SUBLESSEE subject to the terms and conditions in said Agreement during the term and in consideration of the rental and fees shown below. All terms of above referenced Agreement applicable to LESSOR and/or LESSEE in that Agreement shall apply to SUBLESSOR and/or SUBLESSEE referenced in this Rider. For purposes of this sublease Trust Company for USL, Inc., original Lessor of Cars, is made a Party to this Agreement with their interests protected as follows:

1. The Cars

The Cars subject to this Agreement shall be as follows:

Car Descriptions

Up to 300 70-Ton, 50' 7" double-sliding door boxcars with center of car cushioning, having laminated wood floors with nailable steel floors in the doorway and lading strap anchors. Mechanical designation XM. AAR Clearances Plate C. Built in 1973 which are presently under Equipment Lease to Southern Pacific Transportation Company by Trust Company for USL, Inc. (LESSOR) identified as SP Trust No. 1 of June 1, 1972. All conditions of this sublease shall be subordinate to the lease requirements of Trust Company for USL, Inc.

Car Numbers

SP Car Series 241465-241940 to be restenciled to WCTR reporting marks. Actual Car Numbers to be supplied by SUBLESSOR upon completion of initial repairs and placed as Schedule A to be attached. Referenced Schedule A shall include all new car numbers and shall indicate original SUBLESSOR road number for each car.

Cars will retain the plate or stencil currently permanently marked on both sides of each car required by paragraph 4.2 of the lease of same cars between United States Leasing International, Inc. and Southern Pacific Transportation Company as follows:

"Leased through United States Leasing International, Inc., as agent for owner-trustee, and subject to a Security Interest recorded with the ICC."

Additionally, cars shall have permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each car in letters not less than one inch in height in the immediate proximity of aforementioned plate or stencil, the following:

"Subleased from Southern Pacific Transportation Company, Inc. as Sublessor of United States Leasing International, Inc., Agent for owner-trustee."