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14740 Filed & Recorded

JUL 12 1985 10-15 AM

INTERSTATE COMMERCE COMMISSION

July 5, 1985

REPLY TO: St. Paul

5-193A057

Mr. James Bayne
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

No. JUL 12 1985
Date
Fee \$ 10.00

CERTIFIED

ICC Washington, D. C.

"DOCUMENTS FOR RECORDATION"
Typed on Envelope

Re: Rail Car Lease Agreement
between Citicorp Leasing,
Inc. and the Escanaba &
Lake Superior Railroad
Company
ICC Recordation No. 5430-E

Dear Mr. Bayne:

I have enclosed an original and one copy of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code. This document is a lease, a primary document, dated as of May 31, 1985.

Since these cars were previously leased to a different railroad, we request that this assignment be cross indexed with ICC Recordation No. 5430-E.

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

Lessor: Citicorp Leasing, Inc.
450 Mamaroneck Avenue
Harrison, New York 10528

100 OFFICE OF THE SECRETARY
JUL 12 10 11 AM '85
MOTOR OPERATING UNIT

Emery

Mr. James Bayne
July 5, 1985
Page 2

Lessee: Escanaba & Lake Superior Railroad
Company
Wells, Michigan 49894

A description of the equipment covered by the document follows:

A.A.R. Mech. Desig.	Description	Road Numbers	Length	Dimensions Inside Width	Height	Number of Cars
GBS	65', 70 ton gondolas	364327 364355 364316 364336 364310 364313 364319 364375 364341 364394 364346 364363 364324 364391 364377 364323 364393 364358 364376 364328	65'1"	9'3"	5'6"	20

A fee of \$10.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to:

Terrance M. Cullen
Felhaber, Larson, Fenlon & Vogt, P.A.
900 Conwed Tower - 444 Cedar Street
St. Paul, MN 55101

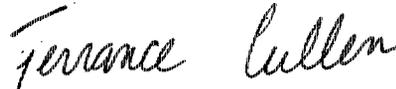
A short summary of the document to appear in the index follows:

Lease between Citicorp Leasing, Inc., 450 Mamaroneck Avenue, Harrison, NY 10528, as Lessor and the Escanaba

Mr. James Bayne
July 5, 1985
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& Lake Superior Railroad Company, Wells, Michigan 49894, as Lessee, dated as of May 31, 1985 and covering twenty 65'6", 70 ton fixed end gondola railcars.

Very truly yours,



Terrance M. Cullen

TMC/kde

c. Mr. Alfred C. Jones
Assistant Vice President
Citicorp Leasing, Inc.
450 Mamaroneck Avenue
Harrison, NY 10528

JUL 12 1985 10-15 AM

RAILCAR LEASE AGREEMENT

INTERSTATE COMMERCE COMMISSION

THIS LEASE made and entered into as of this 3/17 day of May, 1985, by and between Citicorp Leasing, Inc., a Delaware corporation, hereinafter called "Lessor", and The Escanaba and Lake Superior Railroad Company, a Michigan corporation, hereinafter called "Lessee".

LESSOR AND LESSEE HEREBY AGREE AS FOLLOWS:

1. Lease: Lessee agrees to lease from Lessor the railcars in Exhibit A, together with all replacement parts, additions, repairs and accessories incorporated therein and/or affixed thereto (the "Railcars"). All Railcars presently bear Baltimore and Ohio reporting marks. The Lessor will stencil the Lessee's marks on the units so long as Lessee agrees to remove same at Lease expiration.

2. Rent: The Lease and Rent shall commence with respect to each Railcar from the average date of delivery of all Railcars to Lessee and shall continue for a period of twelve (12) months. Lessor shall advise Lessee in writing of the average date of delivery of all of the Railcars. The monthly rental shall be \$250.00 per month per Railcar, payable monthly in arrears and payable the first day of each calendar month. Upon execution of this Lease, Lessee agrees to pay in advance the sum of \$10,000, representing the first and last month's rent for all the Railcars. Lessee must inspect the Railcars prior to shipment to Lessee. Lessee shall have the right to reject the Railcars prior to shipment. Should Lessee reject the Railcar(s), Lessor may cause the Railcars to be repaired to a condition acceptable to Lessee.

Lessee will cause each Railcar to be kept numbered with the identifying number set forth in Exhibit A hereto and will keep and maintain, plainly and conspicuously marked on each side of Railcar in letters not less than 1" Citicorp Leasing, Inc., Owner or other appropriate words designated by the Lessor, with appropriate changes and additions thereto as may from time to time be required to protect the title of Lessor and the rights of Lessor under this Lease.

This Lease is a net lease and the Lessee's obligations to pay rent shall be absolute and unconditional. Lessee shall not be entitled to any abatement of rent, reduction thereof or set-off, counterclaim, recoupment or defense against rent or any other amount payable hereunder for any reason whatsoever, including, but not limited to, abatements, reductions, set-offs, counterclaims, recoupments or claims of Lessee against Lessor or any other person for any reason whatsoever, except as otherwise expressly provided herein; nor shall this Agreement terminate or the obligations of Lessee or Lessor be otherwise affected by reason of any defect in the condition, design, operation or fitness for use of any Railcar or damage to or loss of possession or use or destruction of all or any of such Railcars from whatever cause and of whatever duration, any liens, encumbrances or rights of others with respect to any Railcar, the prohibition of or other restriction against the Lessee's use of all or any of the Railcars, the interference with such use by any other person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency, bankruptcy, reorganization or similar proceedings against Lessee or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary

notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease, except as otherwise expressly provided herein. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the Lease of any of the Railcars except in accordance with the express terms thereof. Lessee will settle all claims, defenses, set-offs and counterclaims it may have of any nature against the Railcar manufacturer, including but not limited to defects in the Railcars and like claims, directly with the Railcar manufacturer and not set up any such claim, defense, set-off or counterclaim against Lessor or its assigns. Lessee acknowledges that: Lessor is in no way connected to the Railcar manufacturer; Lessor has no knowledge or information as to the condition or suitability for Lessee's purpose of the Railcars; and Lessor's decision to enter into this Lease is made in reliance on Lessee's undertakings herein, including Lessee's express agreement not to assert against Lessor any claims, defenses, set-offs or counterclaims it may now or hereafter have against the manufacturer.

3. Warranties and Representations: LESSOR MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND RESPECTING THE RAILCARS, WHETHER STATUTORY, WRITTEN, ORAL OR IMPLIED, AND LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE, NOR SHALL IT BE DEEMED BY VIRTUE OF HAVING LEASED THE RAILCARS, PURSUANT TO THIS AGREEMENT TO HAVE MADE ANY REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE RAILCARS, OR ANY OTHER REPRESENTATIONS OR WARRANTIES WHATSOEVER WITH RESPECT TO THE RAILCARS, ALL OF WHICH ARE EXPRESSLY DISCLAIMED AND LESSOR SHALL NOT BE LIABLE, IN CONTRACT, TORT OR OTHERWISE, ON ACCOUNT OF ANY DEFECT, WHETHER HIDDEN, LATENT OR OTHERWISE DISCOVERABLE OR NONDISCOVERABLE RESPECTING ANY RAILCARS. Lessee's acceptance of delivery of the Railcars shall be conclusive evidence as between Lessor and Lessee that all Railcars described in Exhibit A are satisfactory to the Lessee and Lessee accordingly agrees not to assert any claim whatsoever against Lessor based thereon. Lessee further agrees, regardless of cause, not to assert any claim whatsoever against Lessor for loss of anticipatory profits or consequential damages. Notwithstanding anything to the contrary, Lessor represents and warrants that it holds legal title to the Railcars.

4. Place of Payment of Rent: Lessee shall direct payment of the monthly rent to the following address:

Citicorp Leasing, Inc.
450 Mamaroneck Avenue
Harrison, New York 10528
Attention: Mr. Tom Dwyer

5. Recordkeeping; Inspection: Lessee agrees to keep and maintain and make available to Lessor such record of Lessee's use, operation, inspection, repairs and maintenance of each Railcar while in its possession as shall be reasonably required by Lessor. Lessor, by such agent or agents as it may

designate, shall have the right at all reasonable times to go upon the property of Lessee to inspect any Railcar while in the possession of Lessee.

6. Loss or Destruction: In the event that any Railcar during the term hereof shall become lost; stolen; destroyed; irreparably damaged; permanently rendered unfit for use; or, worn out or damaged beyond the economic limit of repair, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States Government for a period which shall exceed the then remaining term hereof, or by any other government or governmental entity resulting in the loss of possession by the Lessee for a period of 60 consecutive days (such occurrences being hereinafter called "Casualty Occurrences"), Lessee shall notify Lessor of such Casualty Occurrence. On the payment date next following the date of such Casualty occurrence, Lessee shall pay to Lessor an amount equal to the accrued rental for such Railcar to the date of such payment plus a sum equal to the Casualty Value as per AAR Rule 107 of such Railcar, determined as of such payment date, together with any unpaid amount due on or prior to such date, whereupon Lessee's obligation to pay further amounts for such Railcar shall cease, but Lessee's obligation to pay for all other Railcars shall remain unchanged. In the event any Railcar is worn out, destroyed or irreparably damaged, the Lessee shall also pay to Lessor the salvage value of such Railcar which will be based upon its net scrap value, computed at the current quoted price per gross ton of number railroad heavy melting steel scrap.

7. Insurance: (a) Subject to the limitation set forth in Section 6, all risk of loss of, damage to or destruction of the Railcars shall at all times be on Lessee except for loss, damage or destruction resulting from a negligent act or omission of Lessor, its officers, employees, agents, representatives, assignees, and/or successors.

(b) Buyer shall provide (i) insurance against loss, theft, and destruction or damage of the Equipment, and (ii) comprehensive public liability insurance against claims for personal injuries, death and property damage in such amounts, in such form and with such insurers as shall be satisfactory to Lessor, but in no event less comprehensive in amounts and against risk customarily insured against by Lessee in respect of similar equipment owned or leased by it. Lessee shall pay applicable premiums for insurance. Lessee shall have the right to insure the Railcars for its own account, for the amount by which its fair market value exceeds the coverage required hereunder.

(c) All insurance policies required hereunder shall (i) be issued by insurance carriers of recognized responsibility, (ii) cover the interests of Lessee and Lessor and protect Lessee and Lessor in respect of risks arising out of the condition, maintenance, use, ownership and operation of the Railcars, (iii) provide that the insurance carrier give at least 30 days' prior notice in the event of cancellation or material alteration in coverage, (iv) provide, as to such physical damage insurance, that the losses, if any, shall be payable to the Lessor under a standard long form loss payable clause, (v) provide that in respect of the interest of the Lessor in such policies, the insurance shall not be invalidated by an action or inaction of Lessee and shall insure Lessor's interest as it appears regardless of any breach or violation by Lessee of any warranty, declaration or condition contained in

such policies, and shall include coverage against liability which Lessor might incur by reason of the operation of the Railcars, and (vi) not required co-insurance.

(d) The proceeds of any physical damage insurance received by Lessor shall be paid to Lessee: (i) in the case of a Casualty Occurrence with respect to any Railcar upon payment by Lessee of the Casualty Value of such Railcar, or (ii) upon the loss, damage or destruction of any Railcar which does not constitute a Casualty Occurrence, upon the receipt from Lessee of a certificate to the effect that such Railcar has been repaired, restored or replaced, as the case may be (which certificate shall be accompanied by satisfactory evidence of such repair, restoration or replacement), provided that so long as any default by Lessee or event of default shall be continuing hereunder, Lessor shall be entitled to apply such proceeds against Lessee's obligations hereunder or under any other obligation of Lessee to Lessor. Lessee shall furnish Lessor with certificates or other evidence of compliance with this Section 7 as may reasonably be requested.

8. Indemnity: Lessee agrees that Lessor shall not be liable to Lessee for, and Lessee shall indemnify and save Lessor harmless from and against any and all liability (including but not limited to counsel fees and expenses, or any other payments in connection therewith, penalties and interest), cost, charge, loss, damage, expense, causes of action, suits, claims or judgments which the Lessor may incur in any manner by reason of entering into or the performance of this Lease, or which may arise in any manner out of or as a result of the acquisition, use, operation, condition, purchase, delivery, storage or return of any Railcar under this Lease, including but not limited to: (a) Lessee's failure to promptly perform any of its obligations under the provisions of Sections 2, 6, 7, and 15 of this Lease, or (b) injury to person or property resulting from or based upon the actual or alleged use, operation, possession, storage, delivery or transportation of any or all of the Railcars or its location or condition, or (c) inadequacy of the Railcars, or any part thereof, 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 failure to provide any thereof or any interruption or loss of service or use thereof or any loss of business; and shall, at its own cost and expense, defend any and all suits which may be brought against Lessor, either alone or in conjunction with others upon any such liability or claim or claims and shall satisfy, pay and discharge any and all judgments and fines that may be recovered against Lessor in any such action or actions, provided, however, that Lessor shall give Lessee written notice of any such claim or demand. This indemnity shall survive payment of all other obligations under this Lease or the expiration or termination of this Lease.

9. Compliance with Law; Repair and Maintenance: Lessee, for the benefit of Lessor, shall comply with FRA and all other applicable governmental laws, regulations and requirements and other binding regulations with respect to use, maintenance and operation of the Railcars during the Lease period.

The Lessee shall use the Railcars only in the manner for which designed and intended and so as to subject them only to ordinary wear and tear. Lessee shall, at its own cost and expense, maintain and keep the Railcars in good order, condition and repair, ordinary wear and tear

excepted. Any parts installed or replacements made by Lessee upon the Railcars shall be considered accessions to the Railcars and title thereto shall be immediately vested in Lessor, without cost or expense to Lessor free of any lien, security interest, charge or encumbrance.

10. Assignment: Lessee shall not assign or sublet its interest, or any part thereof, under this Lease, or permit the use or operation of any Railcar subject to this Lease by any other person, firm or corporation, other than wholly-owned subsidiaries, without the prior written consent of Lessor. Lessor may at any time assign all the rents due or to become due, and/or the leased property without notice to Lessee and in such event Lessor's transferee as assignee shall have all the rights, powers, privileges and remedies of the Lessor hereunder. Lessee shall have no obligation to pay any assignee, and shall continue to pay Lessor, until such time as notice is given of such assignment in accordance with Section 11.

11. Notice: Unless otherwise specifically provided, any notices to be given under this Lease or any other communications between the parties shall be given by certified mail, postage prepaid, in the following manner:

(a) Notices from Lessor to Lessee shall be sent to:

The Escanaba and Lake Superior Railroad Company
Wells, Michigan 49894
Attention: Mr. John Larkin

or to such other address as Lessee may from time to time indicate by written notice to Lessor.

(b) Notices from Lessee to Lessor shall be sent to:

Citicorp Leasing, Inc.
450 Mamaroneck Avenue
Harrison, New York 10528
Attention: Mr. Tom Dwyer

or to such other address as Lessor may from time to time indicate by written notice to Lessee.

12. Quiet Enjoyment: So long as Lessee makes its aforesaid rental payments and otherwise complies with the terms and provisions hereof, Lessee shall be entitled to the use and possession of the Railcars according to the terms hereof without interference by the Lessor or by any party lawfully claiming by or through the Lessor.

13. Authority: The undersigned signatories herewith represent and warrant that they are fully authorized to execute this Lease and bind the respective parties to the terms and provisions hereof.

14. Late Charges: Rent shall be deemed delinquent when not received within three (3) business days when such rent is due. Delinquent installments of rent shall bear interest at the rate of 1-1/2% per month if not prohibited by law, otherwise at the highest lawful contract rate.

15. ICC Recording: Lessee at its own expense will promptly cause this Lease to be duly filed, registered or recorded in conformity with Section 11303 of the Interstate Commerce Act or other places within or without the United States as Lessor may reasonably request for the protection of its title and will furnish Lessor proof thereof. Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, re-register, or re-record whenever required) any and all further instruments required by law or reasonably requested by Lessor, for the purpose of protecting Lessor's title to the Railcars to the satisfaction of Lessor's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to Lessor proof of such filing.

16. Taxes: Lessee shall report, pay and discharge when due all license and registration fees, assessments, sales, but only as it relates to a sale to Lessee, use and property taxes, gross receipts taxes arising out of receipts or any other taxes which may be imposed on any Railcar or for the use or operation of Railcars or upon the earnings therefrom including without limitation amounts payable under Sections 2, 6 and 10, hereof and any other taxes hereafter levied or imposed upon or in connection with this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof, (excluding any tax measured by Lessor's net income), together with any penalties or interest thereon, imposed by any state, federal or local government upon the Railcars and whether or not the same shall be assessed against or in the name of Lessor or Lessee. If any impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of invoice therefor. Lessee shall keep at all times all and every part of any Railcar free and clear of all impositions which might in any way affect the title of the Lessor or result in a lien upon any such Railcar.

17. Performance Obligations of Lessee by Lessor: In the event that the Lessee shall fail duly and promptly to perform any of its obligations under the provisions of this Lease, the Lessor may, at its option, perform the same for the account of Lessee without thereby waiving such default, and any amount paid or expense (including reasonable attorneys' fees), penalty or other liability incurred by the Lessor in such performance, together with interest at the rate of 1-1/2% per month thereon until paid by the Lessee to the Lessor, shall be payable by the Lessee upon demand as additional rent hereunder.

18. Further Assurance: Lessee shall execute and deliver to Lessor, upon Lessor's request such instruments and assurances as Lessor deems necessary or advisable for the confirmation or perfection of this Lease and Lessor's right hereunder.

19. Lessee's Covenants: Lessee will: (a) defend at Lessee's own cost any action, proceeding or claim affecting the Railcars; (b) do everything necessary or expedient to preserve or perfect the Lessor's interest in the Railcars; (c) not misuse, fail to keep in good repair (ordinary wear and tear excepted), secrete, or without the prior written consent of Lessor, and notwithstanding Lessor's claim to proceeds, sell, rent, lend, incumber or transfer any of the Railcars, except as provided in Subsection (e) of this

Section; (d) agree that Lessor may enter upon Lessee's premises or wherever the Railcars may be located at any reasonable time and upon reasonable notice to inspect the Railcars; (e) notwithstanding any provision to the contrary and so long as Lessee shall not be in default under this Lease, Lessee may, without the consent of Lessor, lease or permit the use of the Railcars or Railcar (such lease or use to be subject to the rights and remedies of the Lessor hereunder) to or by a lessee or user incorporated in the United States of America (or any state thereof or the District of Columbia), upon lines of railroad owned or operated by the Lessee or such lessee or user or by a railroad company or companies have trackage rights or railroad of connecting and other carriers in the usual interchange of traffic or in through or non-through service, but only upon and subject to all the terms and conditions hereof; provided, however, that the Lessor's consent, not to be unreasonably withheld, must be obtained for any lease; provided, further, however, that the Lessee shall not lease or permit the sublease or use of any Railcar for service involving operation or maintenance outside the United States of America except that occasional service in Canada shall be permitted so long as such service in Canada is de minimis and does not involve regular operation and maintenance outside the United States.

20. Default: An event of default shall occur if: (a) Lessee fails to pay when due any installment of rent and such failure continues for a period of 10 days; (b) Lessee shall fail to perform or observe any covenant, condition or agreement to be performed or observed by it hereunder and such failure continues uncured for 15 days after written notice thereof to Lessee by Lessor; (c) Lessee ceases doing business as a going concern, makes an assignment for the benefit of creditors, admits in writing its inability to pay its debts as they become due, files a voluntary petition in bankruptcy, is adjudicated a bankrupt or an insolvent, files a petition seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar arrangement under any present or future statute, law or regulation or files an answer admitting the material allegations of a petition filed against it in any such proceeding, consents to or acquiesces in the appointment of a trustee, receiver, or liquidator of it or of all or any substantial part of its assets or properties, or if it or its shareholders shall take any action looking to its dissolution or liquidation; (d) within 60 days after the commencement of any proceedings against Lessee seeking reorganization, arrangement, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceedings shall not have been dismissed, or if within 60 days after the appointment without Lessee's consent or acquiescence of any trustee, receiver or liquidator of it or of all or any substantial part of its assets or properties, such appointment shall not be vacated; or (e) Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of possession of the Railcars, or any thereof attempts to remove, sell, transfer, encumber, part with possession.

Upon the occurrence of an event of default, Lessor, at its option, may: (a) declare all sums due and to become due hereunder immediately due and payable; (b) proceed by appropriate court action or actions or other proceedings either at law or equity to enforce performance by the Lessee of any and all covenants of this Lease and to recover damages for the breach thereof; (c) demand that Lessee deliver the Railcars forthwith to Lessor at

Lessee's expense at such place as Lessor may designate; and (d) Lessor and/or its agents may, without notice or liability or legal process, enter into any premises of or under control or jurisdiction of Lessee or any agent of Lessee where the Railcars may be or by Lessor is believed to be, and repossess all or any item thereof, disconnecting and separating all thereof from any other property and using all force necessary or permitted by applicable law so to do, Lessee hereby expressly waiving all further rights to possession of the Railcars and all claims for injuries suffered through or loss caused by such repossession; but the Lessor shall, nevertheless, be entitled to recover immediately as liquidated damages for loss of the bargain and not as a penalty any unpaid rent that accrued on or before the occurrence of the event of default plus an amount equal to the difference between the aggregate rent reserved hereunder for the unexpired term of this lease and the then aggregate rental value of all equipment for such unexpired term, provided, however, that if any statute governing the proceeding in which such damages are to be proved specifies the amount of such claim, Lessor shall be entitled to prove as and for damages for the breach an amount equal to that allowed under such statute. The provisions of this paragraph shall be without prejudice to any rights given to the Lessor by such statute to prove for any amounts allowed thereby. Should any proceedings be instituted by or against Lessor for monies due to Lessor hereunder and/or for possession of any or all of the equipment or for any other relief, Lessee shall pay a reasonable sum as attorneys' fees.

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

21. Return of Railcars upon Expiration of Term: As soon as practicable on or after the expiration of the term of this Lease, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of any Railcars to the Lessor upon such storage tracks of the Lessee as the Lessee may designate and permit the Lessor to store such Railcars on such tracks for a period not exceeding three months and transport the same, at any time within such three-month period, to any reasonable place on the lines of railroad operated by the Lessee as directed by the Lessor; the movement and storage of the Railcars to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any Railcars, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Railcars as hereinabove provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Railcars. Upon the return of any Railcar, the Lessee agrees that there will be removed from such Railcar any name or other identification of the Lessee thereon and that

such Railcar will be in the same condition as when delivered to the Lessee hereunder, ordinary wear and tear excepted, and free and clear of all liens, encumbrances or rights of others whatsoever except liens or encumbrances resulting from claims against the Lessor resulting from acts of the Lessor.

22. Opinion of Counsel: On the Closing Date, the Lessee will deliver to the Lessor two counterparts of the written opinion of counsel for the Lessee, addressed to the Lessor in scope and substance satisfactory to the Lessor, and their counsel, to the effect that:

A. the Lessee is a corporation legally incorporated, validly existing and in good standing, under the laws of the State of Michigan with adequate corporate power to enter into this Lease;

B. this Lease has been duly authorized, executed and delivered by the Lessee and constitutes a valid, legal and binding agreement of the Lessee, enforceable in accordance with its terms;

C. this Lease has been duly filed and recorded with the Interstate Commerce Commission pursuant to Section 11303 of the Interstate Commerce Act, and will protect the Lessor's interest in and to the Railcars and no filing, recording or deposit (or giving of notice) with any other federal, state or local government is necessary in order to protect the interest of the Lessor in and to the Railcars;

D. no approval is required from any public regulatory body with respect to the entering into or performance of this Lease;

E. the entering into and performance of this Lease will not result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Lessee is a party or by which it may be bound;

F. no mortgage, deed of trust, or other lien of any nature whatsoever which now covers or affects, or which may hereafter cover or affect, any property or interest therein of the Lessee, now attaches or hereafter will attach to the Railcars or in any manner affects or will affect adversely the Lessor's right, title and interest therein; provided, however, that such liens may attach to the rights of the Lessee hereunder in and to the Railcars if they do not adversely affect the Lessor's rights hereunder or its right, title and interest in the Railcars.

23. Law Governing: The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by Section 11303 of the Interstate Commerce Act, such additional rights arising out of the filing, recording or depositing hereof and of any assignment hereof or out of the marking on the Railcars as shall be conferred by the laws of the several jurisdictions in which this Lease or any assignment hereof shall be filed, recorded or deposited and any arising out of the marking of the Railcars.

24. Choice of Law: This Lease shall be governed in all respects by the law of the State of New York.

25. Severability; Effect and Modification of Lease. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, 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.

This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the Railcars and supersedes all other agreements, oral or written, with respect to the Railcars. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and the Lessee.

26. Purchase Option: The Lessee may, by written notice delivered to the Lessor not less than one nor more than three months prior to the date on which the final monthly payment of rent is due hereunder for any Railcar, elect, unless an Event of Default as defined in this Agreement shall have occurred and be continuing, to purchase on such date, any or all of the Railcars leased hereunder for a purchase price of \$5,700.00 per Railcar, together with any and all sales and other taxes applicable to the transfer of such Railcars. Such election shall be made by delivering written notice thereof to the Lessor accompanied by payment in full of the purchase price for all such Railcars purchased. Upon receipt thereof and satisfaction of all the obligations of the Lessee hereunder, the Lessor shall promptly deliver to Lessee a Bill of Sale (without recourse, representation or warranty except as to Lessor's own acts) covering each Railcar "as is" and "where is", substantially in the form of Exhibit B hereto.

27. Miscellaneous: All transportation charges from the City of Chicago, Illinois to the point of interchange to Lessee's Railroad shall be borne by Lessee. If any part hereof is contrary to, prohibited by or deemed invalid under applicable laws or regulations of any jurisdiction, such provision shall be inapplicable and deemed omitted but shall not invalidate the remaining provisions hereof. Lessee waives all rights under all exemption laws. Lessee admits the receipt of a true copy of this Railcar Lease Agreement. This Lease is irrevocable for the full term hereof and for the aggregate rental herein reserved, and the rent shall not abate by reason of termination of Lessee's right of possession and/or the taking of possession by Lessor or for any other reason.

CITICORP LEASING, INC.

By: Thomas J. Boyer, Jr.

Title: Vice President

THE ESCANABA AND LAKE SUPERIOR
RAILROAD COMPANY

By: John L. ...

Title: President

STATE OF *Michigan*)
):
COUNTY OF *Delta*)

I, *Joann Cabre*, a Notary Public in and for the State and County aforesaid, do hereby certify that *John Larkin*, *President* and *of Escanaba & Lake Superior RR.* a *Michigan* corporation, whose names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such *John Larkin* and respectively, they signed, sealed and delivered the aforesaid instrument and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority of its Board of Directors, as their free and voluntary act and as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

Given under my hand and notarial seal this 31 day of May, 1985.

Joann Cabre

Notary Public

My commission expires JOANN M. CABRE, NOTARY PUBLIC
DELTA COUNTY, MICHIGAN
MY COMMISSION EXPIRES 09/09/1988

EXHIBIT A

The Escanaba and Lake Superior Railroad Company hereby leases the following railcars pursuant to that certain Lease Agreement dated as of May 31, 1985.

<u>A.A.R.</u> <u>Mech.</u> <u>Desig.</u>	<u>Description</u>	<u>Road</u> <u>Numbers</u>	<u>Length</u>	<u>Dimensions</u> <u>Inside</u> <u>Width</u>	<u>Height</u>	<u>Number</u> <u>of</u> <u>Cars</u>
GBS	65', 70 ton gondolas	364327 364355 364316 364336 364310 364313 364319 364375 364341 364394 364346 364363 364324 364391 364377 364323 364393 364358 364376 364328	65'1"	9'3"	5'6"	20

CITICORP LEASING, INC.

By Thomas J. Berger
Title Vice President
Date 6/17/85

THE ESCANABA AND LAKE SUPERIOR
RAILROAD COMPANY

By J. L. [Signature]
Title President
Date 5-31-85

BILL OF SALE FOR RAILROAD RAILCARS

KNOW ALL MEN BY THESE PRESENTS that:

Citicorp Leasing, Inc., a Delaware corporation ("Seller"), in consideration of Ten Dollars and other good and valuable consideration, receipt of which is hereby acknowledged, does hereby grant, bargain, sell, convey and assign to The Escanaba and Lake Superior Railroad Company, a Michigan corporation ("Buyer"), its successors and assigns, the railroad Railcars ("Railcars") specified in Schedule 1 at the purchase price specified therein.

TO HAVE AND TO HOLD the Railcars unto the Buyer, its successors and assigns, for its and their own use forever.

The Seller hereby warrants that at the time of delivery of such Railcars under a Lease Agreement dated as of May , 1985 between it and Buyer, it had legal title thereto; that it has the lawful right to convey such title and to sell the Railcars to the Buyer; that its title to the Railcars is free and clear of all mortgages, leases, claims, security interests, pledges, liens, charges and encumbrances whatsoever resulting from any acts of the Seller; and that the Seller shall defend such title against the claims of any person, firm or corporation.

EACH RAILCAR IS BEING SOLD HEREUNDER "AS IS" AND "WHERE IS," IRRESPECTIVE OF WHERE SUCH RAILCAR IS LOCATED; AND EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THE PREVIOUS PARAGRAPH

HEREIN, THIS BILL OF SALE IS MADE AND DELIVERED WITHOUT ANY REPRESENTATION, GUARANTEE OR WARRANTY, EXPRESSED OR IMPLIED, STATUTORY OR OTHERWISE, WITH REGARD TO THE RAILCARS INCLUDING, BUT NOT LIMITED TO, THE CONDITION OF THE RAILCARS, AND WITHOUT ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS, ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE. THIS BILL OF SALE IS MADE AND DELIVERED WITHOUT (1) ANY DUTY, OBLIGATION OR LIABILITY ON THE SELLER WITH RESPECT TO PREPARING THE RAILCARS FOR DELIVERY, EFFECTING DELIVERY OR ANY COSTS ASSOCIATED THEREWITH, (2) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY IN TORT, WHETHER OR NOT ARISING FROM THE NEGLIGENCE OF THE SELLER OR FROM ANY DOCTRINE OF STRICT LIABILITY, ACTUAL OR IMPUTED, AND (3) WITHOUT ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY FOR LOSS OF OR DAMAGE TO ANY RAILCAR, FOR LOSS OF USE, REVENUE OR PROFIT WITH RESPECT TO ANY RAILCAR, FOR ANY LIABILITY TO ANY THIRD PARTY, OR FOR ANY OTHER DIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES.

IN WITNESS WHEREOF, the Seller has caused this instrument to be executed and its seal affixed thereto for the purpose hereinabove shown by its duly authorized officer this ___ day of _____, 198__.

ATTEST:

CITICORP LEASING, INC.

By _____
Title

By _____
Title

SCHEDULE 1 TO BILL OF SALE

<u>Type</u>	<u>Manufacturer's Specifications</u>	<u>Manufacturer's Plant</u>	<u>Quantity</u>	<u>Lessee's Road Numbers</u>	<u>Purchase Price Per Car</u>
65'6" 70-Ton Fixed End Goldola Cars	No. 4404-A, dated March 21, 1969	Greenville, Pennsylvania	20	Nos. 364327 364355 364316 364336 364310 364313 364319 364375 364341 364394 364346 364363 364324 364391 364377 364323 364393 364358 364376 364328	\$5,700.00