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14847

RECORDATION NO. Filed 1425

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NOV 21 1985 10 15 AM

INTERSTATE COMMERCE COMMISSION

10-00

100 Washington, D.C.

November 19, 1985
File: 352

Secretary
Interstate Commerce Commission
Room 2215
12th and Constitution Ave., N.W.
Washington, D.C. 20423

Re: Lease of 100 high hats dated
as of November 1, 1985

Dear Sir:

Enclosed for recordation with the Interstate
Commerce Commission pursuant to 49 USC §11303 are counter-
parts of a Master Equipment Lease dated as of November 1,
1985.

The equipment covered by this lease is 100 high
hat auto parts boxcars bearing road numbers GTW 384500
through 384576 and GTW 384600 through 384622, all numbers
inclusive.

The parties to the lease are as follows:

Lessor:

Boatmen's First National Bank of Kansas City
10th and Baltimore, Box 38
Kansas City , Missouri 64183

Lessee:

Grand Trunk Western Railroad Company
131 W. Lafayette Blvd.
Detroit, Michigan

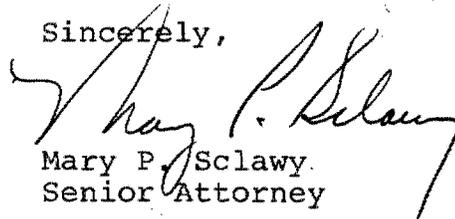
Also enclosed is Grand Trunk's check No. 1281 in
the amount of \$10.00. Please accept one counterpart of the

100 OF 100 OF
THE STORE
NOV 21 10 11 AM '85
NOTICE OF RECALL

ICC
November 19, 1985
Page Two

document for filing, stamp the remaining with your recordation number and return it and your fee receipt to the undersigned at the address set out above.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mary P. Sclawy".

Mary P. Sclawy
Senior Attorney

MPS:mg
Enclosure

14847

REPRODUCTION NO. Filed 1429

NOV 21 1985 - 10 15 AM

INTERSTATE COMMERCE COMMISSION

MASTER EQUIPMENT LEASE

Dated as of November 1, 1985

between

BOATMEN'S FIRST NATIONAL BANK OF KANSAS CITY
as Lessor

and

GRAND TRUNK WESTERN RAILROAD COMPANY,
as Lessee

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MASTER EQUIPMENT LEASE

THIS MASTER EQUIPMENT LEASE DATED AS OF November 1, 1985 (the Lease) between Boatmen's First National Bank of Kansas City, a national banking association (the Lessor) and Grand Trunk Western Railroad Company, a Michigan and Indiana Corporation (the Lessee).

W I T N E S S E T H:

SECTION 1. Definitions; Construction of References.

In this Lease, unless the context otherwise requires:

(a) All references in this Lease to designated Sections and other subdivisions are to designated Sections and other subdivisions of this Lease, and the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Lease as a whole and not to any particular Section or other subdivision.

(b) The terms defined in this Section or elsewhere in this Lease shall, for purposes of this Lease and all Exhibits hereto, have the meanings assigned to them in this Section or elsewhere and include the plural as well as the singular.

(c) Except as otherwise indicated, all the agreements or instruments herein defined shall mean such agreements or instruments as the same may from time to time be supplemented or amended or the terms thereof waived or modified to the extent permitted by, and in accordance with, the terms thereof.

(d) Neither the Lessor nor the Lessee intends for the transactions contemplated by this Lease to be deemed a "Finance Lease" within the meaning of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended through the date hereof (Code).

(e) The following terms shall have the following meanings for all purposes of this Lease:

Abatements shall have the meaning set forth in Section 10 hereof.

ACRS Deductions and Investment Tax Credit shall have the meanings set forth in Section 22 hereof.

After-Tax Basis shall mean the amount calculated by adjusting the payment due to reflect the Federal, state or local, if applicable, tax impact on the receiver of such payment, either increasing such payment to reflect such taxes due on its receipt and/or decreasing such payment in consideration of the savings of any such taxes which have been or will be realized from the expenditure for which such payment is compensation.

Appraisal shall mean a procedure whereby three appraisers, none of whom shall be a manufacturer of the Item of Equipment for which appraisal is required, shall determine the item in question. One appraiser shall be

chosen by the Lessee and one by the Lessor. The Lessor or the Lessee, as the case may be, shall deliver a written notice to the other party appointing its appraiser within 15 days after receipt from the other party of a written notice appointing that party's appraiser. A third appraiser shall be chosen within 5 days thereafter by the mutual consent of such first two appraisers. The decision of the three appraisers so appointed and chosen shall be given within 10 days after the selection of such third appraiser and, upon receipt of such decision, the item in question shall be definitively determined by averaging the respective decisions of all three appraisers, and thereafter such average shall be binding and conclusive on the Lessor and the Lessee. The fees and expenses of the three appraisers shall be borne by the Lessee.

Basic Rent, Basic Rent Date and Rent shall have the meanings set forth in Section 4 hereof.

Builder shall mean Quality Service Railcar Repair Corporation with respect to each Item of Equipment to be reconstructed by it and St. Louis Refrigerator Car Company with respect to each Item of Equipment to be reconstructed by it.

Business Day shall mean any day other than a Saturday or Sunday or other day on which banks in the cities of Kansas City, Missouri or Detroit, Michigan are authorized to close.

Casualty Value shall have the meaning set forth in Section 13 hereof.

Certificate of Acceptance shall mean the document representing the Lessee's acceptance of each Item of Equipment, which shall be in the format attached as Exhibit A hereto.

Claims shall have the meaning set forth in Section 21 hereof.

Closing Costs shall mean the aggregate of (i) the fees and expenses of Prudential-Bache Securities Inc. and (ii) the fees and expenses of Janney Montgomery & Scott Inc., in so far as each relates to the transactions contemplated hereby and for which the Lessor has agreed to make payment.

Closing Date shall be any date on which the Lessor is to pay in respect of any Item of Equipment the Total Invoice Cost thereof.

Code shall have the meaning set forth in Section 1 hereof.

Consolidated Group shall have the meaning set forth in Section 7 hereof.

Date of Acceptance shall mean with respect to any Item of Equipment, the date on which such Item was accepted under this Lease as evidenced by the Certificate of Acceptance therefor.

Default shall mean an event which, after the giving of notice or lapse of time, or both, would mature into an Event of Default.

Disallowance shall have the meaning set forth in Section 22 hereof.

Equipment (individually an Item or Items of Equipment), Date of Lease, Estimated First Delivery Date, Estimated Final Delivery Date, Estimated Lessor's Cost, Hulk Purchase Price, Reconstruction Cost, Late Payment Rate, and Equipment Marking, shall have the meanings with respect to the Equipment as set forth in Exhibit B hereto.

Event of Default shall have the meaning set forth in Section 23 hereof.

Expiration Date shall mean November 1, 1996.

Fair Market Value of an Item of Equipment shall be determined on the basis of, and shall mean the amount which would be obtainable in, an arm's-length transaction between an informed and willing buyer (other than: (i) a lessee currently in possession, or (ii) a used equipment dealer) under no compulsion to buy and an informed and willing seller under no compulsion to sell, and in such determination costs of removal from the location of current use shall not be a deduction from such value and all alternative uses in the hands of such buyer or user, including without limitation, the further leasing of such Item of Equipment, shall be taken into account in making such determination. If the Lessor and the Lessee are unable to agree upon a determination of Fair Market Value with respect to an Item of Equipment, such Fair Market Value shall be determined in accordance with the procedure for Appraisal.

Guarantee shall mean the Guarantee Agreement dated as of the date hereof attached hereto as Exhibit D.

Guarantor shall mean Grand Trunk Corporation.

Hulk shall have the meaning set forth in the Hulk Purchase Agreements.

Hulk Purchase Agreements shall mean those certain Hulk Purchase Agreement and Purchase Order Assignments dated as of the date hereof attached hereto as Exhibit E and Exhibit F.

Impositions shall have the meaning set forth in Section 19 hereof.

Improvement shall have the meaning set forth in Section 11 hereof.

Indemnifiable Change in Law shall mean any amendment, modification, addition or change in or to the provisions of the Code which, in respect of any Item of Equipment, renders untrue or incorrect in any respect any of the Lessee's representations set forth in Section 7(e) hereof but only if such amendment, modification, addition or change is enacted on or before December 31, 1986.

Indemnified Party shall have the meaning set forth in Section 21 hereof.

Liens shall mean any mortgage, lien, security interest, charge, claim or other encumbrance on or with respect to any Item of Equipment, the Lessor's title thereto or any interest of the Lessor therein.

Lessor's Assignee shall have the meaning set forth in Section 15 hereof.

Lessor's Liens shall mean any Lien on or disposition of any Item of Equipment that either (a) results from claims against the Lessor not related to the transactions contemplated by this Lease or (b) results from an affirmative act of the Lessor to create such a Lien or disposition.

Loss shall have the meaning set forth in Section 22 hereof.

Noncompleted Hulk shall have the meaning set forth in the Hulk Purchase Agreements.

Person shall mean any individual, partnership, corporation, trust, unincorporated association or joint venture, a government or any department or agency thereof, or any other entity.

Purchase Price shall have the meaning set forth in Section 17 hereof.

Replacement Part shall have the meaning set forth in Section 11 hereof.

Requisition of Use shall have the meaning set forth in Section 13 hereof.

Total Invoice Cost shall mean, with respect to any Item of Equipment, the sum of (i) the Reconstruction Cost plus (ii) the Hulk Purchase Price in respect thereof as set forth in the Builder's invoice which is to be certified by the Lessee and delivered to the Lessor not less than three Business Days prior to the Closing Date.

SECTION 2. Lease of Equipment.

Subject to the terms and conditions of this Lease, the Lessor hereby agrees to lease to the Lessee, and the Lessee hereby agrees to lease from the Lessor, such Items of Equipment as the Lessor shall have acquired and become obligated to pay for, pursuant to the Hulk Purchase Agreements.

SECTION 3. Appointment of Agent; Inspection and Acceptance by the Lessee

(a) Appointment of Authorized Agent. For purposes of accepting delivery of each Item of Equipment from the Builder, the Lessor hereby appoints the Lessee as the authorized representative of the Lessor. Until such authority shall have been terminated pursuant to paragraph (b) of this Section, such authorized representative shall be authorized to accept and take possession of each Item of Equipment which is found to be in good order and in accordance with all applicable specifications on delivery thereof, to accept on behalf of the Lessor all documents to be delivered by the Builder, if any, delivered with respect to such Item of Equipment, to reject and return to the Builder any Item of Equipment found not to be in good order, and to take such other action on behalf of the Lessor as the Lessor shall reasonably request in order to accept delivery of each Item of Equipment on behalf of the Lessor. If such Item of Equipment is found to be acceptable, the Lessee shall execute and deliver to the

Builder a Certificate of Acceptance stating that such Item of Equipment has been accepted on behalf of the Lessor whereupon such Item of Equipment shall be deemed to have been also delivered to and accepted by the Lessee hereunder and shall be subject thereafter to all terms and conditions of this Lease.

(b) Termination of Appointment of Authorized Agent. If any of the conditions set forth in Section 6 hereof to be fulfilled shall not have been fulfilled as set forth therein or waived, the authority of the authorized representative granted pursuant to paragraph (a) of this Section shall terminate.

SECTION 4. Term and Rent.

(a) Term. The term of this Lease with respect to any Item of Equipment shall begin on the date of execution of the Certificate of Acceptance therefor and, subject to the provisions of Sections 13, 16 and 24 hereof shall end on the Expiration Date.

(b) Basic Rent. The Lessee agrees to pay to the Lessor as rental for each Item of Equipment subject to this Lease twenty (20) consecutive semiannual rental payments, in advance, (herein referred to as Basic Rent) on each May 1 and November 1, commencing on November 1, 1986 (each such date hereinafter referred to as a Basic Rent Date), as follows:

<u>Basic Rent Date</u>	<u>Basic Rent as a % of Total Invoice Cost</u>	<u>Basic Rent Date</u>	<u>Basic Rent as a % of Total Invoice Cost</u>
11/01/86	2.000000%	11/01/91	4.452402%
05/01/87	9.903581%	05/01/92	10.000000%
11/01/87	2.000000%	11/01/92	4.548821%
05/01/88	9.903581%	05/01/93	10.000000%
11/01/88	2.000000%	11/01/93	4.548821%
05/01/89	9.903581%	05/01/94	10.000000%
11/01/89	2.000000%	11/01/94	4.548821%
05/01/90	9.903581%	05/01/95	10.000000%
11/01/90	2.000000%	11/01/95	4.548821%
05/01/91	10.000000%	05/01/96	10.000000%

(c) Rental Adjustments. The Lessee's obligation to pay Basic Rent in the foregoing amounts has been calculated on the following assumptions:

(1) The first Closing Date will occur on January 15, 1986 and will cover Items of Equipment whose Total Invoice Cost is \$1,441,760;

(2) The second and final Closing Date will occur on March 21, 1986 and will cover Items of Equipment whose Total Invoice Cost is \$2,313,789;

(3) Items of Equipment whose Hulk Purchase Price is \$350,000 and whose Total Invoice Cost is \$1,441,760 will be delivered and accepted (as evidenced by the Certificate of Acceptance in respect thereof) on or before December 31, 1985;

(4) The aggregate Reconstruction Cost for all Items of Equipment will be 72.028058% of the aggregate Total Invoice Cost for all such Items of Equipment;

(5) The value to the Lessor of all Noncompleted Hulks, if any, will be equal to the aggregate of the amounts described in clauses first and second of Section 5 of the Hulk Purchase Agreements; and

(6) Closing Costs, payable by the Lessor, will be equal to 1.77% of the Total Invoice Cost of all Items of Equipment.

If for any reason any of the foregoing assumptions shall not be true and accurate, the Lessor and the Lessee agree that Basic Rent payable hereunder and the Casualty Value percentages set forth in Exhibit C hereto will be adjusted, if necessary, in order to preserve the Lessor's net after-tax rate of return on investment at the same level that the Lessor would have expected had there been no inaccuracies in the foregoing assumptions. Any adjustment shall be determined by the Lessor, which determination shall be made in accordance with the assumptions used by the Lessor in originally evaluating the transactions contemplated hereby; provided, however, at Lessee's cost and expense, any such adjustment shall be subject to verification by an independent accounting firm, which is reasonably acceptable to the Lessor and chosen by the Lessee. The Lessor and Lessee agree to execute an addendum to this Lease to reflect any such adjustment.

(d) Supplemental Rent. The Lessee shall pay to the Lessor the following amounts, which together with all Basic Rent are hereinafter referred to as Rent:

(1) on demand, any amount payable hereunder (other than Basic Rent and Casualty Value) which the Lessee assumes the obligation to pay, or agrees to pay, under this Lease to the Lessor;

(2) on the date provided herein, any amount payable hereunder as Casualty Value; and

(3) on demand, to the extent permitted by applicable law, a late charge (computed on the basis of a 360-day year of actual days elapsed) at the Late Payment Rate on any payment of Rent not paid when due for any period during which the same shall be overdue.

(e) Payment of Rent. All payments of Rent hereunder shall be made so that the Lessor shall have immediately available funds on the date payable hereunder. Rent shall be paid to the Lessor at its address set forth herein or at such address or to such other Person as the Lessor may direct by notice in writing to

the Lessee. If any payment of Rent falls due on a date which is not a Business Day, the same shall be due and payable on the next succeeding date which is a Business Day.

SECTION 5. Purchase of Item of Equipment by the Lessor.

(a) Payment of Total Invoice Cost. Payment of the purchase price with respect to each such Item of Equipment shall be made on the Closing Date relating to such Item of Equipment and shall be in an amount equal to the Total Invoice Cost of such Item of Equipment. Each Closing Date shall be a Business Day and shall be established by the Lessee who shall provide the Lessor, in writing, with at least seven (7) days advance notice of the actual date of such Closing Date.

(b) Delays; Etc.. The Lessor shall not be liable for loss or damage occasioned by any cause, circumstance or event of whatever nature, including, but not limited to, failure of or delay in delivery, delivery to wrong place, delivery of improper equipment or property other than the Equipment, damage to the Equipment, governmental regulations, strike, embargo or other cause, circumstance or event, whether of like or unlike nature.

SECTION 6. Conditions Precedent.

The obligation of the Lessor hereunder shall be subject to the fulfillment with respect to each such Item of Equipment of the following conditions precedent:

(a) Representations of the Lessee. The Lessor shall have received from the Lessee on or before the earliest date on any certificate of acceptance in respect of any Hulk delivered to the Lessor pursuant to the Hulk Purchase Agreements a certificate stating that no Default or Event of Default shall have occurred and be continuing, the representations and warranties of the Lessee set forth in Section 7 hereof shall be true and correct in all material respects and that the Lessee has satisfied or complied with all requirements set forth in this Lease to be satisfied or complied with on or prior to such dates.

(b) Opinion of Counsel for Lessee. The Lessor shall have received, on or before the earliest date on any certificate of acceptance in respect of any Hulk delivered to the Lessor pursuant to the Hulk Purchase Agreements, an opinion of counsel for the Lessee addressed to the Lessor and reasonably satisfactory to the Lessor, to the effect set forth in paragraphs (a) through (d) of Section 7 hereof and the opinions called for pursuant to Section 6 of the Guarantee.

(c) Insurance. The Lessor shall have received, on or before the earliest date on any certificate of acceptance in respect of any Hulk delivered to the Lessor pursuant to the Hulk Purchase Agreements, documents evidencing to the reasonable satisfaction of the Lessor the Lessee's compliance with Section 14 hereof.

(d) Evidence of Authorization. The Lessor shall have received on or before the earliest date on any certificate of acceptance in respect of any Hulk delivered to the Lessor pursuant to the Hulk Purchase Agreements, appropriate evidence of authorization of this Lease, the Hulk Purchase Agreements, the Guarantee and documents incidental hereto.

(e) Opinion of Counsel for Lessor. The Lessee shall have received on or before the earliest date of any certificate of acceptance in respect of any Hulk delivered to the Lessor pursuant to the Hulk Purchase Agreements, an opinion of counsel for the Lessor addressed to the Lessee in form and substance reasonably satisfactory to the Lessee to the effect set forth in paragraph (b) of Section 8 hereof and appropriate evidence of the authorization of the Lease, the Hulk Purchase Agreements and documents incidental thereto.

SECTION 7. Representations, Warranties and Agreements of the Lessee.

The Lessee represents and warrants as follows:

(a) Due Organization. The Lessee is a corporation duly organized and validly existing in good standing under the laws of the jurisdiction of its incorporation, is duly qualified to do business in Michigan and Indiana and each other jurisdiction where its operations require qualification to do business and has the corporate power and authority to hold property under lease.

(b) Due Authorization; Enforceability; No Violation. This Lease and each Hulk Purchase Agreement have been duly authorized, executed and delivered by the Lessee and, assuming due authorization, execution and delivery by the Lessor (and the Builder with respect to the Hulk Purchase Agreements) are a legal, valid and binding obligation of the Lessee, enforceable in accordance with their terms. The execution and delivery by the Lessee of this Lease and the Hulk Purchase Agreements are not, and the performance by it of its obligations under each will not be, inconsistent with its charter or by-laws, do not and will not contravene any law, governmental rule or regulation, judgment or order applicable to the Lessee, and do not and will not contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument to which the Lessee is a party or by which it or its property is bound.

(c) Governmental Approvals. No consent or approval of any Federal, state or local government authority or agency or other Person is required with respect to the execution, delivery and performance by the Lessee of this Lease or the Hulk Purchase Agreements or if any such consent or approval is required, it has been duly given or obtained.

(d) Litigation. There are no actions, suits or proceedings pending or, to the knowledge of the Lessee, threatened against or affecting the Lessee in any court or before any arbitrator, governmental commission, board or authority which, if adversely determined, will have a material adverse effect on the ability of the Lessee to perform its obligations under this Lease or the Hulk Purchase Agreements.

(e) In Respect of the Equipment and its Use.

(1) Each Item of Equipment (i) is personal property and no Item of Equipment, when subjected to use by the Lessee under this Lease, will be or will become a fixture under applicable law; (ii) constitutes "section 38 property" as such term is defined in Section 48(a) of the Code and neither the Lessee nor any of its sublessees or assigns will at any time during the term of this Lease use or fail to use any Item of Equipment in such a way as to disqualify it as "section 38 property", (iii) is not "limited use

property" within the meaning of Revenue Procedure 76-30; (iv) will be used by the Lessee such that under Section 861(f) of the Code the Lessor will be entitled to treat all income and deductions in respect therewith as derived from or allocable to sources within the United States of America; and (v) will be treated under the Code as having been placed in service as of the Date of Acceptance appearing on the Certificate of Acceptance therefor;

(2) The portion of Total Invoice Cost attributable to Reconstruction Cost in respect of each Item of Equipment (i) will be "new section 38 property" as defined in Section 48(b) of the Code on the date such Item of Equipment is accepted by the Lessee on the Lessor's behalf, and as such, such portion of each Item of Equipment will qualify for Investment Tax Credit equal to the "regular percentage" as defined in Section 46(a)(2)(B) of the Code with a "qualified investment" as defined in Section 46(c) of the Code which is not less than the Reconstruction Cost thereof; and (ii) is "five-year recovery property" within the meaning of Section 168(c)(2)(B) of the Code, having an "unadjusted basis" as defined in Section 168(d) of the Code which (prior to any reductions as may be required under Section 48(q) of the Code) is not less than the Reconstruction Cost thereof.

(3) Each Hulk is "five-year recovery property" within the meaning of Section 168(c)(2)(B) of the Code, having an "unadjusted basis" as defined in Section 168(d) of the Code which is not less than the Hulk Purchase Price thereof.

(4) An amount equal to at least 20% of the Total Invoice Cost of the Equipment is a currently reasonable estimate of what the fair market value of the Equipment will be on the Expiration Date without including in such value any increase or decrease for inflation or deflation and after subtracting from such value any cost to the Lessor for removal and delivery of possession of such Equipment to the Lessor.

(5) It can currently be estimated that each Item of Equipment will have an expected useful life of at least 13.75 years.

(6) The Total Invoice Cost of each Item of Equipment will not be in excess of the Fair Market Value of such Item of Equipment on the date such Item of Equipment is accepted by the Lessee on the Lessor's behalf hereunder.

(f) Financial Statements. The balance sheet and the related statement of income and statement of changes in financial position of the Lessee, or the consolidated group of companies of which the Lessee is a member (the Consolidated Group), heretofore delivered to the Lessor, have been prepared in accordance with generally accepted accounting principles and fairly present the financial position of the Lessee or the Consolidated Group, as the case may be, on and as of the date thereof and the results of its operations for the period or periods covered thereby. Since the most recent balance sheet and related statement of income and statement of changes in financial position there has been no material adverse change in the financial condition of the Lessee or the Consolidated Group.

(g) Merger, Sale, etc. Upon any consolidation or merger of the Lessee with or into any other corporation or corporations (whether or not affiliated

with the Lessee), or successive consolidations or mergers in which the Lessee or its successor or successors shall be a party or parties, or upon any sale or conveyance of all or substantially all of the property of the Lessee to any other Person, the Lessee will cause the due and punctual payment of all Rent and the due and punctual performance and observance of all covenants and obligation of the Lessee hereunder to be assumed by the corporation (if other than the Lessee) formed by such consolidation, or the corporation into which the Lessee shall have been merged or by the Person which shall have acquired such property.

(h) Recording and Filing. The Lessee agrees to cause the deposit of this Lease under Section 86 of the Railway Act of Canada and the recording of this Lease under Section 11303 of the Interstate Commerce Act to occur on or before the earliest date of any Certificate of Acceptance in respect of any Item of Equipment delivered to the Lessor pursuant to this Lease.

The Lessee agrees to furnish to the Lessor:

(1) within 120 days after the close of each fiscal year of the Lessee or the Consolidated Group, as the case may be, occurring after the date hereof, an audited balance sheet and statement of changes in financial position of the Lessee or of the Consolidated Group at and as of the end of such fiscal year, together with an audited statement of income of the Lessee or of the Consolidated Group for such fiscal year;

(2) within 60 days after the close of each of the first three quarters of each fiscal year of the Lessee or the Consolidated Group, as the case may be, an unaudited balance sheet and statement of changes in financial position of the Lessee or of the Consolidated Group at and as of the end of such quarter, together with an unaudited statement of income of the Lessee or of the Consolidated Group for such quarter;

(3) a notification of any material change in the Lessee's insurance coverage not less than 30 days prior to the effective date of any such change;

(4) on or before April 30, 1987 and on or before April 30 of each year during the term of this Lease, an accurate statement setting forth as of the preceding December 31, the amount, description and serial numbers of all Items of Equipment which have suffered a Total Loss during the preceding calendar year and such other information regarding the condition and state of repair of the Equipment as the Lessor may reasonably request; and

(5) from time to time, such other information as the Lessor may reasonably request.

SECTION 8. Representations, Warranties and Agreements of the Lessor

(a) Right of Quiet Enjoyment. The Lessor warrants that (i) during the term of this Lease, if no Default or Event of Default has occurred and is continuing, the Lessee's use of the Equipment shall not be interrupted by the Lessor or anyone claiming by, through or under the Lessor and (ii) it will not make any assignment hereof unless and until the Lessor's Assignee agrees to comply with the foregoing.

(b) Representations and Warranties. The Lessor represents, warrants and agrees that:

(1) The Lessor is a corporation duly organized and validly existing in good standing order under the laws of the jurisdiction of its incorporation and has the power and authority to own or lease its properties and to carry on its business as now conducted or as contemplated hereby.

(2) This Lease and the Hulk Purchase Agreements have been duly authorized, executed and delivered by the Lessor and, assuming due authorization, execution and delivery by the Lessee (and the Builder with respect to the Hulk Purchase Agreements) are a legal, valid and binding obligation of the Lessor, enforceable in accordance with their terms. The execution and delivery by the Lessor of this Lease and the Hulk Purchase Agreements and the performance by it of its obligations under each will not be inconsistent with its charter or by-laws, do not and will not contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument to which the Lessor is a party or by which it or its property is bound.

(3) No consent or approval of any Federal, state or local government authority or agency or other Person is required with respect to the execution, delivery and performance by the Lessor of this Lease or the Hulk Purchase Agreements or if any such consent or approval is required, it has been duly given or obtained.

(4) There are no actions, suits or proceedings pending or, to the knowledge of the Lessor, threatened against or affecting the Lessor in any court or before any arbitrator, governmental commission, board or authority which, if adversely determined, will have a material adverse effect on the ability of the Lessor to perform its obligations under this Lease or the Hulk Purchase Agreements.

(c) No Warranty as to Fitness of Equipment. The warranties set forth in paragraphs (a) and (b) of this Section are in lieu of all other warranties of the Lessor, whether written, oral or implied with respect to this Lease, the Hulk Purchase Agreements or the Equipment, and the Lessor shall not be deemed to have modified in any respect the obligations of the Lessee pursuant to Section 10 hereof, which obligations are absolute and unconditional. THE LESSEE EXPRESSLY AGREES TO LEASE EACH ITEM OF EQUIPMENT "AS IS". THE LESSOR SHALL NOT BE DEEMED TO HAVE MADE, AND THE LESSOR HEREBY DISCLAIMS ANY OTHER REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING WITHOUT LIMITATION, THE DESIGN OR CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE EQUIPMENT OR CONFORMITY OF THE EQUIPMENT TO THE PROVISIONS AND SPECIFICATIONS OF ANY PURCHASE ORDER OR ORDERS RELATING THERETO, NOR SHALL THE LESSOR BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING STRICT OR ABSOLUTE LIABILITY IN TORT), but the Lessor authorizes the Lessee, at the Lessee's expense, to assert for the Lessor's account, during the term of this Lease, so long as no Default or Event of Default shall have occurred and be continuing hereunder, all of the Lessor's rights under any applicable warranty of the Builder or any manufacturer or supplier of any

component part, and the Lessor agrees to cooperate with the Lessee in asserting such rights; provided, however, that the Lessee shall indemnify the Lessor and hold the Lessor harmless from and against any and all claims, and all costs, expenses, damages, losses and liabilities incurred or suffered by the Lessor in connection with, as a result of, or incidental to, any action by the Lessee pursuant to the above authorization. Provided that no Default or Event of Default has occurred and is continuing, any amount received by the Lessee as payment under any such warranty shall be applied to restore the Equipment to the condition required by Section 11 hereof and to the extent such payment exceeds the Lessee's costs in respect thereto, any excess shall be paid to the Lessor.

SECTION 9. Survival of Representations and Warranties; Binding Effect.

(a) Survival. All agreements, representations and warranties contained in this Lease or any other agreement, document or certificate delivered pursuant hereto or in connection herewith shall survive, and shall continue in effect following the execution, delivery and term of this Lease.

(b) Binding Effect. All agreements, representations and warranties in this or in any agreement, document or certificate delivered concurrently with the execution of this Lease or from time to time thereafter shall bind the party making the same and its successors and assigns and shall inure to the benefit of each party for whom made and their respective successors and assigns.

SECTION 10. Net Lease.

This Lease is a net lease, and the Lessee acknowledges and agrees that the Lessee's obligation to pay all Rent hereunder, and the rights of the Lessor in and to such Rent, shall be absolute and unconditional and shall not be subject to any abatement, reduction, set-off, defense, counterclaim or recoupment (Abatements) for any reason whatsoever, including, without limitation, Abatements due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise, against the Builder or any manufacturer or supplier of any component part of any Item of Equipment or for damage to, or any loss of or destruction to, any Item of Equipment from whatever cause, or the interference with the use thereof by the Lessor or any Person, or the invalidity or unenforceability or lack of due authorization of this Lease or lack of right, power, or authority of the Lessor to perform any obligation of the Lessor to the Lessee or any other Person under this Lease or any instrument or document executed in connection herewith, or for any other cause, whether similar or dissimilar to the foregoing, any present or future law or regulation to the contrary notwithstanding, it being the express intention of the Lessor and the Lessee that all Rent payable by the Lessee hereunder shall be, and shall continue to be, payable in all events unless the obligations to pay the same shall be terminated pursuant to the express provisions of this Lease. Notwithstanding the foregoing, the obligation of the Lessee to pay Rent in respect of any Item of Equipment under this Lease is expressly conditioned upon the Lessor's prompt and proper payment of the Total Invoice Cost therefor.

SECTION 11. Use, Maintenance and Operation; Equipment Marking.

(a) Possession; Reports. The Lessee agrees that each Item of Equipment will be used in compliance with any and all statutes, laws, ordinances and regulations of any governmental agency applicable to the use thereof, and the

Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor of the Items of Equipment or the leasing thereof to the Lessee. Throughout the term of this Lease, the possession, use and maintenance of each Item of Equipment shall be at the sole risk and expense of the Lessee.

(b) Usage. So long as no Default or Event of Default shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of each Item of Equipment in accordance with the terms of this Lease. The Lessee shall be entitled to the use of each Item of Equipment upon lines of railroads owned or operated by it or any affiliate of the Lessee or upon lines of railroads over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is operated pursuant to contract or otherwise, and the Lessee shall be entitled to permit the use of the Items of Equipment upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements. So long as no Default or Event of Default shall have occurred and be continuing, the Lessee may receive and retain compensation for the use of any of the Items of Equipment from railroads or other entities so using such Items.

(c) Compliance. The Lessee agrees to comply in all respects (including without limitation, with respect to the use, maintenance and operation of each Item of Equipment) with all laws of the jurisdictions in which its operations involving the Items of Equipment may extend, with the Interchange Rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Items of Equipment. To the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or additions of or to any part on any Item of Equipment, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense in good faith contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Lessor, adversely affect the property or rights of the Lessor under this Lease.

(d) Maintenance. The Lessee shall use the Items of Equipment only in the manner for which they were designed and intended. The Lessee will, at its own cost and expense, maintain each Item of Equipment so as (i) to keep it in as good a condition as when delivered to the Lessee hereunder, ordinary wear and tear excepted and (ii) to keep it in compliance with the Interchange Rules of the Association of American Railroads and in the same condition as other similar equipment owned or leased by the Lessee. Any replacement made by the Lessee upon an Item of Equipment in connection with repairing such Item shall be considered an accession to such Item, and title to such replacement part (any such replacement part being herein referred to as a Replacement Part) shall, upon installation or affixation thereof, automatically vest in the Lessor. Effective upon installation or affixation of any Replacement Part, the Lessor shall be deemed to have disclaimed ownership of the original part so replaced.

(e) Improvements. The Lessee may, without prior written consent of the

Lessor, either (1) repair any Item of Equipment by the installation of a Replacement Part, or (2) affix or install any accessory, equipment or device on any Item of Equipment or make any improvement or addition thereto (any such accessory, installed equipment or device, improvement or addition affixed or installed pursuant to this clause (2) being herein referred to as an Improvement), if such Improvement will not impair the originally intended function or use of any such Item and is readily removable without causing material damage to such Item of Equipment. Any other Improvements may be affixed or installed only with the prior written consent of the Lessor unless such Improvement is required to comply with the Interchange Rules of the Association of American Railroads, the United States Department of Transportation, the Interstate Commerce Commission or any other legislative, executive, administrative or judicial body exercising jurisdiction over the Items of Equipment. Improvements (i) which are not readily removable without causing material damage and which have been affixed to or installed on any Item or (ii) which are required for the operation or use of the Equipment by the Interchange Rules of the Association of American Railroads, the United States Department of Transportation, the Interstate Commerce Commission or any other legislative, executive, administrative, or judicial body exercising jurisdiction over the Items of Equipment, shall upon affixation or installation become the property of the Lessor and thereupon each such Improvement shall become a part of the Item of Equipment to which it is affixed or on which it is installed.

(f) Identification Numbers; Equipment Markings. The Lessee agrees, at its own cost and expense, to (1) cause each Item of Equipment to be kept numbered with the identification number therefor as specified in the Certificate of Acceptance therefor, and (2) maintain the Equipment Marking on each Item of Equipment and such other markings as from time to time may be required by law in order to protect the title of the Lessor to such Item of Equipment and the rights of the Lessor under this Lease. The Lessee will not place any Item of Equipment in operation or exercise any control or dominion over the same until the Equipment Marking has been placed thereon. The Lessee will replace promptly any such Equipment Marking which may have been removed, defaced or destroyed. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on any Item of Equipment as a designation that might be interpreted as a claim of ownership or lien thereon; provided however, that the Lessee may permit each Item of Equipment to be lettered with the names, trademarks, initials or other insignias customarily used by the Lessee or its affiliates on railroad equipment used by it of the same or a similar type for convenience of identification of its rights to use the Item of Equipment under this Lease, and each Item of Equipment may be lettered in an appropriate manner for convenience of identification of the interest of the Lessee therein.

SECTION 12. Inspection.

The Lessor shall have the right, but not the duty, to inspect the Equipment. Upon the the request of the Lessor, the Lessee shall confirm to the Lessor the location of each Item of Equipment and shall, within a reasonable time, make available to the Lessor for inspection the Equipment and the Lessee's records pertaining to the maintenance or operation of the Equipment.

SECTION 13. Loss or Destruction; Requisition of Use.

(a) Risk of Loss. The Lessee hereby assumes and shall bear the entire

risk of direct and consequential loss and damage to the Equipment from any and every cause whatsoever. Except as provided in this Section, no loss or damage to the Equipment or any part thereof shall release or impair any obligations of the Lessee under this Lease, which shall continue in full force and effect and shall be absolute during the term hereof. The Lessee agrees that the Lessor shall not incur any liability to the Lessee for any loss of business, loss of profits, expenses or any other damages resulting to the Lessee by reason of any delay in delivery or any delay caused by an non-performance, defective performance or breakdown of the Equipment nor shall the Lessor at any time be responsible for injury or the loss or destruction of any other property resulting from the Equipment. In the event of loss or damage of any kind whatsoever to any Item of Equipment, the Lessee shall, at the Lessee's expense: (i) place the same in good repair, condition and working order; or (ii) for loss or damage occurring to any component part, replace the same with like equipment of the same make and model, of equivalent value and in good repair, condition and working order, or (iii) pay the Casualty Value pursuant to (b) hereof.

(b) Total Loss; Requisition of Use. The foregoing notwithstanding, in the event that (i) any Item of Equipment shall become worn out, lost, stolen, destroyed or irreparably damaged or (ii) title thereto or use thereof is taken by any governmental authority under power of eminent domain or otherwise (hereinafter Requisition of Use) [each of (i) and (ii) being hereinafter referred to as a Total Loss, except as otherwise provided in subparagraph (e) of this Section 13] during the term of this Lease, the Lessee shall give prompt notice thereof to the Lessor. Thereafter, on the next Basic Rent Date, the Lessee shall pay to the Lessor in lieu of the Basic Rent due on that date, the Casualty Value of the Item or Items of Equipment with respect to which the Total Loss has occurred and any other sums due hereunder with respect to such Equipment.

(c) Termination for Total Loss. Upon making such payment in respect of any Item of Equipment as required by subparagraph (b) of this Section 13, and provided that at such time of payment no Default or Event of Default exists hereunder this Lease and the obligation to make future payments of Rent with respect to such Item of Equipment shall terminate solely with respect to the Equipment or Items thereof so paid for. The Lessee thereupon shall become entitled to the Equipment as is, where is. In furtherance thereof, the Lessor shall deliver to the Lessee a bill of sale with respect to the Item of Equipment without recourse, representation or warranty, except that such Item of Equipment is free and clear of all claims, liens, security interests and other encumbrances by or in favor of any person claiming by, through or under the Lessor and, at the Lessee's expense, such other documents as may reasonably be requested by the Lessee.

(d) Casualty Value. As used in this Lease, the Casualty Value for any Item or Items of Equipment having suffered a Total Loss shall be calculated as set forth on the schedule of Casualty Value attached hereto as Exhibit C and such Casualty Value shall be determined as of the Basic Rent Date next succeeding the date of the Total Loss and the applicable percentage factor shall be that which is set forth with respect to such Basic Rent Date, except that after the Expiration Date, the Casualty Value shall be determined as of the last date appearing on Exhibit C hereto.

(e) Temporary Requisition of Use. In the case of a Requisition of Use of

an Item of Equipment for an indefinite period or for a stated period which does not exceed the term of this Lease, such Requisition of Use shall not constitute a Total Loss and shall not terminate this Lease with respect to such Item, and each and every obligation of the Lessee under this Lease shall remain in full force and effect. So long as no Default or Event of Default shall have occurred and be continuing under this Lease, the Lessee shall be entitled to all sums attributable to the period such Item is subject to this Lease, which are received by reason of any such Requisition of Use.

SECTION 14. Insurance.

(a) Policies Required. The Lessee will, at all times prior to the return of the Equipment to the Lessor, carry and maintain or cause to be carried and maintained (i) property damage insurance with respect to the Equipment and (ii) public liability insurance with respect to third party personal and property damage, in each case with such deductibles, in such amounts and against such risks as is carried by the Lessee with respect to other equipment it owns or leases similar in nature to the Equipment; and in any event, in such amounts and against such risks as is customary in the industry for comparable railroad companies. It is expressly noted, agreed and permitted that the Lessee and the Consolidated Group self-insures for property damage. The Lessee agrees to name the Lessor as an additional insured in respect of any policy carried under (ii) above and as loss payee under any funded self-insurance plan which the Lessee has in place for its own protection, in each case to the extent of the Lessor's interest in the Equipment.

(b) Failure to Insure. In the event that the Lessee shall fail to maintain insurance as provided in this Section, the Lessor may at its option, but without obligation, provide such insurance (giving the Lessee prompt written notice thereof) and, in such event, the Lessee shall, upon demand from time to time, reimburse the Lessor for the cost thereof together with interest on the amount of such cost at the Late Payment Rate, computed from the date of the Lessor's payment of such cost.

(c) Disposition of Insurance Proceeds. If the Lessor shall receive any insurance proceeds in respect of a Total Loss as defined in Section 13 hereof, the Lessor shall pay such proceeds to the Lessee; provided, however, that no Default or Event of Default shall have occurred and be continuing and the Lessee shall have made payment of the Casualty Value. All casualty insurance proceeds received by the Lessor not in respect of a Total Loss shall be paid to the Lessee upon proof reasonably satisfactory to the Lessor that any damage to the Equipment in respect of which such proceeds were paid has been fully repaired.

SECTION 15. Sublease by the Lessee; Assignment by the Lessor.

(a) By the Lessee. So long as no Default or Event of Default hereunder shall have occurred and be continuing, the Lessee will be permitted, without the prior consent of the Lessor, to sublet any Items of Equipment; provided, however, that no sublease shall be permitted hereunder unless the rights of the sublessee are expressly subject and subordinate to the rights of the Lessor and any Lessor's Assignee under this Lease. The Lessee may not assign any of its rights or obligations under this Lease without the prior written consent of the Lessor, which consent shall not be unreasonably withheld. No assignment, sublease or other relinquishment of the possession of any Item of Equipment (whether or not authorized hereunder) shall in any way discharge or diminish any

of the Lessee's obligations to the Lessor hereunder, and the Lessee shall continue to be primarily liable hereunder irrespective of any sublease.

(b) By the Lessor. Upon receipt of written notice of any assignment by the Lessor of this Lease, the Equipment, or any portion of its interest herein or therein to any assignee (Lessor's Assignee), the Lessee shall acknowledge receipt of such written notice and thereupon shall be deemed to have acknowledged and consented to such assignment. With respect to any such assignment, the Lessee agrees:

(i) To make each payment of Rent assigned thereby directly to such Lessor's Assignee as directed by the Lessor.

(ii) Not to seek to recover from the Lessor's Assignee any payment required by this Lease and made to such Lessor's Assignee once such payment is made.

(iii) That, to such extent as the Lessor's notice of such assignment shall indicate, all rights of the Lessor with respect to the Equipment shall be exercisable by any Lessor's Assignee.

(iv) To execute and deliver to the Lessor any financing statements, continuation statements or other documents prepared by the Lessor which are necessary to create, perfect, protect and preserve prior liens acquired, or intended to be acquired, by any Lessor's Assignee for the duration of such assignment.

(v) To execute and deliver such other documents as the Lessor or the Lessor's Assignee may reasonably request.

SECTION 16. Lease Extension Option.

(a) Permitted Extensions. Provided that no Default or Event of Default has occurred and is continuing hereunder, the Lessee may by written notice delivered to the Lessor elect to extend the original term or the first extended term of this Lease in respect of not less than all the Items of Equipment then covered by this Lease for a renewal term commencing on the scheduled expiration of such original term or the first extended term of this Lease, as the case may be, for one year with rentals payable in advance semiannually on May 1 and November 1 at a rate equal to fair market rental value.

(b) Exercise of Option. Not less than 180 days prior to the Expiration Date of this Lease in the case of the first renewal option and not less than 180 days prior to the expiration of the first renewal option in the case of the second renewal option the Lessee shall indicate, by written notice to the Lessor, the Lessee's interest in exercising the Lessee's lease extension option described above, which notice shall set forth the Lessee's estimate of fair market rental value. If the Lessor and the Lessee are unable to agree upon a determination of the fair market rental value of such Equipment, such value shall be determined in accordance with the procedure for Appraisal. Once fair market rental value has been determined, whether by Appraisal or negotiation, the Lessee shall have fifteen days in which to exercise its option for lease extension.

SECTION 17. Purchase Option.

(a) Permitted Purchases. Provided that no Default or Event of Default shall have occurred and be continuing, the Lessee may, at its option, purchase all, but not less than all, the Equipment as of the Expiration Date or the expiration of any renewal option which has been exercised by the Lessee for a purchase price equal to the Fair Market Value of the Equipment (for purposes of this Section, the Purchase Price).

(b) Exercise of Option. Not less than 180 days' prior to the Expiration Date or if a renewal option has been exercised, not less than 180 days prior to the expiration of such renewal period, the Lessee shall indicate, by written notice to the Lessor, the Lessee's interest in exercising its purchase option described above and requesting that the Lessor and the Lessee negotiate the Fair Market Value of the Equipment. In the event that such negotiation shall not determine the Fair Market Value of the Equipment on or before a date 120 days prior to the Expiration Date or the expiration of any such renewal period such Fair Market Value shall be determined in accordance with the procedure for Appraisal. Once the Fair Market Value has been determined, whether by Appraisal or negotiation, the Lessee shall have fifteen days in which to exercise its purchase option.

(c) Transfer of Title. If the Lessee has elected to purchase the Items pursuant to this Section and no Default or Event of Default exists hereunder, the Lessee shall purchase from the Lessor and the Lessor shall sell to the Lessee the Equipment as is, where is, for a cash consideration equal to the Purchase Price. Upon payment of such Purchase Price, the Lessor shall, upon request of the Lessee, execute and deliver to the Lessee, or the Lessee's assignee or nominee, a bill of sale without recourse, representation or warranty except that the Equipment is free and clear of all claims, liens, security interests and other encumbrances by or in favor of any person claiming by, through or under the Lessor and, at the Lessee's expense, such other documents as may reasonably be requested by the Lessee.

SECTION 18. Return of Equipment.

(a) Return After Default. If this Lease shall terminate pursuant to Sections 23 and 24 hereof in respect of any Item of Equipment, the Lessee shall forthwith deliver possession of such Item of Equipment to the Lessor. Each Item of Equipment so delivered shall have been maintained in accordance with the standards set forth in Section 11 of this Lease and shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and shall have attached or affixed thereto any Improvement considered an accession thereto as provided in Section 11 hereof and shall have removed therefrom at the Lessee's expense any Improvement which, as provided in Section 11, is owned by the Lessee or, if the same is not so removed, it shall be deemed to be an accession. For the purpose of delivering possession of any Item of Equipment as above required, the Lessee shall at its own cost, expense and risk:

(i) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any such Item of Equipment has been interchanged or which may have possession thereof to return such

Item of Equipment) and at the usual speed, place such Item of Equipment upon such storage tracks of the Lessee as the Lessor reasonably may designate;

(ii) cause such Item of Equipment to be stored on such tracks at the risk of the Lessee without charge for rent or storage until such Item of Equipment has been sold, leased or otherwise disposed of by the Lessor; and

(iii) following such storage period, deliver possession of each Item of Equipment to the Lessor at a location designated by the Lessor which location shall be either along the Lessee's lines or at a point where the Lessee interchanges with another carrier.

The assembling, delivery and storage of the Items of Equipment as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver and store the Items of Equipment. During the period of storage, the Lessee will, at its own cost and expense, maintain insurance in accordance with standards of Section 14 hereof, maintain and keep the Items of Equipment in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Items of Equipment to inspect the same. All amounts earned in respect of the Items of Equipment after the date of termination of this Lease shall, to the extent such amount exceeds the expenses of the Lessee incurred in generating such earnings, belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Item of Equipment shall not have been assembled, delivered and stored on the date of such termination, the Lessee shall, in addition, pay the Lessor in respect of any such Item of Equipment for each day thereafter, an amount equal to the Basic Rent for such Item of Equipment due on the Basic Rent Date next preceding the date of termination divided by 180.

(b) Return After Other Termination. If this Lease shall expire or terminate (other than pursuant to the provisions of Sections 23 and 24 hereof) in accordance with the terms hereof in respect of any Item of Equipment, the Lessee shall forthwith deliver possession of such Item of Equipment to the Lessor. Each Item of Equipment so delivered shall have been maintained in accordance with the standards set forth in Section 11 of this Lease and shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and shall have attached or affixed thereto any Improvement considered an accession thereto as provided in Section 11 hereof and shall have removed therefrom at the Lessee's expense any Improvement which, as provided in Section 11 is owned by the Lessee or, if the same is not so removed, it shall be deemed to be an accession. For the purpose of delivering possession of any Item of Equipment as above required, the Lessee shall at its own cost, expense and risk:

(i) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any such Item of Equipment has been interchanged or which may have possession thereof to return such Item of Equipment) and at the usual speed, place such Item of Equipment

upon such storage tracks of the Lessee as the Lessor reasonably may designate;

(ii) cause such Item of Equipment to be stored on such tracks at the risk of the Lessee without charge for rent or storage for a period not exceeding ninety (90) days; and

(iii) following such storage period, deliver possession of each Item of Equipment to the Lessor at a location designated by the Lessor which location shall be either along the Lessee's lines or at a point where the Lessee interchanges with another carrier.

The assembling, delivery and storage of the Items of Equipment as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver and store the Items of Equipment. During the period of storage, the Lessee will, at its own cost and expense, maintain insurance in accordance with standards of Section 14 hereof, maintain and keep the Items of Equipment in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Items of Equipment to inspect the same. All amounts earned in respect of the Items of Equipment after the date on which this Lease expires shall, to the extent such amount exceeds the expenses of the Lessee incurred in generating such earnings, belong to the Lessor and if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Item of Equipment shall not have been assembled, delivered and stored within 60 days of the date of such termination, the Lessee shall, in addition, pay to the Lessor in respect of any such Item of Equipment for each day thereafter an amount equal to the Total Invoice Cost of such Item of Equipment multiplied by 0.03195%. *0.03499%*

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(c) Authority. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section, at any time while the Lessee is obligated to deliver possession of any Item of Equipment to the Lessor pursuant to the provisions of subparagraph (a) of this Section, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, to demand and take possession of such Item of Equipment in the name and on behalf of the Lessee from whosoever shall be in possession of such Item of Equipment at such time.

SECTION 19. Taxes.

The Lessee agrees to pay and to indemnify the Lessor for, and hold the Lessor harmless on an After-Tax Basis from and against, all franchise, sales, use, personal property, titling, recordation, ad valorem, leasing, leasing use, stamp or other fees, taxes, levies, imposts, duties, charges or withholdings of any nature, together with any penalties, fines or interest thereon (Impositions) arising out of the transactions contemplated by this Lease and imposed against the Lessor, the Lessee or any Item of Equipment by any Federal, state, local or foreign government or taxing authority upon or with respect to any Item of Equipment or with respect to any Hulk or upon the sale, reconstruction, purchase, ownership, delivery, leasing, possession, use, operation, return or other disposition thereof, or upon the rentals, receipts or earnings arising

therefrom, or upon or with respect to this Lease (excluding, however, taxes on, or measured by, net income, gross receipts, value added (except gross receipts and value added taxes in the nature of or in lieu of sales or use taxes), excess profit and other similar taxes) unless, and only to the extent that, the Lessee shall have given to the Lessor written notice of any such Imposition, which notice shall state that such Imposition is being contested by the Lessee in good faith with due diligence and by appropriate proceedings and the Lessor shall have determined that the nonpayment of any such tax or the contest of any such payment in such proceedings does not, in the reasonable opinion of the Lessor, adversely affect the title, property or rights of the Lessor. If a claim is made against the Lessee or the Lessor for any Imposition, the party receiving notice of such claim shall promptly notify the other. In case any report or return is required to be made with respect to any obligation of the Lessee under this Section or arising out of this Section, the Lessee, if permitted, will (after notice to the Lessor) make such report or return in such manner as will show the ownership of the Equipment in the Lessor and send a copy of such report or return to the Lessor or, if filing by the Lessee is not permitted, the Lessee shall deliver such report or return to the Lessor for filing. The Lessor agrees to cooperate fully with the Lessee in the preparation of any such report or return.

SECTION 20. Liens.

The Lessee shall not create, incur or suffer to exist upon or with respect to any Item of Equipment or title thereto or interest therein any Lien whatsoever other than (a) a Lien created by this Lease, (b) a Lien created by the rights of any sublessee or operator permitted by the terms of this Lease, (c) Lessor's Liens, (d) Liens for fees, taxes, levies, imposts, duties or other governmental charges of any kind which are not yet delinquent or are being contested in good faith by appropriate proceedings which suspend the collection thereof (provided, however, that such proceedings do not involve any substantial danger of the sale, forfeiture or loss of such Item of Equipment or any interest therein), (e) Liens of mechanics, materialmen, laborers, employees or suppliers and similar Liens arising by operation of law incurred by the Lessee in the ordinary course of business for sums that are not yet delinquent or are being contested in good faith by negotiations or by appropriate proceedings which suspend the collection thereof (provided, however, that such contest does not involve any substantial danger of the sale, forfeiture, or loss of such Item of Equipment or any interest therein) and (f) Liens arising out of any judgments or awards against the Lessee which have been adequately bonded to protect the Lessor's interests or with respect to which a stay of execution has been obtained pending an appeal or a proceeding for review.

SECTION 21. General Indemnification.

The Lessee agrees to assume liability for, and does hereby agree to indemnify, protect, save and keep harmless on an After-Tax Basis the Lessor, any Lessor's Assignee or any other Person making claim hereunder pursuant to the operation of Section 27 hereof (any such Person hereinafter referred to as Indemnified Party) from and against any and all liabilities, obligations, losses, damages, penalties, claims (including, without limitation, claims involving strict or absolute liability in tort), actions, suits, costs, expenses and disbursements (including, without limitation, attorneys' fees and expenses) of any kind and nature whatsoever (Claims) which may be imposed on, incurred by

or asserted against such Indemnified Party, whether or not the Indemnified Party shall also be indemnified as to any such Claim by any other Person, in any way relating to or arising out of this Lease or any document contemplated hereby, or the performance or enforcement of any of the terms hereof or thereof, or in any way relating to or arising out of the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, sublease, possession, use, operation, maintenance, condition, registration, sale, return, storage or disposition of an Item of Equipment or any accident in connection therewith (including, without limitation, latent and other defects, whether or not discoverable and any Claim for patent, trademark or copyright infringement); provided, however, that the Lessee shall not be required to indemnify any Indemnified Party for (a) any Claim in respect of any Item of Equipment arising from acts or events which occur after possession of such Item of Equipment has been redelivered to the Lessor in accordance with Section 18 hereof, or (b) any Claim resulting from acts which would constitute the willful misconduct or gross negligence of the Indemnified Party making claim hereunder. To the extent that any Indemnified Party in fact receives indemnification payments from the Lessee under the indemnification provisions of this Section, the Lessee shall be subrogated to the extent of such indemnity paid, to the Indemnified Party's rights with respect to the transaction or event requiring or giving rise to such indemnity. THE LESSEE AGREES THAT NO INDEMNIFIED PARTY SHALL BE LIABLE TO THE LESSEE FOR ANY CLAIM CAUSED DIRECTLY OR INDIRECTLY BY THE INADEQUACY OF ANY ITEM OF EQUIPMENT FOR ANY PURPOSE OR ANY DEFICIENCY OR DEFECT THEREIN OR THE USE OR MAINTENANCE THEREOF OR ANY REPAIRS, SERVICING OR ADJUSTMENTS THERETO OR ANY DELAY IN PROVIDING OR FAILING TO PROVIDE ANY THEREOF OR ANY INTERRUPTION OR LOSS OF SERVICE OR USE THEREOF OR ANY LOSS OF BUSINESS RESULTING FROM ANY FAILURE OF ANY ITEM OF EQUIPMENT, ALL OF WHICH SHALL BE THE RISK AND RESPONSIBILITY OF THE LESSEE.

SECTION 22. Tax Indemnification.

(a) Assumptions. This Lease has been entered into on the basis that the Lessor shall be entitled to such deductions, credits and other benefits as are provided to an owner of property, including, without limitation:

(1) the investment tax credit (Investment Tax Credit) allowed by Section 38 of the Code in an amount equal to 10% of the Reconstruction Cost of each Item of Equipment, which Investment Tax Credit will be available to the Lessor for its fiscal year during which such Item of Equipment is accepted by the Lessee hereunder; and

(2) the Accelerated Cost Recovery System Deductions with respect to Total Invoice Cost of each Item of Equipment (adjusted as required by Section 48(q)(1) of the Code) under Section 168 of the Code pertaining to five-year property (ACRS Deductions), which ACRS Deductions will first become available to the Lessor for its fiscal year during which such Item of Equipment is accepted by the Lessee hereunder.

(b) Indemnity. If:

(1) by reason of (i) the inaccuracy of any representation contained in Section 7 of the Lease or (ii) the act, failure to act or omission of or by the Lessee or any sublessee or assignee of the Lessee or (iii) an Indemnifiable Change in Law, the Lessor shall lose, shall not have or shall

lose the right to claim, or there shall be disallowed, recaptured or deferred with respect to the Lessor, all or any portion of the Investment Tax Credit or the ACRS Deductions; or

(2) any item of income, gain, loss or deduction with respect to the transactions contemplated hereby shall be treated as derived from, or allocable to, sources outside of the United States for Federal income tax purposes with the result that the amount of foreign tax credits that are allowed to the Lessor with respect to any taxable year shall be less than the amount of the foreign tax credits that would have been allowed to the Lessor with respect to such taxable year if it had not been required to treat such item of income, gain, loss or deduction as allocable to sources outside the United States; or

(3) any amount in respect of any Improvement to the Equipment shall be required to be included in the gross income of the Lessor for any taxable year prior to the taxable year in which the term of the Lease ends;

(any such loss, disallowance, recapture, or treatment described in the foregoing clause (1), (2), or (3) being hereinafter called a Loss), then whether such Loss occurs during or after the term of this Lease, the Lessor shall notify the Lessee in writing of such Loss and the Lessee shall, within 30 days after such notice, pay to the Lessor in a lump sum such amount as will cause the Lessor's net after-tax return over the term of this Lease to equal the net after-tax return that would have been available if no such Loss had occurred, taking into consideration the assumptions originally utilized by the Lessor in evaluating the transactions contemplated by this Lease. Such lump sum and such net after-tax return shall be computed (x) on an After-Tax Basis and (y) taking into consideration any interest, penalty or addition to tax incurred by the Lessor in connection with such Loss.

(c) Excluded Events. Nothing contained herein shall be construed as requiring any payment on account of any Loss, to the extent such Loss:

(1) is due to any event which by the terms of this Lease requires payment by the Lessee of the Casualty Value if such Casualty Value shall have actually been paid by the Lessee in a timely fashion in accordance with this Lease; or

(2) results solely and directly from (i) the Lessor's failure (A) to claim, in a timely manner and in accordance with the proper procedures including appropriate elections, the Investment Tax Credit or the ACRS Deductions, except when the Lessor has received an opinion of independent tax counsel that there is no reasonable basis for claiming such Investment Tax Credit or ACRS Deductions; or (B) to file an income tax return with the Internal Revenue Service or the appropriate state or local taxing authority in the manner and at the proper place and time; (ii) the Lessor's lack of sufficient income or income tax to benefit from the Investment Tax Credit or the ACRS Deductions; (iii) a transfer by the Lessor or the Lessor's other disposition of its interest in the Equipment (excluding a disposition which arises during a period during which an Event of Default has occurred and is continuing); or (iv) any amendment, modification, addition or change in or to the provisions of the Code except an Indemnifiable Change in Law.

(d) Payment in Respect of a Loss. For purposes of this Section a Loss shall occur upon the earlier of (1) the payment by the Lessor to the Internal Revenue Service of the tax increase resulting from such Loss or (2) the acceptance of a proposed adjustment of the tax return of the Lessor reflecting such Loss or (3) the filing of any return reflecting such Loss; provided, however, no indemnity for any Loss shall be payable under the foregoing subparagraph (b) so long as such Loss is being contested in accordance with subparagraph (e) of this Section.

If and to the extent any such Loss shall arise as a result of an Indemnifiable Change in Law, then in such case the Lessor shall promptly, and in any event within 15 days, calculate the amount payable by the Lessee as set forth in Section 22(b) hereof and the amount payable under (ii) below and thereafter the Lessee shall have the option to (A) make such payment in accordance with the provisions of the Section 22 or (B) purchase each Item of Equipment so affected by such Indemnifiable Change in Law at a purchase price equal to the higher of (i) Fair Market Value as determined by Appraisal or (ii) such lump sum as is necessary to cause the Lessor's after-tax return over the period from and including the Closing Date in respect of such Item of Equipment to and including the date of such computation to equal the net after-tax return that would have been available if no such Loss had occurred. Such lump sum shall be computed (x) on an After-Tax Basis; (y) under the same assumptions as were used in computing the Casualty Values and (z) taking into consideration any interest, penalty or addition to tax incurred by the Lessor in connection with such Loss. If the Lessee elects to purchase any Item of Equipment under (B) above, the Lessee will make payment of the purchase price within 15 days of the determination of the amount so payable.

(e) Contest. If any event, including any claim against the Lessor by the Internal Revenue Service, occurs which, but for a successful contest hereunder, would require that the Lessee make a payment under subparagraph (b) of this Section (Disallowance), the Lessor agrees to contest the Disallowance on request of the Lessee subject to the following conditions:

(1) The Lessor agrees, within 30 days of becoming aware thereof, to notify the Lessee of any such Disallowance. The Lessee agrees that, in the event it desires the Disallowance to be contested, it shall request the Lessor to contest the Disallowance within 30 days after receipt of such notice. The Lessor agrees not to make any payment of any tax which is the subject of a Disallowance before it gives such notice and during the 30 day period after it gives such notice.

(2) The Lessor shall have full control over any contest pursuant to this Section and shall determine in its sole and reasonable discretion the nature of all action to be taken to contest such Disallowance including (A) whether any action to contest such Disallowance shall initially be by way of judicial or administrative proceedings, or both, (B) whether any such Disallowance shall be contested by resisting payment thereof or by paying the same and seeking a refund thereof, and (C) if the Lessor shall undertake judicial action with respect to the Disallowance, the court or other judicial body before which such action shall be commenced.

(3) The Lessor shall not be required to take any action pursuant to this Section unless and until the Lessee shall have agreed to indemnify the Lessor in a manner reasonably satisfactory to the Lessor for any liability

or loss which the Lessor may incur as a result of contesting the Disallowance and shall have agreed to pay to the Lessor on demand all costs and expenses which the Lessor may incur in connection with contesting such Disallowance. These costs and expenses shall include, without limitation, reasonable attorney's and accountants' fees and disbursements, and any interest or penalty which may ultimately be payable to the United States of America as a result of contesting the Disallowance.

(4) During the course of any contest the Lessor shall consult with the Lessee regarding the commencement and prosecution of any and all administrative proceedings with the Internal Revenue Service in contesting any Disallowance. If such administrative proceedings are not pursued or are not successful, the Lessor shall, at the request of the Lessee, contest the Disallowance by action in the United States District Court, the United States Court of Claims or the United States Tax Court and, if requested by the Lessee, the Lessor shall bring appropriate appeals upon any adverse determination.

(5) Prior to taking any such action and prior to each appeal from any adverse determination, the Lessor shall receive from the Lessee an opinion of outside tax counsel of recognized standing, such counsel being reasonably acceptable to the Lessor, to the effect that on the basis of law and fact a reasonable defense exists to the Disallowance or that there is a reasonable basis for any refund claim, identifying such defense or basis, as the case may be. Subject to the foregoing, in no event will the Lessor compromise or settle the Disallowance or cease to contest such Disallowance without the prior written consent of the Lessee; provided, however, that the Lessor may so compromise or settle the Disallowance or cease to contest if the Lessor waives in writing its right to an indemnity under this Section for any Loss resulting from such Disallowance. If the Lessor elects to pay the tax associated with the Disallowance and to sue for a refund, the Lessee shall provide the Lessor with sufficient funds on an After-Tax Basis to pay such tax or shall make the Lessor an interest free loan if such loan does not result in taxable income to the Lessor.

(6) If any such Disallowance referred to above shall be made by the Internal Revenue Service and the Lessee shall have requested the Lessor to contest such Disallowance and otherwise shall have complied with its obligations under this subparagraph (e), the Lessee's liability for indemnification hereunder shall become fixed upon final determination of the liability of the Lessor. At such time, the Lessee shall become obligated for the payment of any indemnification hereunder resulting from the outcome of such contest, and the Lessor shall become obligated to pay to the Lessee any refund received. If in connection with such final determination the Lessor receives a refund of tax or would have received a refund if the Lessor had not had other liabilities to which funds provided by the Lessee were applied and for which the Lessee is not required to make an indemnity payment to the Lessor pursuant to this Section, such refund or an amount equal to such amount so applied, together with any interest or refunds of penalties also received (or which would have been received) by the Lessor and fairly attributable to such refund of tax or amount so applied, will be paid over to the Lessee on the same basis funds were paid to Lessor by Lessee pursuant to subparagraph (5) above.

(f) Survival. All the Lessor's rights arising from the indemnities contained in this Section shall survive the expiration or other termination of this Lease with respect to the Equipment, and such indemnities are expressly made for the benefit of, and shall be enforceable by, the Lessor, its successors and assigns.

SECTION 23. Events of Default.

The term Event of Default, wherever used herein, shall mean any of the following events under this Lease (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary, or come about or be effected by operation of law, or be pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) Failure to Pay Rent. The Lessee shall fail to make any payment of Rent within 10 days after the same shall become due; or

(b) Failure to Insure. The Lessee shall fail to carry and maintain or cause to be carried and maintained the insurance required by Section 14 hereof; or

(c) Failure to Perform. The Lessee shall fail to perform or observe any other covenant, condition or agreement to be performed or observed by it under this Lease or any agreement, document or certificate delivered by the Lessee in connection herewith and such failure shall continue for 30 days after written notice thereof from the Lessor to the Lessee; or

(d) Misrepresentation. Any representation or warranty made by the Lessee in this Lease, except those contained in Section 7(e) hereof (in which case the Lessor's sole remedy shall be pursuant to Section 22 hereof), or by the Guarantor in the Guarantee or in any agreement, or any other document or certificate delivered by the Lessee in connection herewith or by the Guarantor in connection therewith shall prove to have been incorrect in any material respect when any such representation or warranty was made or given; or

(e) Bankruptcy; Reorganization. A petition in bankruptcy or for reorganization or arrangement shall be filed by the Lessee or the Guarantor; or the Lessee or the Guarantor shall make an assignment for the benefit of creditors or consent to the appointment of a trustee or a receiver, or a trustee or receiver shall be appointed for the Lessee or the Guarantor, for a substantial part of the Lessee's or the Guarantor's property without its consent and any such trustee or receiver shall not be dismissed within a period of 60 days; or bankruptcy, reorganization or insolvency proceedings shall be instituted against the Lessee or the Guarantor and shall not be dismissed within a period of 60 days; or

(f) Unauthorized Assignments. The Lessee shall make or permit any unauthorized assignment, or transfer of this Lease, or any interest herein, or of the right to possession of the Items of Equipment.

SECTION 24. Remedies.

(a) Liquidated Damages. Upon the occurrence of any Event of Default and

so long as the same shall be continuing, the Lessor may, at its option, declare this Lease to be in default, and at any time thereafter, the Lessor may exercise one or more of the following remedies, as the Lessor in its sole discretion shall lawfully determine:

(1) Proceed by appropriate court action, 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; and/or

(2) By notice in writing terminate this Lease, whereupon all rights of the Lessee to the use of the Equipment shall absolutely cease and terminate but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessee, if so requested by the Lessor, shall at the Lessee's cost, risk and expense promptly return the Equipment to the possession of the Lessor as provided in Section 18(a). The Lessee shall, without further demand, forthwith pay to the Lessor an amount equal to (i) all Rent then due and payable; less (ii) an amount equal to the Rent due on the Basic Rent Date next preceding the date on which the Lessor has declared this Lease to be in default multiplied by a fraction the numerator of which is equal to the number of days existing between the date on which such notice is actually given and the date of the next succeeding Basic Rent Date, and the denominator of which is equal to 180; plus (iii) as liquidated damages for loss of a bargain and not a penalty, an amount equal to the Casualty Value of the Equipment then subject to this Lease, computed as of the Basic Rent Date next preceding the date on which the Lessor has declared this Lease to be in default; plus (iv) interest at the Late Payment Rate on the aggregate of the amounts described in (i), (ii) and (iii) above, computed from the date as of which such amounts are calculated to the date actually paid. Following the return of the Equipment to the Lessor pursuant to this subparagraph (2), the Lessor shall (x) proceed to dispose of the Equipment in a prompt commercially reasonable manner at public or private sale with notice to the Lessee, and apply the net proceeds of such disposition, after deducting all costs incurred in connection with such disposition (including, but not limited to, costs of transportation, possession, storage, refurbishing, advertising and brokers' fees), as hereinafter set forth, or (y) retain the Equipment by providing the Lessee with written notice of such election and its determination of Fair Market Value and credit the Fair Market Value thereof as hereinafter set forth; provided, however, if the Lessee objects to such determination of Fair Market Value the Equipment shall be disposed of in accordance with (x) above. If disposition pursuant to clause (x) above is other than pursuant to cash sale, the proceeds of disposition to be applied as hereinafter set forth shall be deemed to be the present value of any deferred payments discounted at a discount rate of 10%, per annum. The proceeds of such disposition pursuant to clause (x) or the Fair Market Value of the Equipment pursuant to clause (y), plus any sums received by the Lessor under Section 18(a) hereof, shall be applied by the Lessor (A) first, to pay all costs, charges and expenses, including reasonable attorneys' fees and disbursements incurred by the Lessor as a result of the Default and the exercise of its remedies with respect thereto, (B) second, to pay to the Lessor an amount equal to any unpaid amount due and owing by the Lessee pursuant to this Lease, and (C) third, to reimburse the Lessee for all sums to the extent previously paid by the Lessee as liquidated damages hereunder. Any surplus remaining thereafter shall be retained by the Lessor.

(b) Obligation to Reimburse Lessor. The Lessee shall be liable for all costs, charges and expenses, including reasonable attorneys' fees and disbursements, incurred by the Lessor by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto.

(c) Waivers; Delays; Etc.. No remedy referred to herein is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to the Lessor in law or in equity. No express or implied waiver by the Lessor of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of the Lessor in exercising any rights granted it hereunder upon any occurrence of any of the contingencies set forth in this Section shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies and any single or partial exercise of any particular right by the Lessor shall not exhaust the same or constitute a waiver of any other right provided herein.

SECTION 25. Terms in Exhibit B.

The terms set forth in Exhibit B hereto shall be applicable to this Lease as though fully set forth herein.

SECTION 26. Notices.

All communications and notices provided for herein shall be in writing and shall become effective when deposited in the United States mail, with proper postage for First Class Mail, certified and prepaid, return receipt requested, addressed (a) if to the Lessor, at its address set forth on the signature page hereof, and (b) if to the Lessee, at its address set forth on the signature page hereof, or at such other address as any party may specify by written notice to the other party given as aforesaid.

SECTION 27. Successors, Assigns and Indemnified Parties.

This Lease, including all agreements, covenants, representations and warranties, shall be binding upon and inure to the benefit of, and may be enforced by, (1) the Lessor and its successors, assigns, agents, servants and personal representatives, and, where the context so requires, any Lessor's Assignee and the successors, assigns, agents, servants and personal representatives of such Lessor's Assignee and (2) the Lessee and its successors and, to the extent permitted hereby, sublessees. With respect to the provisions of Sections 9, 19 and 21 hereof, each Lessor's Assignee and the successors, assigns, agents, servants and personal representatives of the foregoing shall each be indemnified thereunder and, with respect to clause (b) of the proviso to Section 21 hereof, the willful misconduct or gross negligence of the Lessor or any one such Person shall not affect the rights of any other Person indemnified under Section 21.

SECTION 28. Amendments and Miscellaneous.

(a) Amendments. The terms of this Lease shall not be waived, altered, modified, amended, supplemented or terminated in any manner whatsoever except by a written instrument signed by the Lessor and the Lessee.

(b) Survival. All agreements, indemnities, representations and warranties contained in this Lease or any agreement, document or certificate delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Lease and the expiration or other termination of this Lease.

(c) Unenforceable Provisions. Any provision of this Lease which may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the Lessee hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

(d) Lessee's Interest. This Lease shall constitute an agreement of lease and nothing herein shall be construed as conveying to the Lessee any right, title or interest in or to the Equipment, except as lessee only.

(e) Counterparts. This Lease may be executed in any number of counterparts and by the Lessor and the Lessee on separate counterparts.

(f) Law Governing. This Lease shall be governed by and construed in accordance with the laws of the State of Missouri.

(g) Headings; Etc.. The division of this Lease into sections, the provision of a table of contents and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Lease.

(h) Effective Date. Although this Lease is dated as of the date first above written for convenience, the actual dates of execution hereof by the Lessor and the Lessee are respectively the dates set forth in the acknowledgments hereto, and this Lease shall be effective on the latest of such dates.

(i) Third Parties. Except as expressly provided herein, nothing in this Agreement is intended, nor shall it be construed, to create a contract for the benefit of any third party whatsoever, other than Lessor's Assignees.

IN WITNESS WHEREOF, the parties hereto have each caused this Lease to be duly executed by their respective officers thereunto duly authorized.

GRAND TRUNK WESTERN RAILROAD COMPANY,
as Lessee

Attest: E. G. Fontaine

By: P. E. Tatro

E. G. FONTAINE
(Typed or Printed Name)

P. E. TATRO
(Typed or Printed Name)

Title: CORPORATE SECRETARY

Title: Sr. Vice President-Finance

(Corporate Seal)

Address: 131 West Lafayette Blvd.
Detroit, Michigan 48226
Attention: Corporate Secretary

BOATMEN'S FIRST NATIONAL BANK
OF KANSAS CITY,
as Lessor

Attest: Ted DeVore

By: Larry J. Kelly

TED DEVORE
(Typed or Printed Name)

Harry J. Kelly
(Typed or Printed Name)

Title: ASST VICE PRESIDENT

Title: Sr. Vice President

(Corporate Seal)

Address: 10th and Baltimore, Box 38
Kansas City, MO 64183
Attention: Corporate Secretary

STATE OF MISSOURI)
) ss.:
COUNTY OF JACKSON

On the 15th day of November 1985, before me personally appeared Harry J. Kelly, who, being by me duly sworn, did say that he/she is an Authorized Officer of BOATMEN'S FIRST NATIONAL BANK OF KANSAS CITY, that one of the seals affixed to the foregoing instrument is the seal of said Corporation, and that said instrument was signed and sealed on behalf of said Corporation, by authority of its by-laws and by resolution of its board of directors, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Karon Ferguson
Notary Public

KARON FERGUSON
Notary Public - State of Missouri
Commissioned In Jackson County
My commission expires July 22, 1986

(NOTARIAL SEAL)

My Commission Expires:

STATE OF MICHIGAN)
) ss.:
COUNTY OF WAYNE

On the 18th day of November 1985, before me personally appeared P. E. Sator, who, being by me duly sworn, did say that he/she is an Authorized Officer of GRAND TRUNK WESTERN RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said Corporation, and that said instrument was signed and sealed on behalf of said Corporation, by authority of its by-laws and by resolution of its board of directors, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Jill M. Delgado
Notary Public

JILL M. DELGADO
Notary Public, Wayne County, MI
My Commission Expires Feb. 7, 1989

(NOTARIAL SEAL)

My Commission Expires:

EXHIBIT A
TO LEASE

TO: Boatmen's First National Bank of Kansas City, as Lessor;
Grand Trunk Western Railroad Company, as Lessee; and
the Builder named below.

RE: Master Equipment Lease dated as of November 1, 1985 ("Lease") by and
between Boatmen's First National Bank of Kansas City, as Lessor ("Lessor")
and Grand Trunk Western Railroad Company, as Lessee ("Lessee")

Ladies and Gentlemen:

I have been appointed as the duly authorized representative for the
purpose of accepting the Items of Equipment (as defined in the Lease) under
the (i) Hulk Purchase Agreements (as defined in the Lease) and (ii) the Lease
(pursuant to Section 3 of the Lease).

I do hereby certify that in respect of the Item(s) of Equipment described
below:

1. Each Item has been inspected and is in good order.
2. Each Item of Equipment is marked in letters not less than one inch in
height with the following legend: OWNERSHIP SUBJECT TO SECURITY AGREEMENT FILED
WITH THE INTERSTATE COMMERCE COMMISSION.
3. Based on my determination that each Item is in compliance with all
applicable specifications, each Item is hereby accepted for all purposes of the
Lease.

Builder:

Type of Equipment: 100 ton, 60' roller bearing high hat auto
parts boxcars.

Date of Acceptance:

Number of Items:

Bearing Road Numbers: GTW _____

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

Authorized Representative
of Lessee and Lessor

EXHIBIT B
To Lease

TRANSACTION SUMMARY

Equipment: 100 Ton, 60' roller bearing high hat auto parts boxcars being reconstructed in accordance with the Hulk Purchase Agreements bearing road numbers GTW 384500 thru 384576 and GTW 384600 thru 384622, all inclusive.

Number of Items: One Hundred (100)

Date of Lease: November 1, 1985

Estimated First Delivery Date: November 30, 1985

Estimated Final Delivery Date: March 15, 1986

Hulk Purchase Price: 77 Items at \$12,000 each
23 Items at \$5,500 each

Reconstruction Cost: 58 Items at \$27,350 each
19 Items at \$23,700 each
23 Items at \$29,063 each

Estimated Lessor's Cost: \$3,755,549

Late Payment Rate: Should the Lessee fail to pay any part of Rent or other sum owed to the Lessor under the provisions of this Lease when the same shall become due, whether by acceleration or otherwise, Lessee shall on Lessor's demand, pay interest to Lessor at the rate of ten percent per annum on such delinquent payment from the due date thereof until the date such Rent or other payment is received by Lessor together with a service charge of \$5.00 (the aggregate of such interest payment and service charge being herein defined as "Late Payment Rate").

Equipment Marking: OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION.

EXHIBIT C
To Lease

CASUALTY VALUE

The Casualty Value of each Item of Equipment shall be the sum of (i) the product of the Total Invoice Cost of such Item times the percentage set forth opposite the applicable Basic Rent Date in the applicable column of Table I below plus, if applicable, (ii) the product of the Reconstruction Cost of such Item times the percentage set forth for the appropriate period in Table II below. In the event that the Lessee makes payment under Section 22 of the Lease, Casualty Values shall be adjusted accordingly.

TABLE I

<u>Basic Rent Date</u>	<u>Casualty Value as a % of Total Invoice Cost</u>	<u>Basic Rent Date</u>	<u>Casualty Value as a % of Total Invoice Cost</u>
11/01/86	99.420	11/01/91	81.685
05/01/87	102.802	05/01/92	80.379
11/01/87	97.838	11/01/92	72.540
05/01/88	101.456	05/01/93	70.104
11/01/88	95.902	11/01/93	61.889
05/01/89	98.792	05/01/94	59.068
11/01/89	92.491	11/01/94	50.456
05/01/90	94.623	05/01/95	47.227
11/01/90	87.639	11/01/95	38.205
05/01/91	89.172	05/01/96	34.583
		11/01/96	25.000

TABLE II

Casualty Values have been computed without regard to recapture of Investment Tax Credit. Consequently, where Casualty Value shall be payable with respect to a Total Loss occurring prior to the fifth year the value computed pursuant to Table I shall be increased as set forth below:

For a Total Loss occurring on or after the Date of Acceptance and before the first anniversary thereof, the Casualty Value in respect of any Item shall be increased by an amount equal to 19.27154% of the Reconstruction Cost therefor.

For a Total Loss occurring on or after the first anniversary of the Date of Acceptance and before the second anniversary thereof, the Casualty Value in respect of any Item shall be increased by an amount equal to 15.41723% of the Reconstruction Cost therefor.

For a Total Loss occurring on or after the second anniversary of the Date of Acceptance and before the third anniversary thereof, the Casualty Value in respect of any Item shall be increased by an amount equal to 11.56292% of the Reconstruction Cost therefor.

For a Total Loss occurring on or after the third anniversary of the Date of Acceptance and before the fourth anniversary thereof, the Casualty Value in respect of any Item shall be increased by an amount equal to 7.70861% of the Reconstruction Cost therefor.

For a Total Loss occurring on or after the fourth anniversary of the Date of Acceptance and before the fifth anniversary thereof, the Casualty Value shall be increased by an amount equal to 3.85431% of the Reconstruction Cost therefor.

EXHIBIT D
to Lease

GUARANTEE AGREEMENT

Dated as of November 1, 1985

Between

BOATMEN'S FIRST NATIONAL BANK OF KANSAS CITY

and

GRAND TRUNK CORPORATION

GUARANTEE AGREEMENT
by
Grand Trunk Corporation

November 1, 1985

Boatmen's First National Bank of Kansas City
10th and Baltimore, Box 38
Kansas City, MO 64183
Attention: Corporate Secretary

Gentlemen:

Terms used herein shall have the meanings set forth in Attachment 1 hereto.

In consideration of the Lease entered into by the Lessor with the Lessee, Grand Trunk Corporation, a Delaware corporation (the "Guarantor"), hereby agrees with the Lessor as follows:

SECTION 1. The Guarantee. The Guarantor absolutely, irrevocably and unconditionally guarantees, as primary obligor, to the Lessor (a) the full and punctual payment (taking into consideration applicable grace periods) by the Lessee when due (whether by acceleration or otherwise) of the Lease Payments irrespective of the validity or enforceability of the Lease, the guarantee under this clause (a) of this Section 1 constituting hereby a guarantee of payment and not of collection, and (b) the punctual (taking into consideration applicable grace periods) and faithful performance by the Lessee of each and every other duty, agreement, representation, covenant and obligation of the Lessee under and in accordance with the terms of the Lease and the Hulk Purchase Agreements.

The Guarantor does hereby agree that in the event that the Lessee does not or is unable to pay or perform in accordance with the terms of the Lease for any reason (including, without limitation, the liquidation, dissolution, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceedings affecting the status, existence, assets or obligations of the Lessee or the limitation of damages for the breach, or the disaffirmance, of the Lease in any such proceeding) it will pay the sums, or amounts equal thereto, which the Lessee is obligated to pay at the times specified in the Lease (it being the intention hereof that the Guarantor shall pay to the Lessor as a payment obligation directly due from the Guarantor to the Lessor, amounts equal to all amounts which the Lessee shall fail faithfully and properly to pay when due under the Lease), or otherwise provide for and bring about promptly when due (taking into consideration applicable grace periods) such payment and the performance of such duties, agreements, covenants and obligations of the Lessee under the Lease.

The Guarantor hereby waives (a) notice of acceptance hereof and of any action taken or omitted in reliance hereon, (b) presentment for payment upon the Lessee, demand of payment from the Lessee, protest or, except as specifically set forth herein, notice of nonpayment or failure to perform on the part of the Lessee, and (c) the benefit and advantage of any and all

valuation, stay, appraisal, extension or redemption laws which, but for this provision, agreement and waiver, might be applicable to any sale made under any judgment, order or decree of any court or otherwise based on this Guarantee Agreement. This Guarantee Agreement shall, except as specifically set forth herein, remain operative and in full force and effect until the Obligations have been paid and performed in full. If any Lease Payment made by any person or entity other than the Guarantor shall at any time be turned over to a trustee in bankruptcy or any other person or entity, by the recipient thereof in compliance with an order of a court having jurisdiction over any bankruptcy or insolvency proceedings relating to the Lessee, the amount so repaid shall not be deemed to have been paid and shall be deemed to be outstanding and the obligation of the Guarantor hereunder to make such Lease Payment shall remain in full force and effect.

Section 2. Lack of Conditions Precedent to Enforcement. Without limiting the generality of Section 1 hereof, but subject to Section 3 hereof, the Guarantor specifically agrees that it shall not be necessary or required, and that it shall not be entitled to require, that the Lessor file suit or proceed to obtain or assert a claim for personal judgment against the Lessee for the Obligations or make any effort at collection of the Obligations from the Lessee or foreclose against or seek to realize upon any security now or hereafter existing for the Obligations or file suit or proceed to obtain or assert a claim for personal judgment against any other party liable for the Obligations or make any effort at collection of the Obligations from any such other party or exercise or assert any rights in connection with the Obligations or any security or other guarantee therefor or assert or file any claim against the assets of the Lessee or other person liable for the Obligations, or any part thereof, before or as a condition of enforcing the liability of the Guarantor under this Guarantee Agreement or requiring payment of said Obligations by the Guarantor hereunder, or at any time thereafter.

Section 3. Notice, Cure, Etc.

(a) The Lessor agrees that prior to any exercise of any remedies hereunder or under Section 24 of the Lease, the Lessor shall give the Guarantor at least 10 Business Days' prior written notice (such 10 Business Days following the giving of such notice, the Notice Period) specifying each Event of Default which has occurred and is continuing under the Lease, and if any such Event of Default is caused in whole or in part by the nonpayment of any Lease Payment then due and payable the Lessor shall allow any applicable grace period under the Lease to lapse.

(b) During the Notice Period the Guarantor shall cure any Event of Default which has occurred and is continuing. If pursuant to this Section 3 the Guarantor is required to pay or perform, or cause to be paid or performed, any Obligations of the Lessee and the Guarantor fully complies with its obligations hereunder, the Guarantor shall have the right, upon written notice to the other parties hereto, to (1) assign the rights and obligations of the Lessee under the Lease to any affiliate of the Guarantor which is a railroad company incorporated in the United States of America or any state thereof or the District of Columbia or (2) terminate the Lease and to enter into a new lease (containing the same terms and conditions as the Lease) with the Lessor and such affiliate, as lessee, in which event all the provisions and benefits of this

Guarantee Agreement shall apply to the obligations of such affiliate under the Lease or such new lease and the Lessor agrees it will cooperate to effectuate any documentation which may be necessary to accomplish the foregoing in a manner which will preserve the rights of the Lessor, all the expenses of which shall be for the account of the Guarantor.

SECTION 4. Absolute Guarantee. The Obligations of the Guarantor under this Guarantee Agreement shall be absolute and unconditional and shall remain in full force and effect until the Obligations shall have been fully discharged and shall not be released or discharged for any reason whatsoever, including, without limitation, the following: (i) except to the extent waived, the waiver by the Lessor of the performance or observance by the Lessee of any of the agreements, covenants, terms or conditions contained in the Lease, or any default thereunder, (ii) the extension of time for payment by the Lessee of any sums or any part thereof owing or payable under the Lease, or of the time for performance by the Lessee of any other obligations under or arising out of or on account of the Lease, or the extension or renewal of the Lease; (iii) any failure, omission or delay of the Lessor to enforce, assert or exercise any right, power or remedy conferred on the Lessor in the Lease, or any action on the part of the Lessor granting extension or indulgence in any form, (iv) any transfer or assignment by the Lessee or the Lessor of its interest, or any part thereof, in and to any Leased Equipment, (v) any compromise, settlement, release, renewal, extension, indulgence, change in, waiver or modification of any of the Obligations or the release or discharge of the Lessee from the performance or observance of any of the Obligations by operation of law, (vi) any assignment or mortgaging or the purported assignment or mortgaging of all or any part of the interest of the Lessee in the Lease or in any Leased Equipment, (vii) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets and liabilities of, or the voluntary or involuntary receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceeding affecting the Lessee or the disaffirmance of the Lease in any such proceeding or, (viii) any delay or inability of the Guarantor in accomplishing the assignment or termination of the Lease or any other act contemplated by the second sentence of Section 3(b) hereof, or (ix) any other circumstance which might otherwise constitute a legal or equitable defense or discharge of the Guarantor's Obligations hereunder.

SECTION 5. Representations and Warranties. The Guarantor represents and warrants for the benefit of the Lessor that:

(i) the Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has the power and authority to own or lease its properties and to carry on its business as now conducted and as contemplated hereby;

(ii) this Guarantee Agreement has been duly authorized, executed and delivered by the Guarantor and is the legal, valid and binding obligation of the Guarantor, enforceable against it in accordance with the terms hereof;

(iii) no authorization, consent or approval of any governmental authority is necessary for the execution, delivery or performance by the

Guarantor of this Guarantee Agreement, or if any such consent or approval is required, it has been duly given or obtained.

(iv) neither the execution, delivery or performancy by the Guarantor of this Guarantee Agreement, nor compliance with the terms and provisions hereof, conflicts or will conflict with or will result in a breach or violation of any of the terms, conditions or provisions of any law, governmental rule or regulation or the charter documents, as amended, or by-laws, as amended, of the Guarantor or any order, writ, injunction or decree of any court or governmental authority against the Guarantor or by which it or any of its properties is bound, or of any indenture, mortgage or contract or other agreement or instrument to which the Guarantor is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder; and

(v) there are no suits or proceedings pending or, to the knowledge of the Guarantor, threatened in any court or before any arbitrator, regulatory commission, board or other governmental administrative agency against or affecting the Guarantor which are likely to have a material adverse effect on the business or operations of the Guarantor or its ability to fulfill its obligations under this Guarantee Agreement.

SECTION 6. Covenants. The Guarantor covenants and agrees that from and after the date hereof and so long as this Guarantee Agreement shall remain in effect the Guarantor will deliver to the Lessor on or prior to the earliest date of any certificate of acceptance in respect of any Hulk delivered to the Lessor pursuant to the Hulk Purchase Agreements and each Closing Date (as such term is defined in the Lease), an opinion of the counsel for the Guarantor in form and in substance reasonably satisfactory to the Lessor and counsel to the Lessor covering the matters set forth in Section 5 hereof.

SECTION 7. Payments. All payments to be made by the Guarantor hereunder shall be made at the place of payment specified in the Lease or at such other places as the Lessor shall have designated by written notice delivered in accordance with Section 12(a) hereof, in United States dollars and such funds as are specified for payments in the Lease. Upon payment by the Guarantor of any of the Lease Payments, the Guarantor shall be subrogated to all right, title and interest of the Lessor with respect thereto and to the extent thereof. Payment by the Lessee or the Guarantor (or either of them) of any of the Lease Payments shall, to the extent paid, dispose of any claim hereunder with respect thereto, provided, however, that unless and until all Lease Payments which are overdue shall have been paid, the Guarantor shall not claim or enforce any right of subrogation, reimbursement or indemnity against the Lessee.

SECTION 8. Extent of Guarantee. Notwithstanding anything in this Guarantee Agreement to the contrary, the obligations of the Guarantor hereunder are not intended as, and do not constitute, a guarantee of the residual value of the Leased Equipment. This Guarantee Agreement shall not be deemed to create any right in any person other than the Lessor nor be construed in any respect to be a contract in whole or in part for the benefit of any person other than the Lessor except as provided herein.

SECTION 9. Acknowledgement of Agreement. The Guarantor acknowledges that it is fully aware of, and consents to the terms and conditions of, the

Lease, the Hulk Purchase Agreements and each other document delivered or to be delivered pursuant thereto.

SECTION 10. Merger, Sale, etc. Upon any consolidation or merger of the Guarantor with or into any other corporation or corporations (whether or not affiliated with the Guarantor), or successive consolidations or mergers in which the Guarantor or its successor or successors shall be a party or parties, or upon any sale or conveyance of all or substantially all of the property of the Guarantor to any other person, the Guarantor will cause the due and punctual performance and observance of all covenants and obligations of the Guarantor hereunder to be assumed by the corporation (if other than the Guarantor) formed by such consolidation, or the corporation into which the Guarantor shall have been merged or by the person which shall have acquired such property.

SECTION 11. Assignment. Upon receipt of written notice of any assignment by the Lessor of this Guarantee Agreement, or any portion of its interest herein, to any assignee (Lessor's Assignee), the Guarantor shall acknowledge receipt of such written notice and thereupon shall be deemed to have acknowledged and consented to such assignment. With respect to such assignment, the Guarantor agrees:

(i) that, to such extent as the Lessor's notice of such assignment shall indicate, all rights of the Lessor with respect to this Guarantee Agreement shall be exercisable by the Lessor's Assignee and all payments to be made by the Guarantor hereunder, to the extent of such assignment, shall be paid directly to the Lessor's Assignee; and

(ii) to execute and deliver such other documents as the Lessor or the Lessor's Assignee may reasonably request.

SECTION 12. Miscellaneous.

(a) Except as expressly otherwise provided herein, all notices, requests, demands or other communications to or upon the parties hereto, shall be deemed to have been duly given or made when signed by an appropriate officer or other representative and delivered to the party to which such notice, request, demand or other communication is required or permitted to be given or made hereunder at the addresses of the parties specified below, or to such other address as any of such parties may hereafter specify to the other in writing when mailed, postage prepaid by First Class Mail, certified and addressed to the address specified below.

(b) The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which the Lessor would otherwise have. No waiver of any of the terms and conditions of this Guarantee Agreement and no notice to or demand on the Guarantor in any case shall entitle the Guarantor to any other or further notice or demand in similar or other circumstances or constitute the waiver of the rights of the Lessor to any other or further action in any circumstances without notice or demand.

(c) This Guarantee Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the laws of the State of Michigan.

(d) This Guarantee Agreement may not be changed orally but only by an instrument in writing signed by the Guarantor and the Lessor.

IN WITNESS WHEREOF, the Guarantor and the Lessor have caused this Guarantee Agreement to be duly executed and delivered by their duly authorized officers or representatives as of the dates set forth below.

GRAND TRUNK CORPORATION,
as Guarantor

By: _____

(Typed or Printed Name)

Title: _____

Date: _____

Address: 477 Congress Street
Portland, Maine 04104
Attn: Corporate Secretary

Accepted:

BOATMEN'S FIRST NATIONAL BANK OF
KANSAS CITY,
as Lessor

By: _____

(Typed or Printed Name)

Title: _____

Date: _____

Address: 10th and Baltimore, Box 38
Kansas City, MO 64183
Attn: Corporate Secretary

Definitions

As used in the Guarantee Agreement to which this Attachment 1 is attached, the following terms shall have the meanings herein specified and shall include in the singular number the plural and in the plural number the singular:

"Business Day" shall mean any day other than a Saturday or Sunday or other day on which banks in the Cities of Kansas City, Missouri or Detroit, Michigan are authorized to close.

"Event of Default" shall have the meaning set forth in Section 23 of the Lease.

"Hulk" shall have the meaning ascribed to such term in the Hulk Purchase Agreements.

"Hulk Purchase Agreements" shall have the meaning ascribed to such term in the Lease.

"Lease" shall mean the Master Equipment Lease dated as of November 1, 1985 between the Lessee and the Lessor.

"Lease Payments" shall mean all Rent as such term is defined in the Lease including, but not limited to, indemnity payments under Sections 19, 21 and 22 of the Lease and each payment of rent required to be paid by the Lessee during the renewal term if the Lessee exercises the renewal option contained in Section 16 of the Lease.

"Leased Equipment" shall mean the Items of Equipment (as defined in the Lease) subject to the Lease at any given time.

"Lessee" shall mean Grand Trunk Western Railroad Company, and shall include the Lessee's successors and assigns under the Lease.

"Lessor" shall mean Boatmen's First National Bank of Kansas City, and shall include the Lessor's successors and assigns under the Lease and any "Lessor's Assignee" as such term is used in Section 15(b) of the Lease.

"Notice Period" shall have the meaning ascribed to such term in Section 3 hereof.

"Obligations" shall mean any and all obligations of the Lessee which are set forth in subparagraphs (a) and (b) in the first paragraph of Section 1 of this Guarantee Agreement and which are guaranteed hereunder by the Guarantor.

EXHIBIT E
TO LEASE

HULK PURCHASE AGREEMENT

AND

PURCHASE ORDER ASSIGNMENT

Dated as of November 1, 1985

QUALITY SERVICE RAILCAR REPAIR CORPORATION,
AS SELLER AND BUILDER;

BOATMEN'S FIRST NATIONAL BANK OF KANSAS CITY,
AS ASSIGNEE AND BUYER; AND

GRAND TRUNK WESTERN RAILROAD COMPANY,
AS ASSIGNOR AND LESSEE.

THIS AGREEMENT dated as of November 1, 1985 among QUALITY SERVICE RAILCAR REPAIR CORPORATION ("QSR"), as Seller and Builder; BOATMEN'S FIRST NATIONAL BANK OF KANSAS CITY ("FNB"), as Assignee and Buyer; and GRAND TRUNK WESTERN RAILROAD COMPANY ("GTW"), as Assignor and Lessee.

W I T N E S S E T H:

WHEREAS, prior to the date hereof, GTW awarded QSR with an order for 77 high-hat cars (hereinafter "Equipment" and individually "Item of Equipment"), as more specifically described on Schedule A hereto;

WHEREAS, the terms of such award are outlined in GTW's invitation to bid dated July 22, 1985 (Exhibit A attached hereto) and its award dated September 30, 1985 (Exhibit B attached hereto);

WHEREAS, said Exhibit A and Exhibit B, (together hereinafter referred to as the "Purchase Order") constitute the understanding between QSR and GTW regarding the purchase and sale of the Equipment, and

WHEREAS, GTW has received an offer from FNB relating to FNB's desire to purchase said Equipment and thereafter to lease said Equipment to GTW.

NOW THEREFORE, the parties hereto agree as follows:

SECTION 1. ASSIGNMENT OF PURCHASE ORDER.

- a) GTW does hereby sell, assign, transfer and set over unto FNB all of GTW's right, title and interest in, to and under the Purchase Order including, without limitation, the right to purchase and take title to each Item of Equipment.
- b) FNB hereby agrees (i) to accept said assignment of the Purchase Order and (ii) that, notwithstanding said assignment, it will not permit QSR to deviate from the specifications which are contained in the Purchase Order covering said Equipment unless and until any such deviation has been approved in writing by GTW.
- c) QSR acknowledges and consents to said assignment and hereby agrees that it will (i) extend all applicable warranties to FNB and GTW and (ii) indemnify and save FNB and GTW harmless from any liability, loss, damage, claim or expense which arises out of any claim for patent infringement relating to the Equipment.

SECTION 2. DEFINITIONS.

- a) The term Hulk refers to that certain railroad car previously

purchased by QSR, to which QSR has agreed to apply the Reconstruction Items (as hereinafter defined).

- b) The term Reconstruction Items refers to all labor and materials which QSR will apply to the Hulks such that, upon reconstruction, the car will meet the specifications for Equipment called for in the Purchase Order.
- c) With respect to each Hulk, the term Hulk Purchase Price refers to the price at which QSR will sell each Hulk.
- d) With respect to each Item of Equipment, the term Reconstruction Cost refers to the price at which QSR has agreed to apply capital Reconstruction Items to each Hulk.
- e) With respect to each Item of Equipment, the term Invoiced Cost is equal to sum of the Hulk Purchase Price and the Reconstruction Cost applicable to such Item.

SECTION 3. INSPECTION ACCEPTANCE AND SALE OF HULKS.

- a) FNB hereby appoints GTW as its authorized inspector to accept on FNB's behalf each Hulk and each reconstructed Item of Equipment; provided, however, that GTW is not authorized to accept delivery of any Hulk (i) that is not economically fit for reconstruction in accordance with the specifications provided in the Purchase Order; (ii) prior to the date on which the conditions set forth in Section 6 of the Lease (as hereinafter defined) have been satisfied; (iii) after written notice from FNB that such authority has been terminated, or (iv) after March 30, 1986. The sale and delivery of the Hulks pursuant to this Agreement shall commence as soon as practicable and shall be completed on or before such date as shall permit the completion of reconstruction of each Hulk by April 30, 1986.
- b) Prior to the commencement of the reconstruction work, QSR shall make each Hulk available to the authorized inspector of GTW, who shall inspect such Hulk and if the same is found to be in good order, considering the work to be thereafter done, GTW's authorized inspector shall execute a Certificate of Hulk Acceptance substantially in the form attached hereto as Exhibit C accepting such Hulk on behalf of FNB. Such acceptance shall be unconditional and upon such acceptance QSR will deliver a Bill of Sale (in the form attached hereto as Exhibit D) transferring title to such Hulk to FNB and warranting that at the date of such Bill of Sale, which shall be the acceptance date, QSR had legal title to such Hulk and

good lawful right to sell the same and that such title was free of all claims, liens, security interests, security title or other encumbrances of any nature whatsoever. On or after the date of such Bill of Sale, QSR shall commence reconstruction work in accordance with the Purchase Order.

- c) Except with respect to a Noncompleted Hulk (as hereinafter defined), the Hulk Purchase Price shall be paid by FNB to QSR upon completion of the reconstruction work and at the same time as Reconstruction Cost.

SECTION 4. INSPECTION, ACCEPTANCE AND PURCHASE OF EQUIPMENT

- a) Upon completion of the reconstruction work with respect to each Item of Equipment, the authorized inspector of GTW shall inspect such item and if the same shall meet the specifications set forth in the Purchase Order, GTW's authorized inspector shall execute a Certificate of Acceptance (in the form of Exhibit A to the Lease) whereupon such Item shall be deemed to have been accepted by FNB under the Purchase Order and by GTW under that certain Master Equipment Lease ("Lease") dated as of November 1, 1985 by and between GTW, as Lessee, and FNB, as Lessor.
- b) The term Closing Date shall mean a business day, which shall be mutually acceptable to all parties, on which date QSR is to be paid the Invoiced Cost in respect of an Item (or group of Items) of Equipment.
- c) FNB's obligation to pay Invoiced Cost in respect of any Item of Equipment shall be subject to QSR's delivery to FNB (with copies to GTW) at least five business days prior to the Closing Date in respect to each Item of Equipment to be paid for on such Closing Date, executed originals of each of the following:
 - 1. A Certificate of Hulk Acceptance duly executed by the authorized inspector of GTW.
 - 2. A Bill of Sale dated the date on which title to the Hulk was transferred to FNB.
 - 3. QSR's invoice for the Hulk Purchase Price.
 - 4. A written opinion of counsel for QSR dated the date of the Bill of Sale, addressed to FNB stating that such Bill of Sale is valid and effective to transfer QSR's title to such Hulk free and clear of all claims, liens, security interests and other encumbrances.

5. A Certificate of Acceptance duly executed by the authorized inspector of GTW.
 6. QSR's invoice for the Reconstruction Cost.
- d) QSR hereby covenants that upon receipt of funds in payment of each of its invoices it shall promptly execute and deliver to FNB a receipt (in the form attached hereto as Exhibit E) evidencing receipt of payment in full with respect to such Invoiced Cost.

SECTION 5. NONCOMPLETED HULKS.

If and to the extent that any Hulk in respect of which Certificate of Hulk Acceptance has been executed is not reconstructed and accepted under the Lease on or before April 30, 1986 (a "Noncompleted Hulk"), QSR shall deliver an invoice for the Hulk Purchase Price of such Noncompleted Hulk to FNB and an invoice for its reasonable reconstruction expenses incurred in connection with such Noncompleted Hulk to GTW. FNB and GTW hereby agree to pay such invoices within ten business days. Upon payment of the Hulk Purchase Price by FNB, all rights and interests of QSR in and to such Hulk, including reconstruction portions thereof, if any, shall immediately and without further action, be released and transferred to FNB and QSR shall promptly deliver such Noncompleted Hulk to FNB, at such place as shall be specified by FNB, free and clear of all liens, claims and encumbrances and thereafter FNB, or any agent shall either (a) sell such Noncompleted Hulk in a commercially reasonable manner or (b) retain such Noncompleted Hulk for its own use or for further reconstruction, lease, future sale or other disposition. If such Noncompleted Hulk shall be sold pursuant to clause (a) above, the net proceeds of such sale shall be applied first, to the payment of all costs and expenses, including legal fees, of FNB and its agent incurred in connection with such repossession and sale, second, to reimburse FNB for the Hulk Purchase Price of such Noncompleted Hulk, third, to reimburse GTW for its reimbursement to QSR for its reasonable reconstruction expenses incurred in connection with such Noncompleted Hulk and fourth, the balance, if any, may be retained by FNB. If such Noncompleted Hulk shall be retained pursuant to clause (b) above, FNB shall determine the fair market value of such Noncompleted Hulk (determined on an "as is, where is" basis), deduct from such value the amount of the Hulk Purchase Price of such Noncompleted Hulk and all costs and expenses of FNB and its agent in connection with such repossession and determination and, to the extent that any amount of such value remains, pay to GTW the amount set forth in clause third above.

SECTION 6. NONASSIGNED HULK.

If for any reason, any of the 77 Hulks are not accepted by GTW for reconstruction hereunder (a "Nonassigned Hulk"), FNB agrees that upon notice

from GTW, it shall reassign to GTW all right, title and interest in and to the Purchase Order insofar as such Purchase Order relates to such Nonassigned Hulk.

SECTION 7. REPRESENTATIONS.

- a) QSR hereby represents and warrants to FNB and GTW, their successors and assigns, that this Agreement was duly authorized by it and lawfully executed and delivered for a valid consideration.
- b) GTW hereby represents and warrants to QSR and FNB, their successors and assigns, that this Agreement was duly authorized by it and lawfully executed and delivered for a valid consideration.
- c) FNB hereby represents and warrants to GTW and QSR, their successors and assigns, that this Agreement was duly authorized by it and lawfully executed and delivered for a valid consideration.

SECTION 8. RECORDING; LAW GOVERNING.

The terms of this Agreement and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Michigan; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303.

SECTION 9. COUNTERPARTS.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. It shall not be necessary that the parties hereto all sign the same counterpart as long as each party shall sign a counterpart and such counterpart shall be delivered to the other parties.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed all as of the date first above written.

GRAND TRUNK WESTERN RAILROAD COMPANY

By _____

Its _____

ATTEST:

By _____

Its _____

(Corporate Seal)

QUALITY SERVICE RAILCAR
REPAIR CORPORATION

By _____

Its _____

ATTEST:

By _____

Its _____

(Corporate Seal)

BOATMEN'S FIRST NATIONAL BANK
OF KANSAS CITY

By _____

Its _____

ATTEST:

By _____

Its _____

(Corporate Seal)

STATE OF MICHIGAN,)
) ss.:
COUNTY OF WAYNE,)

On this ____ day of November, 1985, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of GRAND TRUNK WESTERN RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that such instrument was this day 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.

Notary Public

[Notarial Seal]

My Commission Expires _____.

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this ____ day of November, 1985, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of QUALITY SERVICE RAILCAR REPAIR CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that such instrument was this day 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.

Notary Public

[Notarial Seal]

My Commission Expires _____.

STATE OF MISSOURI,)
) ss.:
COUNTY OF JACKSON,)

On this ____ day of November, 1985, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is an *Authorized Officer* of BOATMEN'S FIRST NATIONAL BANK OF KANSAS CITY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that such instrument was this day 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.

Notary Public

[Notarial Seal]

My Commission Expires _____.

HULK PURCHASE AGREEMENT AND PURCHASE ORDER ASSIGNMENT
 SELLER: Quality Service Railcar Repair Corporation

SCHEDULE A

<u>Description</u>	<u>Quantity</u>	<u>Per Item of Equipment Hulk Purchase Price</u>	<u>Per Item of Equipment Reconstruction Cost</u>	<u>Per Item of Equipment Total Invoice Cost</u>
100 Ton, 60' roller bearing high hat auto parts boxcars to be reconstructed from boxcars originally built by Atchison, Topeka and Santa Fe Railroad Company and to be selected from the present ATSF 600500 car series.	58	\$ 12,000	\$27,350	\$39,350
	19	12,000	23,700	35,700
TOTAL ALL ITEMS	<u>77</u>	<u>\$924,000</u>	<u>\$2,036,600</u>	<u>\$2,960,600</u>

EXHIBIT A TO
HULK PURCHASE AGREEMENT

INVITATION TO BID



Grand Trunk Western Railroad Co
131 West Lafayette Blvd.
Detroit, Michigan 48226

(313) 237-4371

July 22, 1985
File: C-85-1

Gentlemen:

You are invited to bid to supply GTW the following cars:

40 P.D.Q. High Roof Cars
60 Engine High Roof Cars

OR

40 P.D.Q. High Roof Cars
10 Engine High Roof Cars

The cars can be new or rebuilt converted cars furnished by the bidder.

Your quote must meet and/or reflect your agreement to the following conditions:

1. Conversion to be done in your shops.
2. Any or all contracting and/or subcontracting to be approved by the railroad.
3. Your proposal must include a speciality list and major component specifications and a General Arrangement Drawing. Costs for the application of major components must be itemized in your proposal and the railroad reserves the right to specify vendors and substitutes at no penalty.
4. The equipment must conform with all AAR Manual of Standards and Recommended Practices and all F.R.A. Bureau of Safety Regulations and Requirements.
5. Quotations must be firm and not subject to escalation.
6. Your quote must reflect all switch and railroad charges from your point of production to GTW lines.
7. The railroad reserves the right to send inspectors into your plant during the production period.

8. State your production start date, rate of production and completion date.
9. Taxes are not to be included in your quotes.
10. A Statement of warranty will be required.
11. Sample car shall be located on level track.
12. All work to be completed and cars are to be put in service prior to December 31, 1985.
13. State your production location.
14. All car design requirements are to be met.
15. Complete set of reproducible tracings of roof extension only corrected to show final car construction are to be furnished to Engineering and Planning Department at Battle Creek, Michigan.
16. ACI labels not required.
17. Drawings of equipment to be provided to Chief Mechanical Officer for evaluation and approval prior to construction.
18. Door height extension is to be applied at the door bottom only.

The railroad reserves the right to reject any or all quotations. Please place an alternate quote based on work starting and being completed the 1st Quarter 1986.

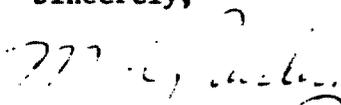
The award of this order is subject to GTW Board of Director approval.

The railroad plans to develop financing for the above project. If you are interested in participating in this arrangement, contact Mr. J. E. Shepherd, Treasurer and Director of Finance at:(313) 237-4255 to be placed on the bid list.

If used cars are to be utilized in the bid, they are to be inspected by the Chief Mechanical Officer or his representative prior to bid approval. The work performed under this bid should allow for the railroad to qualify for Rule 88 status on the rebuilt car.

All bids must be addressed to: M. E. Paisley, Director, Purchases and Materials, Grand Trunk Western Railroad, 131 W. Lafayette Blvd., Detroit, Michigan 48226 and received no later than Noon, August 12, 1985.

Sincerely,



M. E. Paisley, Director
Purchases and Materials



department, place and date **Equipment, Battle Creek, Mi. July 12, 1985.**

your file _____ and letter dated _____

our file _____

subject **GENERAL SPECIFICATIONS P.D.Q. HIGH ROOF CARS**

General Dimensions:

Inside Clear Length	60'-9"
Inside Width Between Side Posts or Side Sheets	9'-6½" (minimum)
Inside Width between Belt Rails	9'-2"
Inside Width between Rubrails	9'-1-¾"
Inside Height Clear (minimum)	12'-9" (preferable 13'-2")
Cubic Capacity	7315 Cubic Feet
Floor Height from Rail	42" Minimum 44" Maximum
Maximum Height	17'-0"
Nominal Capacity	100-tons

Doors:

Double Plug - Centered on Car.
 16'-0" width X 12'-9" high (minimum)
 Doors must clear dock 42" above rail and 5'8" from centerline of track. Door must be capable of being opened from inside of car. Top retainers must be designed with a trough to prevent melting snow and rain from falling into doorway area. Rubrails to be provided on door (9'-2" between them when doors are closed) at a height above floor to centerline of rubrail of 6", 36", 66", 96" and 126". Bottom door track to be sufficiently strengthened to withstand deformation during loading and unloading from ground level.

Floor:

Must support at least 50,000 lb lift truck, front axle load, or a wheel load of 25,000 lbs. Floor to be steel with anti-skid coating applied. Floors must be smooth, without laps, to allow racks to slide across doorway and lengthwise in car.

Cushioning:

End of car type, or sliding sill type may be used. Cushioning must be capable of reducing forces to lading to a maximum of 2-g's at 11 M.P.H. Due to loading procedures, length over pulling face of couplers to be 68'-1½" normal.

Dock Plate Retainer:

Dock Plate Safety Rails must be provided, per Ford Motor Drawing XMH-602.

EXHIBIT B TO
HULK PURCHASE AGREEMENT

AWARD OF ORDER



Grand Trunk Western Railroad Co
131 West Lofayette Blvd.
Detroit, Michigan 48226

September 30, 1985

File: C-85-1

Mr. Thomas J. Jaremko
Midwest Regional Manager
General Electric Railcar
Services Corporation
33 West Monroe Street
Chicago, Illinois 60603

Dear Mr. Jaremko:

You are hereby awarded our order for (77) High Hat cars as requested in our invitation to bid dated July 22, 1985.

Your order will be comprised of (58) P.D.Q. cars and (19) Ford Engine cars per the specifications included in our invitation to bid as noted above.

The (58) P.D.Q. cars are to be equipped with belt rails to hold standard P.D.Q. type platforms per plans and specifications included in GTW invitation to bid as noted above. No platforms to be supplied with this order. The cost of belt rail material is not included in the base price but the labor to install belt rails is included in the base price.

The (19) Ford Engine cars are to be equipped for Ford Engine Service as outlined in GTW invitation to bid as noted above.

The (77) cars which General Electric Railcar Service will supply to GTW under this award are to be from the present ATSF 600500 car series. These cars will meet standard AAR Rule 88 Rebuilt requirements (document required to fulfill formal rebuilt status not required) and in addition they must meet the following specifications prior to delivery to the GTW:

- (A) Air brake hose will be renewed if hose is over 7 years old or date is obliterated.
- (B) Wheels will be renewed if flange is 1" thick or less, rim is 15/16" thick or less, flange height is 1-3/8" or more. Wheels with other defects, i.e. slid flat, shelled or spalled thread, etc., that are close to AAR condemning limits will be changed by mutual agreement between the GTW inspector and plant manager.
- (C) Hand brakes' bushings and collars must be in proper tolerance to restrict vertical and horizontal movement of shaft. Change out, if worn.

- (D) Brake levers with holes worn 10% or more of the original section will be changed out.
- (E) Cushion units must be checked according to the hydracushion instruction pamphlet and shimmed or changed out accordingly. No Exceptions.
- (F) Couplers with shanks worn 1/4" deep or more in the bottom wall will be changed out.
- (G) Knuckles will be renewed when gauge number 44057, when used as illustrated on Page 88 of the AAR Field Manual, can pass vertically over 1/4" or more of the nose length.
- (H) Coupler carrier wear plates will be repaired or replaced in accordance with the AAR Field Manual.
- (I) All air brakes will receive a full COT&S unless otherwise allowed by the GTW inspector.

It will not be necessary to sandblast the interiors of the cars but it will be necessary to paint the interior walls of the P.D.Q. cars with an approved non-yellowing white paint. If GTW desires to have the interior walls of the Ford Engine cars painted the base price of the Engine cars will be increased by \$300.00 per car.

All skid plates, where required, will be 6" wide and 3/16" thick. All rack retainer plates, where required, will be 1-1/2" wide and 3/4" thick.

All cars to have constant contact side bearings in good condition at time of delivery.

If GTW chooses not to have C.O.T.S. work performed on any car the base price will be reduced by \$500.00.

All modification material for installation of plug doors on these cars to be supplied as kits by Youngstown Steel Door per their drawings number 8562422 and 8562443. The proposed methods of modification are detailed on the drawings.

If GTW chooses, General Electric Railcar will supply the rack material required for the (58) P.D.Q. cars for \$3,600.00 per car set.

GTW retains the right to have any, some or all cars delivered to GTW lines for an additional cost of \$700.00 per car.

All work to be performed, plans and material to be used in the rebuilding of the present cars, must meet the approval of the GTW Chief Mechanical Officer and GTW retains the right to have inspector(s) in the plant during all phases of the rebuilding.

Base price to supply (58) P.D.Q. cars F.O.B. - plant (includes labor to install belt rails per attached plan GTW PM-93085) is \$35,400.00 per car.

Base price to supply (19) Ford Engine cars F.O.B. - plant is \$35,000.00 per car.

Every effort should be made to have as many of these cars completed prior to January 1, 1986. You should supply GTW Chief Mechanical Officer with a sample car date and detail delivery schedule the week of October 21, 1985. You will advise him as soon as possible of any changes in the schedule.

General Electric Railcar will supply a complete set of reproducible drawings to GTW's Chief Mechanical Officer on completion of this order.

The railroad plans to develop financing for the above purchase. Each car may have to be stencilled in 1" high letters that read as follows:

"OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE
INTERSTATE COMMERCE COMMISSION".

Precise location of the above phrase may be obtained from Mr. R. G. Lipmyer's office at a later date.

The details concerning the payment for these cars and any interest your company may have in participating in the financial plan should be directed to Mr. J. E. Shepherd, Treasurer and Director of Finance at: (313) 237-4255.

All terms outlined in my invitation to bid dated July 22, 1985, apply with your acceptance of this order, except as otherwise covered in this letter, and your terms and conditions as noted in Exhibit I (copy attached).

Sincerely,

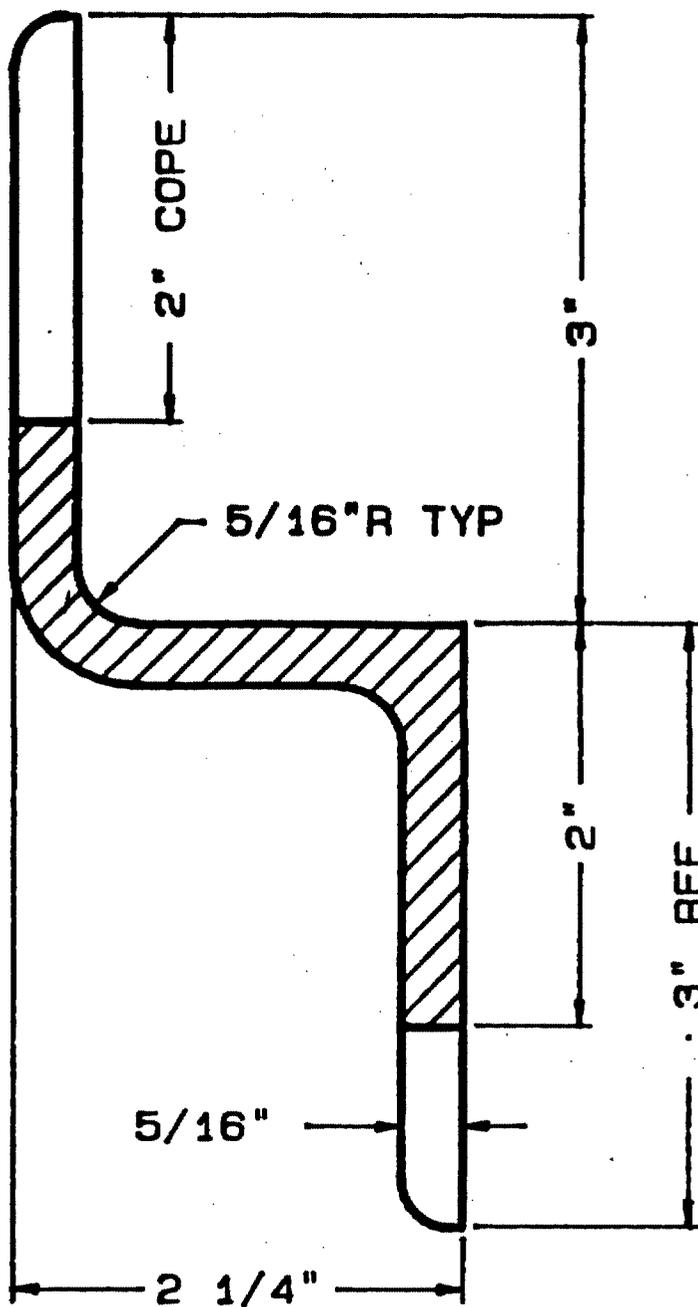

M. E. Paisley, Director
Purchases and Materials

MEP/mec

EXHIBIT ITERMS AND CONDITIONS

The following provisions will apply to all repairs made and other work done or materials supplied by Quality Service Railcar Repair Corporation ("QSR") or at its directions:

- 1) All amounts charged by QSR related to repairs made or other work done or materials supplied by QSR or at its direction shall be paid promptly upon invoicing by QSR.
- 2) QSR warrants that all repairs and other work made at QSR facilities hereunder will be free from defects in material and workmanship under normal use and service. QSR's obligations under such warranty shall be limited to making good at its plants any part or parts of any such cars which shall within one year from the date of such repair be returned to QSR with transportation charges prepaid and which QSR's examination shall disclose to its satisfaction to have been so defective provided, however, that if the rules of the Association of American Railroads require inspection of any part or component more frequently than annually, the period of one year set forth above with respect to any repair thereof shall be limited to the time period set in the AAR rules for such inspection. THIS WARRANTY IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES EXPRESSED OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND OF ALL OTHER OBLIGATIONS OR LIABILITIES ON THE PART OF QSR. QSR shall have no liability for incidental, consequential or special damages hereunder or otherwise with respect to the cars.
- 3) Each of the cars shall be subject to Customer's inspection upon delivery to Customer or place of Customer's designation, and the subsequent loading of each such car or the failure to report any defect in the car or the repair thereof to QSR within a reasonable time after delivery of the car shall constitute evidence of the fit and suitable condition thereof for all purposes, including without limitation, the purpose of transporting the commodities then and thereafter loaded therein or thereon. QSR shall not be liable for any loss of or damage to any commodity or part thereof loaded or shipped in or on the cars.
- 4) Replaced parts shall become the property of QSR.
- 5) In addition to all other amounts payable by Customer to QSR in connection with this document or the work or materials to which this document relates, Customer agrees to assume responsibility for and to pay all sales, use, property or other taxes and amounts in connection with this Agreement, or amounts paid, work performed or material supplied with respect hereto except taxes on QSR's net income from the proceeds received by QSR from Customer with respect to this document or the above described work or materials.



5 X 3 X 5/16" ANGLE @ 8.2#/FT.
 NET WEIGHT = 7.1#/FT.
 8-14-85 NSW.

EXHIBIT C TO
HULK PURCHASE AGREEMENT

CERTIFICATE OF HULK ACCEPTANCE

TO: Boatmen's First National Bank of Kansas City;
Grand Trunk Western Railroad Company;
and the Seller named below.

RE: Hulk Purchase Agreement and Purchase Order Assignment dated as of
November 1, 1985 ("Hulk Purchase Agreement") among Boatmen's First
National Bank of Kansas City ("FNB"), Grand Trunk Western Railroad
Company ("GTW") and the Seller named below ("Seller").

Ladies and Gentlemen:

I have been appointed as the duly authorized representative for the
purpose of accepting the Hulks (as defined in the Hulk Purchase Agreement)
under the Hulk Purchase Agreement.

I do hereby certify that in respect of the Hulks described below:

1. Each Hulk has been inspected and is in good order.
2. Based on my determination that each Hulk is in compliance with all
applicable specifications, each Hulk is hereby accepted for the
purposes of reconstruction under the Purchase Order (as defined in
the Hulk Purchase Agreement).

Seller: Quality Service Railcar Repair Corporation

Type of Equipment:

Date of Acceptance:

Number of Items:

Bearing Road Numbers:

The execution of this Certificate of Acceptance will in no way relieve or
decrease the responsibility of the Seller for any warranties it has made with
respect to the Hulks.

Authorized Representative
of FNB and GTW

BILL OF SALE

Quality Service Railcar Repair Corporation (QSR), in consideration of the obligation of Boatmen's First National Bank of Kansas City (Buyer) to pay the Hulk Purchase Price as defined in the Hulk Purchase Agreement and Purchase Order Assignment dated as of November 1, 1985 among Grand Trunk Western Railroad Company, QSR and Buyer, (hereinafter the Hulk Purchase Agreement) at the time provided in the Hulk Purchase Agreement, does hereby grant, bargain, sell, assign, transfer and set over to the Buyer, its successors and assigns title to the following described Hulks (as defined in the Hulk Purchase Agreement):

<u>Quantity</u>	<u>Mechanical Description</u>	<u>Road Numbers</u>
-----------------	-------------------------------	---------------------

QSR warrants to the Buyer and its successors and assigns that on the date hereof title to the Hulk was free of all claims, liens, security interests and other encumbrances.

In witness whereof, QSR has caused this instrument to be signed by a duly authorized officer on _____, 1985.

QUALITY SERVICE RAILCAR
REPAIR CORPORATION

By _____

Its _____

RECEIPT

Reference is made to (i) the Hulk Purchase Agreement and Purchase Order Assignment ("HPA") dated as of November 1, 1985 among the undersigned ("Builder"), Boatmen's First National Bank of Kansas City ("Lessor") and Grand Trunk Western Railroad Company ("Lessee"), (ii) the Purchase Order, as defined in the HPA and (iii) items (2), (3), (4) and (6) of Section 4(c) of the HPA. Such documents are hereinafter sometimes collectively referred to as the "Builder's Documents". Capitalized or quoted terms used herein and not defined shall have the respective meanings set forth in the HPA.

Quality Service Railcar Repair Corporation (the "Builder") hereby acknowledges that on the date hereof and with respect to improvements ("Improvements") made to the following Items of Equipment:

Reconstructed Auto Parts

Cars Bearing Road Numbers:

Builder's Invoice Numbers:

Dated:

payment in full of the Invoiced Cost (\$_____) has been received and no further monies are due and owing to the Builder with respect to these Items of Equipment.

The Builder hereby further represents, warrants, covenants and agrees as follows:

1. All representations and warranties of the Builder in the Builder's Documents are true on and as the date hereof.
2. Any lien on the Items of Equipment described herein above provided by law or contract in favor of the Builder has been discharged, and ownership of the Improvements shall without further documentation or act of the Lessee or the Lessor, vest in the owner of such Items of Equipment, free of any lien arising in favor of any person claiming by, through or under the Builder.

QUALITY SERVICE RAILCAR
REPAIR CORPORATION

By _____

Its _____

Date _____

EXHIBIT F
TO LEASE

HULK PURCHASE AGREEMENT

AND

PURCHASE ORDER ASSIGNMENT

Dated as of November 1, 1985

ST. LOUIS REFRIGERATOR CAR COMPANY,
AS SELLER AND BUILDER;

BOATMEN'S FIRST NATIONAL BANK OF KANSAS CITY,
AS ASSIGNEE AND BUYER; AND

GRAND TRUNK WESTERN RAILROAD COMPANY,
AS ASSIGNOR AND LESSEE.

THIS AGREEMENT dated as of November 1, 1985 among ST. LOUIS REFRIGERATOR CAR COMPANY ("SLRC"), as Seller and Builder; BOATMEN'S FIRST NATIONAL BANK OF KANSAS CITY ("FNB"), as Assignee and Buyer; and GRAND TRUNK WESTERN RAILROAD COMPANY ("GTW"), as Assignor and Lessee.

W I T N E S S E T H:

WHEREAS, prior to the date hereof, GTW awarded SLRC with an order for 23 high-hat cars (hereinafter "Equipment" and individually "Item of Equipment"), as more specifically described on Schedule A hereto;

WHEREAS, the terms of such award are outlined in GTW's invitation to bid dated July 22, 1985 (Exhibit A attached hereto) and its award dated September 30, 1985 (Exhibit B attached hereto);

WHEREAS, said Exhibit A and Exhibit B, (together hereinafter referred to as the "Purchase Order") constitute the understanding between SLRC and GTW regarding the purchase and sale of the Equipment, and

WHEREAS, GTW has received an offer from FNB relating to FNB's desire to purchase said Equipment and thereafter to lease said Equipment to GTW.

NOW THEREFORE, the parties hereto agree as follows:

SECTION 1. ASSIGNMENT OF PURCHASE ORDER.

- a) GTW does hereby sell, assign, transfer and set over unto FNB all of GTW's right, title and interest in, to and under the Purchase Order including, without limitation, the right to purchase and take title to each Item of Equipment.
- b) FNB hereby agrees (i) to accept said assignment of the Purchase Order and (ii) that, notwithstanding said assignment, it will not permit SLRC to deviate from the specifications which are contained in the Purchase Order covering said Equipment unless and until any such deviation has been approved in writing by GTW.
- c) SLRC acknowledges and consents to said assignment and hereby agrees that it will (i) extend all applicable warranties to FNB and GTW and (ii) indemnify and save FNB and GTW harmless from any liability, loss, damage, claim or expense which arises out of any claim for patent infringement relating to the Equipment.

SECTION 2. DEFINITIONS.

- a) The term Hulk refers to that certain railroad car previously

purchased by SLRC, to which SLRC has agreed to apply the Reconstruction Items (as hereinafter defined).

- b) The term Reconstruction Items refers to all labor and materials which SLRC will apply to the Hulks such that, upon reconstruction, the car will meet the specifications for Equipment called for in the Purchase Order.
- c) With respect to each Hulk, the term Hulk Purchase Price refers to the price at which SLRC will sell each Hulk.
- d) With respect to each Item of Equipment, the term Reconstruction Cost refers to the price at which SLRC has agreed to apply capital Reconstruction Items to each Hulk.
- e) With respect to each Item of Equipment, the term Invoiced Cost is equal to sum of the Hulk Purchase Price and the Reconstruction Cost applicable to such Item.

SECTION 3. INSPECTION ACCEPTANCE AND SALE OF HULKS.

- a) FNB hereby appoints GTW as its authorized inspector to accept on FNB's behalf each Hulk and each reconstructed Item of Equipment; provided, however, that GTW is not authorized to accept delivery of any Hulk (i) that is not economically fit for reconstruction in accordance with the specifications provided in the Purchase Order; (ii) prior to the date on which conditions set forth in Section 6 of the Lease (as hereinafter defined) have been satisfied; (iii) after written notice from FNB that such authority has been terminated, or (iv) after March 30, 1986. The sale and delivery of the Hulks pursuant to this Agreement shall commence as soon as practicable and shall be completed on or before such date as shall permit the completion of reconstruction of each Hulk by April 30, 1986.
- b) Prior to the commencement of the reconstruction work, SLRC shall make each Hulk available to the authorized inspector of GTW, who shall inspect such Hulk and if the same is found to be in good order, considering the work to be thereafter done, GTW's authorized inspector shall execute a Certificate of Hulk Acceptance substantially in the form attached hereto as as Exhibit C accepting such Hulk on behalf of FNB. Such acceptance shall be unconditional and upon such acceptance SLRC will deliver a Bill of Sale (in the form attached hereto as Exhibit D) transferring title to such Hulk to FNB and warranting that at the date of such Bill of Sale, which shall be the acceptance date, SLRC had legal title to such Hulk and good lawful right to sell the same and that such title was free of

all claims, liens, security interests, security title or other encumbrances of any nature whatsoever. On or after the date of such Bill of Sale, SLRC shall commence reconstruction work in accordance with the Purchase Order.

- c) Except with respect to a Noncompleted Hulk (as hereinafter defined), the Hulk Purchase Price shall be paid by FNB to SLRC upon completion of the reconstruction work and at the same time as Reconstruction Cost.

SECTION 4. INSPECTION, ACCEPTANCE AND PURCHASE OF EQUIPMENT

- a) Upon completion of the reconstruction work with respect to each Item of Equipment, the authorized inspector of GTW shall inspect such item and if the same shall meet the specifications set forth in the Purchase Order, GTW's authorized inspector shall execute a Certificate of Acceptance (in the form of Exhibit A to the Lease) whereupon such Item shall be deemed to have been accepted by FNB under the Purchase Order and by GTW under that certain Master Equipment Lease ("Lease") dated as of November 1, 1985 by and between GTW, as Lessee, and FNB, as Lessor.
- b) The term Closing Date shall mean a business day, which shall be mutually acceptable to all parties, on which date SLRC is to be paid the Invoiced Cost in respect of an Item (or group of Items) of Equipment.
- c) FNB's obligation to pay Invoiced Cost in respect of any Item of Equipment shall be subject to SLRC's delivery to FNB (with copies to GTW) at least five business days prior to the Closing Date in respect to each Item of Equipment to be paid for on such Closing Date, executed originals of each of the following:
 1. A Certificate of Hulk Acceptance duly executed by the authorized inspector of GTW.
 2. A Bill of Sale dated the date on which title to the Hulk was transferred to FNB.
 3. SLRC's invoice for the Hulk Purchase Price.
 4. A written opinion of counsel for SLRC dated the date of the Bill of Sale, addressed to FNB stating that such Bill of Sale is valid and effective to transfer SLRC's title to such Hulk free and clear of all claims, liens, security interests and other encumbrances.

5. A Certificate of Acceptance duly executed by the authorized inspector of GTW.
 6. SLRC's invoice for the Reconstruction Cost.
- d) SLRC hereby covenants that upon receipt of funds in payment of each of its invoices it shall promptly execute and deliver to FNB a receipt (in the form attached hereto as Exhibit E) evidencing receipt of payment in full with respect to such Invoiced Cost.

SECTION 5. NONCOMPLETED HULKS.

If and to the extent that any Hulk in respect of which Certificate of Hulk Acceptance has been executed is not reconstructed and accepted under the Lease on or before April 30, 1986 (a "Noncompleted Hulk"), SLRC shall deliver an invoice for the Hulk Purchase Price of such Noncompleted Hulk to FNB and an invoice for its reasonable reconstruction expenses incurred in connection with such Noncompleted Hulk to GTW. FNB and GTW hereby agree to pay such invoices within ten business days. Upon payment of the Hulk Purchase Price by FNB, all rights and interests of SLRC in and to such Hulk, including reconstruction portions thereof, if any, shall immediately and without further action, be released and transferred to FNB and SLRC shall promptly deliver such Noncompleted Hulk to FNB, at such place as shall be specified by FNB, free and clear of all liens, claims and encumbrances and thereafter FNB, or any agent shall either (a) sell such Noncompleted Hulk in a commercially reasonable manner or (b) retain such Noncompleted Hulk for its own use or for further reconstruction, lease, future sale or other disposition. If such Noncompleted Hulk shall be sold pursuant to clause (a) above, the net proceeds of such sale shall be applied first, to the payment of all costs and expenses, including legal fees, of FNB and its agent incurred in connection with such repossession and sale, second, to reimburse FNB for the Hulk Purchase Price of such Noncompleted Hulk, third, to reimburse GTW for its reimbursement to SLRC for its reasonable reconstruction expenses incurred in connection with such Noncompleted Hulk and fourth, the balance, if any, may be retained by FNB. If such Noncompleted Hulk shall be retained pursuant to clause (b) above, FNB shall determine the fair market value of such Noncompleted Hulk (determined on an "as is, where is" basis), deduct from such value the amount of the Hulk Purchase Price of such Noncompleted Hulk and all costs and expenses of FNB and its agent in connection with such repossession and determination and, to the extent that any amount of such value remains, pay to GTW the amount set forth in clause third above.

SECTION 6. NONASSIGNED HULK.

If for any reason, any of the 23 Hulks are not accepted by GTW for reconstruction hereunder (a "Nonassigned Hulk"), FNB agrees that upon notice

from GTW, it shall reassign to GTW all right, title and interest in and to the Purchase Order insofar as such Purchase Order relates to such Nonassigned Hulk.

SECTION 7. REPRESENTATIONS.

- a) SLRC hereby represents and warrants to FNB and GTW, their successors and assigns, that this Agreement was duly authorized by it and lawfully executed and delivered for a valid consideration.
- b) GTW hereby represents and warrants to SLRC and FNB, their successors and assigns, that this Agreement was duly authorized by it and lawfully executed and delivered for a valid consideration.
- c) FNB hereby represents and warrants to GTW and SLRC, their successors and assigns, that this Agreement was duly authorized by it and lawfully executed and delivered for a valid consideration.

SECTION 8. RECORDING; LAW GOVERNING.

The terms of this Agreement and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Michigan; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303.

SECTION 9. COUNTERPARTS.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. It shall not be necessary that the parties hereto all sign the same counterpart as long as each party shall sign a counterpart and such counterpart shall be delivered to the other parties.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed all as of the date first above written.

GRAND TRUNK WESTERN RAILROAD COMPANY

By _____

Its _____

ATTEST:

By _____

Its _____

(Corporate Seal)

ST. LOUIS REFRIGERATOR CAR COMPANY

By _____

Its _____

ATTEST:

By _____

Its _____

(Corporate Seal)

BOATMEN'S FIRST NATIONAL BANK
OF KANSAS CITY

By _____

Its _____

ATTEST:

By _____

Its _____

(Corporate Seal)

STATE OF MICHIGAN,)
) ss.:
COUNTY OF WAYNE,)

On this ____ day of November, 1985, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of GRAND TRUNK WESTERN RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that such instrument was this day 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.

Notary Public

[Notarial Seal]

My Commission Expires _____.

STATE OF MISSOURI,)
) ss.:
COUNTY OF _____,)

On this ____ day of November, 1985, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of ST. LOUIS REFRIGERATOR CAR COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that such instrument was this day 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.

Notary Public

[Notarial Seal]

My Commission Expires _____.

STATE OF MISSOURI,)
) ss.:
COUNTY OF JACKSON,)

On this ____ day of November, 1985, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of BOATMEN'S FIRST NATIONAL BANK OF KANSAS CITY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that such instrument was this day 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.

Notary Public

[Notarial Seal]

My Commission Expires _____.

HULK PURCHASE AGREEMENT AND PURCHASE ORDER ASSIGNMENT
 SELLER: St. Louis Refrigerator Car Company

SCHEDULE A

<u>Description</u>	<u>Quantity</u>	<u>Per Item of Equipment Hulk Purchase Price</u>	<u>Per Item of Equipment Reconstruction Cost</u>	<u>Per Item of Equipment Total Invoice Cost</u>
100 Ton, 60' roller bearing high hat auto parts boxcars to be reconstructed from boxcars originally built by Pullman Standard Inc. and to be selected from the present KCS 120000 car series.	23	\$ 5,500	\$ 29,063	\$ 34,563
TOTAL ALL ITEMS	<u>23</u>	<u>\$126,500</u>	<u>\$668,449</u>	<u>\$794,949</u>

EXHIBIT A TO
HULK PURCHASE AGREEMENT

INVITATION TO BID



Grand Trunk Western Railroad Co
131 West Lafayette Blvd
Detroit, Michigan 48226

(313) 237-4371

July 22, 1985

File: C-85-1

Gentlemen:

You are invited to bid to supply GTW the following cars:

40 P.D.Q. High Roof Cars

60 Engine High Roof Cars

OR

40 P.D.Q. High Roof Cars

10 Engine High Roof Cars

The cars can be new or rebuilt converted cars furnished by the bidder.

Your quote must meet and/or reflect your agreement to the following conditions:

1. Conversion to be done in your shops.
2. Any or all contracting and/or subcontracting to be approved by the railroad.
3. Your proposal must include a speciality list and major component specifications and a General Arrangement Drawing. Costs for the application of major components must be itemized in your proposal and the railroad reserves the right to specify vendors and substitutes at no penalty.
4. The equipment must conform with all AAR Manual of Standards and Recommended Practices and all F.R.A. Bureau of Safety Regulations and Requirements.
5. Quotations must be firm and not subject to escalation.
6. Your quote must reflect all switch and railroad charges from your point of production to GTW lines.
7. The railroad reserves the right to send inspectors into your plant during the production period.

8. State your production start date, rate of production and completion date.
9. Taxes are not to be included in your quotes.
10. A Statement of warranty will be required.
11. Sample car shall be located on level track.
12. All work to be completed and cars are to be put in service prior to December 31, 1985.
13. State your production location.
14. All car design requirements are to be met.
15. Complete set of reproducible tracings of roof extension only corrected to show final car construction are to be furnished to Engineering and Planning Department at Battle Creek, Michigan.
16. ACI labels not required.
17. Drawings of equipment to be provided to Chief Mechanical Officer for evaluation and approval prior to construction.
18. Door height extension is to be applied at the door bottom only.

The railroad reserves the right to reject any or all quotations. Please place an alternate quote based on work starting and being completed the 1st Quarter 1986.

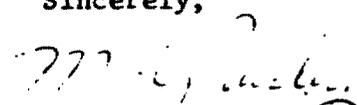
The award of this order is subject to GTW Board of Director approval.

The railroad plans to develop financing for the above project. If you are interested in participating in this arrangement, contact Mr. J. E. Shepherd, Treasurer and Director of Finance at:(313) 237-4255 to be placed on the bid list.

If used cars are to be utilized in the bid, they are to be inspected by the Chief Mechanical Officer or his representative prior to bid approval. The work performed under this bid should allow for the railroad to qualify for Rule 88 status on the rebuilt car.

All bids must be addressed to: M. E. Paisley, Director, Purchases and Materials, Grand Trunk Western Railroad, 131 W. Lafayette Blvd., Detroit, Michigan 48226 and received no later than Noon, August 12, 1985.

Sincerely,


M. E. Paisley, Director
Purchases and Materials



department, place and date **Equipment, Battle Creek, Mi. July 12, 1985.**

your file _____ and letter dated _____

our file _____

subject **GENERAL SPECIFICATIONS P.D.Q. HIGH ROOF CARS**

General Dimensions:

Inside Clear Length	60'-9"
Inside Width Between Side Posts or Side Sheets	9'-6½" (minimum)
Inside Width between Belt Rails	9'-2"
Inside Width between Rubrails	9'-1-¾"
Inside Height Clear (minimum)	12'-9" (preferable 13'-2")
Cubic Capacity	7315 Cubic Feet
Floor Height from Rail	42" Minimum 44" Maximum
Maximum Height	17'-0"
Nominal Capacity	100-tons

Doors:

Double Plug - Centered on Car.
 16'-0" width X 12'-9" high (minimum)
 Doors must clear dock 42" above rail and 5'8" from centerline of track. Door must be capable of being opened from inside of car. Top retainers must be designed with a trough to prevent melting snow and rain from falling into doorway area. Rubrails to be provided on door (9'-2" between them when doors are closed) at a height above floor to centerline of rubrail of 6", 36", 66", 96" and 126". Bottom door track to be sufficiently strengthened to withstand deformation during loading and unloading from ground level.

Floor:

Must support at least 50,000 lb lift truck, front axle load, or a wheel load of 25,000 lbs. Floor to be steel with anti-skid coating applied. Floors must be smooth, without laps, to allow racks to slide across doorway and lengthwise in car.

Cushioning:

End of car type, or sliding sill type may be used. Cushioning must be capable of reducing forces to lading to a maximum of 2-g's at 11 M.P.H. Due to loading procedures, length over pulling face of couplers to be 68'-1½" normal.

Dock Plate Retainer:

Dock Plate Safety Rails must be provided, per Ford Motor Drawing XMH-602.

EXHIBIT B TO
HULK PURCHASE AGREEMENT

AWARD OF ORDER



Grand Trunk Western Railroad Co
131 West Lofayette Blvd
Detroit, Michigan 48226

October 5, 1985

File: C-85-1

Mr. Mark D. Lurkins
Sales Manager
St. Louis Refrigerator Car
Company
2850 South Broadway
St. Louis, MO. 63118-1810

Dear Mr. Lurkins:

You are hereby awarded our order for (23) Ford Engine High Roof cars as requested in our invitation to bid dated July 22, 1985.

The (23) Ford Engine cars are to be equipped for Ford Engine Service as outlined in GTW invitation to bid as noted above.

The (23) cars which St. Louis Refrigerator Car Company will supply to GTW under this award are to be from the present KCS 120000 car series. These cars will meet standard AAR Rule 88 Rebuilt requirements and in addition they must meet the following specifications prior to delivery to the GTW:

- (A) Air brake hose will be renewed if hose is over 7 years old or date is obliterated.
- (B) Wheels will be renewed if flange is 1" thick or less, rim is 15/16" thick or less, flange height is 1-3/8" or more. Wheels with other defects, i.e. slid flat, shelled or spalled thread, etc., that are close to AAR condemning limits will be changed by mutual agreement between the GTW inspector and plant manager.
- (C) Draft keys will be renewed when worn at any point 1/4" or more.
- (D) Hand brakes' bushings and collars must be in proper tolerance to restrict verticle and horizontal movement of shaft. Change out, if worn.
- (E) Brake levers with holes worn 10% or more of the original section will be changed out.
- (F) Cushion units must be checked according to the hydracushion instruction pamphlet and shimmed or changed out accordingly. No Exceptions.

- (G) Couplers with shanks worn 1/4" deep or more in the bottom wall will be changed out.
- (H) Knuckles will be renewed when gauge number 44057, when used as illustrated on Page 88 of the AAR Field Manual, can pass vertically over 1/4" or more of the nose length.
- (I) Coupler carrier wear plates will be required or replaced in accordance with the AAR Field Manual.
- (J) All air brakes will receive a full COT&S unless otherwise allowed by the GTW inspector.
- (K) All cars will be equipped with pedestal frame keys.

It will not be necessary to sandblast the interiors of the cars. If GTW desires to have the interior walls of the Ford Engine cars painted the base price of the Engine cars will be increased by \$429.00 per car.

All skid plates, where required, will be 6" wide and 3/16" thick. All rack retainer plates, where required, will be 1-1/2" wide and 3/4" thick.

All cars to have constant contact side bearings in new condition at time of delivery.

If GTW chooses not to have C.O.T.S. work performed on any car the base price will be reduced by \$500.00.

All modification material for installation of plug doors on these cars to be supplied as kits by Youngstown Steel Door per their drawings number 8562434, 8562435, 8562436 and 8562437. The proposed methods of modification are detailed on the drawings.

GTW retains the right to have one, some or all cars delivered to GTW at plant site for a deduct of \$250.00 per car.

All work to be performed, plans and material to be used in the rebuilding of the present cars, must meet the approval of the GTW Chief Mechanical Officer and GTW retains the right to have inspector(s) in the plant during all phases of the rebuilding.

Base price to supply (23) Ford Engine cars F.O.B. - GTW Lines is \$34,563.00 per car.

Every effort should be made to have as many of these cars completed prior to January 1, 1986. You should supply GTW Chief Mechanical Officer with a sample car date and detail delivery schedule the week of October 21, 1985. You will advise him as soon as possible of any changes in the schedule.

St. Louis Refrigerator Car Company will supply a complete set of reproducible drawings to GTW's Chief Mechanical Officer on completion of this order.

Mr. Mark D. Lurkins
St. Louis Refrigerator Car Company
Page 3

The railroad plans to develop financing for the above purchase. Each car may have to be stencilled in 1" high letters that read as follows:

"OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE
INTERSTATE COMMERCE COMMISSION".

Precise location of the above phrase may be obtained from the Chief Mechanical Officer at a later date.

The details concerning the payment for these cars and any interest your company may have in participating in the financial plan should be directed to Mr. J. E. Shepherd, Treasurer and Director of Finance at:
(313) 237-4255.

All terms outlined in my invitation to bid dated July 22, 1985, apply with your acceptance of this order, except as otherwise covered in this letter, and your terms, conditions and warranty as noted in your letter of August 16, 1985.

Sincerely,



M. E. Paisley, Director
Purchases and Materials

MEP/mec

CERTIFICATE OF HULK ACCEPTANCE

TO: Boatmen's First National Bank of Kansas City;
Grand Trunk Western Railroad Company;
and the Seller named below.

RE: Hulk Purchase Agreement and Purchase Order Assignment dated as of
November 1, 1985 ("Hulk Purchase Agreement") among Boatmen's First
National Bank of Kansas City ("FNB"), Grand Trunk Western Railroad
Company ("GTW") and the Seller named below ("Seller").

Ladies and Gentlemen:

I have been appointed as the duly authorized representative for the
purpose of accepting the Hulks (as defined in the Hulk Purchase Agreement)
under the Hulk Purchase Agreement.

I do hereby certify that in respect of the Hulks described below:

1. Each Hulk has been inspected and is in good order.
2. Based on my determination that each Hulk is in compliance with all
applicable specifications, each Hulk is hereby accepted for the
purposes of reconstruction under the Purchase Order (as defined in
the Hulk Purchase Agreement).

Seller: St. Louis Refrigerator Car Company

Type of Equipment:

Date of Acceptance:

Number of Items:

Bearing Road Numbers:

The execution of this Certificate of Acceptance will in no way relieve or
decrease the responsibility of the Seller for any warranties it has made with
respect to the Hulks.

Authorized Representative
of FNB and GTW

BILL OF SALE

St. Louis Refrigerator Car Company (SLRC), in consideration of the obligation of Boatmen's First National Bank of Kansas City (Buyer) to pay the Hulk Purchase Price as defined in the Hulk Purchase Agreement and Purchase Order Assignment dated as of November 1, 1985 among Grand Trunk Western Railroad Company, SLRC and Buyer, (hereinafter the Hulk Purchase Agreement) at the time provided in the Hulk Purchase Agreement, does hereby grant, bargain, sell, assign, transfer and set over to the Buyer, its successors and assigns title to the following described Hulks (as defined in the Hulk Purchase Agreement):

<u>Quantity</u>	<u>Mechanical Description</u>	<u>Road Numbers</u>
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SLRC warrants to the Buyer and its successors and assigns that on the date hereof title to the Hulk was free of all claims, liens, security interests and other encumbrances.

In witness whereof, SLRC has caused this instrument to be signed by a duly authorized officer on _____, 1985.

ST. LOUIS REFRIGERATOR CAR COMPANY

By _____

Its _____

EXHIBIT E TO
HULK PURCHASE AGREEMENT

RECEIPT

Reference is made to (i) the Hulk Purchase Agreement and Purchase Order Assignment ("HPA") dated as of November 1, 1985 among the undersigned ("Builder"), Boatmen's First National Bank of Kansas City ("Lessor") and Grand Trunk Western Railroad Company ("Lessee"), (ii) the Purchase Order, as defined in the HPA and (iii) items (2), (3), (4) and (6) of Section 4(c) of the HPA. Such documents are hereinafter sometimes collectively referred to as the "Builder's Documents". Capitalized or quoted terms used herein and not defined shall have the respective meanings set forth in the HPA.

St. Louis Refrigerator Car Company (the "Builder") hereby acknowledges that on the date hereof and with respect to improvements ("Improvements") made to the following Items of Equipment:

Reconstructed Auto Parts

Cars Bearing Road Numbers:

Builder's Invoice Numbers:

Dated:

payment in full of the Invoiced Cost (\$_____) has been received and no further monies are due and owing to the Builder with respect to these Items of Equipment.

The Builder hereby further represents, warrants, covenants and agrees as follows:

1. All representations and warranties of the Builder in the Builder's Documents are true on and as the date hereof.
2. Any lien on the Items of Equipment described herein above provided by law or contract in favor of the Builder has been discharged, and ownership of the Improvements shall without further documentation or act of the Lessee or the Lessor, vest in the owner of such Items of Equipment, free of any lien arising in favor of any person claiming by, through or under the Builder.

ST. LOUIS REFRIGERATOR CAR COMPANY

By _____

Its _____

Date _____