

Soo Line Railroad Company



Soo Line Building
Box 530
Minneapolis, Minnesota 55440
(612) 337-7639

RECORDATION NO. 1 5101 C
Filed & Recorded
NOV 18 1986 11-55 AM
INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 1 5101 B
Filed & Recorded
NOV 18 1986 11-55 AM
INTERSTATE COMMERCE COMMISSION

JEAN L. FINDORFF
Corporate Attorney
RECORDATION NO. 1 5101
Filed & Recorded
NOV 18 1986 11-55 AM

Interstate Commerce Commission
12th & Constitution Avenue, N.W.
Washington, D.C. 20423

RECORDATION NO. 1 5101 A
Filed & Recorded
NOV 18 1986 11-55 AM
INTERSTATE COMMERCE COMMISSION

NOV 18 1986 11-55 AM
INTERSTATE COMMERCE COMMISSION
Date 11/18/86
Fee \$ 2.00
CC Washington, D.C.

Attention: Mildred Lee - Room 2303

Re: Recordation of Lease

Dear Ms. Lee:

I have enclosed the original and notarized copies of the documents described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

These documents are a lease of railroad equipment, made as of May 1, 1986, between Helm Financial Corporation as Lessor and the Soo Line Railroad Company as Lessee; Assignment of Lease; Security Agreement and Consent and Agreement.

The names and addresses of the parties are:

Lessor/Debtor and Assignor:

Helm Financial Corporation
One Embarcadero Center
Suite 3320
San Francisco, CA 94111

Lessee: Soo Line Railroad Company
Soo Line Building
P. O. Box 530
Minneapolis, MN 55440

Secured Party and Assignee:

The Philadelphia National Bank
Broad & Chestnut Streets
P. O. Box 13867
Philadelphia, PA 19101

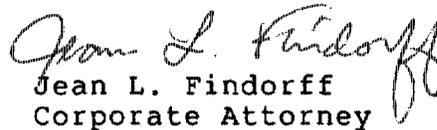
A description of the equipment covered by the document follows: 16 70 Ton Boxcars bearing MILW #4744 through 4761 inclusive.

A fee of \$10 is enclosed. Please return the original together with the notation acknowledging that it has been filed pursuant to 49 U.S. Code Section 11303 and pertinent recordation information to the undersigned at Soo Line Railroad Company, Law Department, Soo Line Building, P.O. Box 530, Minneapolis, MN 55440.

A short summary of the document to appear in the index follows, Lease of Railroad Equipment between Helm Financial Corporation, Lessor, One Embarcadero Center - Suite 3320, San Francisco, California 94111 and Soo Line Railroad Company, Soo Line Building, P.O. Box 530 - Minneapolis, Minnesota 55440 as Lessee dated as of May 1, 1986 and covering 16 70 Ton Boxcars bearing Serial Numbers MILW 4744-4761 inclusive; Assignment of Lease between Helms Financial Corp., Assignor and The Philadelphia National Bank as Assignee, Security Agreement dated July 14, 1986 between Helm Financial Corp. as Debtor and The Philadelphia National Bank as Secured Party dated July 14, 1986 and Consent and Agreement by Soo Line Railroad Company as Lessee, dated August 25, 1986.

Thank you for your cooperation.

Very truly yours,


Jean L. Findorff
Corporate Attorney

cc: Helm Financial Corporation
One Embarcadero Center
Suite 3320
San Francisco, CA 94111

The Philadelphia National Bank
Transportation & Equipment
Finance Department
P. O. Box 8500/S1270
Philadelphia, PA 19178

J. J. Larson
J. A. Byrnes

Enclosure

JLF/il

Soo Line Railroad Company



Soo Line Building
Box 530
Minneapolis, Minnesota 55440
(612) 337-7639

JEAN L. FINDORFF
Corporate Attorney

November 12, 1986

Interstate Commerce Commission
12th & Constitution Avenue, N.W.
Washington, D.C. 20423

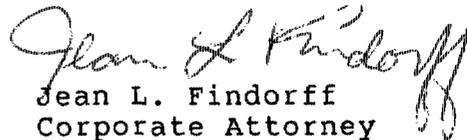
Attention: Mildred Lee - Room 2302

Dear Mrs. Lee:

As you requested by phone on October 27, 1986, enclosed is a copy of the Security Agreement dated July 14, 1986 between Helm Financial Corp. as Debtor and the Philadelphia National Bank as Secured Party; and the Consent and Assignment Agreement by Soo Line Railroad Company as assignee dated August 25, 1986, as referred to in my letter dated October 23, 1986. I have also enclosed a check for the \$20 filing fees for these documents.

I apologize for the error. Thank you for your assistance.

Very truly yours,


Jean L. Findorff
Corporate Attorney

Enclosures

JLF/il

Interstate Commerce Commission

Washington, D.C. 20423

11/18/86

OFFICE OF THE SECRETARY

Jean L. Findorff
Corporate Attorney
Soo Line Railroad Co.
Soo Line Building
Box 530
Minneapolis, Minnesota 55440

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 11/18/86 at 11:55am, and assigned re-
recording number(s). 15101, 15101-A, 15101-B & 15101-C

Sincerely yours,

Noreta R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

RECORDATION NO. 1 5101 Filed & Recorded

NOV 18 1986 11-55 AM

LEASE OF RAILROAD EQUIPMENT INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT, dated as of May 1, 1986, between HELM FINANCIAL CORPORATION, a California corporation, (hereinafter called the "Lessor") and the SOO LINE RAILROAD COMPANY, a Minnesota corporation (hereinafter called the "Lessee"). The term "Affiliate" as used hereinafter means any parent or subsidiary of the Lessee.

(AND ANY SUBSIDIARY OF ANY PARENT OF THE LESSEE)

EAL
HELM

WHEREAS, the Lessor is owner of sixteen 86'6" 70-ton boxcars more fully described in Annex A hereto (hereinafter called the "Units");

WHEREAS, the Lessor is financing a portion of its acquisition of the Units with Philadelphia National Bank (the "Lender");

WHEREAS, the promissory note issued by the Lessor to Lender in connection with the financing of its acquisition of the Units evidencing the amount of such financing is secured by the Units and this Lease pursuant to a Security Agreement and an assignment of the Lease (the "Lease Assignment") (the Security Agreement and the Lease Assignment being herein called, collectively, the "Security Documents"), Lessee having consented and agreed to such assignment pursuant to a certain Consent and Agreement (the "Consent and Agreement"); and

WHEREAS, the Lessee desires to lease from the Lessor all the Units at the rentals and for the terms and upon the conditions hereinafter provided;

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

1. Delivery and Acceptance of Units. The Lessee hereby accepts the Units whereupon each Unit shall be subject thereafter to all terms and conditions of this Lease. The Lessor warrants that it has good title to each Unit free and clear of any liens and encumbrances, except that of the Lender under the Security Documents, and has authority to enter into and perform this Lease.

2. Car Hire Earnings. Upon acceptance of the Units as set forth in paragraph 1 hereof, with Lessee reporting marks on each Unit as set forth in paragraph 5 and Annex A hereto, Lessee shall enjoy all car hire earnings (per diem and mileage) thereafter until the expiration or sooner termination of this Lease.

3. Rentals. The Lessee agrees to pay the Lessor rental for each Unit subject to this Lease for sixty (60) monthly

installments, payable monthly in advance. The sixty (60) payments shall be in the amount of \$265.00 each per Unit.

In the event the Lessee shall be in default in the payment of any sum of money to be paid under this Lease, whether rental or otherwise, the Lessee shall pay the Lessor, as additional rental, to the extent permitted by applicable law, interest on such unpaid sum from its due date to date of payment by the Lessee at a rate equal to 13% per annum.

The Lessor irrevocably instructs the Lessee to make all the payments provided for in this Lease at the principal office of the Lender, for the account of the Lessor in care of the Lender, with instructions to the Lender to apply such payments in accordance with the provisions of the Security Agreement and to pay any balance immediately to the Lessor at such place as the Lessor shall specify in writing. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph on the date such payment is due.

This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or set-off against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due to, or by reason of, any past, present or future claims of the Lessee against the Lessor under this Lease or otherwise; nor shall this Lease terminate, or the respective obligations of the Lessor or Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use of or destruction of all or any of the Units from whatsoever cause, the prohibition of or other restriction against Lessee's use of all or any of the Units, the interference with such use by any private person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, or for any other cause whether similar or dissimilar to the foregoing, and present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other payments payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided. 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 Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever. The rentals and other sums payable by the Lessee hereunder shall be paid without notice, demand, counterclaim, or defense by reason of any circumstance or occurrence whatsoever.

4. Term of Lease. The term of this Lease with respect to each Unit shall begin on May 16, 1986, and, unless sooner

terminated in accordance with the provisions of the Lease, shall end on the last day of the sixtieth month thereafter.

The obligations of the Lessee hereunder (including, but not limited to, the obligations of the Lessee under Paragraphs 6, 9 and 11 hereof) shall survive the expiration or sooner termination of this Lease.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Lender under the Security Documents. If any event of default should occur under the Security Documents, the Lender may terminate this Lease (or rescind its termination), all as provided therein; provided, however, that, so long as (i) no Event of Default exists hereunder, (ii) the Lessee is complying with the provisions of the Consent and Agreement and (iii) the Lender is entitled to apply the "income and proceeds from the Equipment" (as defined in the Security Agreement) in accordance with the Security Documents, this Lease may not be terminated and the Lessee shall be entitled to the rights of possession, use and assignment provided under Paragraph 13 hereof.

5. Identification Marks. The Lessee will cause each Unit to be kept numbered with its identifying number as set forth in Annex A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of such Unit in letters not less than one inch in height, the words "Ownership subject to a security agreement filed with the Interstate Commerce Commission" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor and the Lender and the rights of the Lessor and the Lender under this Lease. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such names and word or words shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Lessee will not permit the identifying number of any Unit to be changed except in accordance with a statement of new identifying numbers to be substituted therefor, which statement previously shall have been filed with the Lessor and the Lender by the Lessee and filed, recorded or deposited in all public offices where this Lease will have been filed, recorded and deposited.

Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Units as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Units to be lettered with the names or initials or other insignia 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 the right of the Lessee to use the Units under this Lease.

6. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state or federal taxes (other than the federal income tax payable by the Lessor in consequence of the receipt of payments provided herein and other than state or city income taxes or franchise taxes measured by gross or net income based on such receipts, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided), assessments or licenses (and any charges, fines or penalties in connection with or measured by, this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the terms of the Security Documents), all of which taxes, assessments, licenses, charges, fines and penalties the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all taxes, assessments or licenses (and any charges, fines or penalties in connection therewith) which may be imposed upon any Unit or for the use or operation thereof or upon the Lessee's earnings arising therefrom or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all taxes and assessments which might in any way affect the title of the Lessor or result in a lien upon any such Unit (hereinafter called Impositions); provided, however, that the Lessee shall not be obligated to reimburse the Lessor for any Impositions so paid unless the Lessor shall have been legally liable with respect thereto, or unless the Lessee shall have approved the payment thereof.

Lessee agrees to and does hereby indemnify Lender with respect to Impositions to the same extent as Lessor is indemnified under this Paragraph 6. Accordingly, the term "Lessor", as used in this Paragraph 6, shall be read as "Lessor and/or Lender" as is appropriate in the context in which it is used.

In the event any reports with respect to Impositions are required to be made on the basis of individual Units the Lessee will either make such reports in such manner as to show the interest of the Lessor in such Units or will notify the Lessor of such requirement and will make such reports in such manner as shall be satisfactory to the Lessor.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any Impositions, pursuant to this Paragraph 6, such liability shall continue, notwithstanding the expiration or sooner termination of

the term of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

The amount which the Lessee shall be required to pay with respect to any Imposition which is subject to indemnification under this Paragraph 6 shall be an amount sufficient to restore the Lessor to the same net after-tax rate of return and after-tax cash position, after considering the effect of such payment on its United States federal income taxes and state and city income taxes or franchise taxes based on net income, that the Lessor would have been in had such Imposition not been imposed.

7. Casualty Occurrence. In the event that any Unit shall be or become worn out, lost, stolen, destroyed or irreparably damaged or obsolete or economically unserviceable for use from any cause whatsoever, or any Unit shall be condemned, confiscated, or seized, or the title to or use of any Unit shall be requisitioned for a period of 90 continuous days (such occurrences being hereinafter called Casualty Occurrences) during the term of this Lease, the Lessee shall on the next succeeding rental payment date after it shall have determined that such Unit has suffered a Casualty Occurrence, fully inform the Lessor in regard thereto. On such date the Lessee shall pay to the Lessor an amount equal to the accrued rental for such Unit to the date of such payment plus an amount equal to the settlement derived under Rule 107 of the Association of American Railroads' Field Manual. Upon the making of such payment by the Lessee in respect of a Unit, the rental for such Unit shall cease to accrue as of the date of such payment, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit.

Except as hereinabove in this paragraph 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit after delivery to and acceptance thereof by the Lessee hereunder.

8. Report and Inspection. On or before June 1 in each year, commencing with the Calendar year 1987, the Lessee will furnish to the Lessor and the Lender (a) an accurate statement setting forth as of the preceding April 30 the amount, description and numbers of all Units then leased hereunder and covered by the Security Documents, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year and (b) such other information regarding the condition and state of repair of the Units as the Lessor may reasonably request. The Lessor and the Lender, at their sole cost and expense, shall have the right by their agents, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor or the Lender may request during the continuance of this Lease.

9. Compliance with Laws and Rules; Maintenance; Insurance and Indemnification. The Lessor makes no warranty or representation, either expressed or implied, as to the design, compliance with specifications, or condition of, or as to the quality of the material, equipment or workmanship in, the Units delivered to the Lessee hereunder, and THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE, OR AS TO CONDITION, COMPLIANCE WITH SPECIFICATIONS, QUALITY OR (EXCEPT AS SET FORTH IN PARAGRAPH 2 HEREOF) AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, OR COMPONENT THEREOF, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee.

The Lessee agrees, for the benefit of the Lessor, to comply in all respects with all laws of the jurisdictions in which operations involving any Unit subject to this Lease may extend, with the interchange rules of the Association of American Railroads and with all rules of the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over any such Unit, to the extent such laws and rules affect the operations or use of such Unit; and in the event such laws or rules require the alternation of any such Unit, the Lessee will conform therewith, at its expense, and will maintain the same in proper condition or operation under such laws and rules; provided, however, that the Lessee may, 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 hereunder.

Subject to paragraph 7, the Lessee agrees, that at its own cost and expense, it will return the Units to the Lessor at the expiration of the term or sooner termination of this Lease in good order and repair, ordinary wear and tear excepted, suitable for movement in the interchange system.

Any and all additions to any Unit and any replacements thereto and of parts thereof made by the Lessee shall constitute accessions to such Unit and, without cost or expense to the Lessor, there shall be immediately vested in the Lessor the same interest therein as the interests of the Lessor in such Unit.

The Lessee will at all times during the term of this Lease, at its own expense, cause to be carried and maintained insurance in respect of the Units in amounts and against risks customarily insured against by railroad companies on similar equipment, and in any event in amounts and against risks comparable to those insured against by the Lessee on similar equipment owned by it.

The Lessee agrees to indemnify and save harmless the Lessor against any charges or claim made against the Lessor, and against an expense, loss or liability (including but not limited to counsel fees and expenses, penalties and interest) which the Lessor may incur in any manner (unless resulting from the Lessor's sole negligence) by reason of entering into or the performance of this Lease or the ownership of, or which may arise in any manner out of or as a result of the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of, any Unit until such Unit is returned to the Lessor in accordance with the terms of the Lease, and to indemnify and save harmless the Lessor against any charge, claim, expense, loss or liability on the account of any accident (unless resulting from the Lessor's sole negligence) in connection with the operation, use, condition, possession or storage of such Unit resulting in damage to property or injury or death to any person. The indemnities contained in this paragraph shall survive payment or performance of all other obligations under this Lease or the termination of this Lease.

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 mandatory reports of which the Lessee has or reasonably should have actual knowledge, except income tax reports, to be filed by the Lessor, with any Federal, state or other regulatory authority by reason of the ownership by the Lessor of the Units or the leasing of the Units to the Lessee. The Lessor shall notify the Lessee of any such reports of which the Lessor has actual knowledge.

10. Return of the Units Upon Expiration of Term. As soon as practicable on or after the expiration of the term of this Lease with respect to any Unit, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks of the Lessor or its Affiliates as the Lessor may reasonably designate. The Lessee shall permit the Lessor to store such Unit on such tracks free of charge for a period not exceeding ninety days after such expiration and shall transport the same to any reasonable place on the lines of railroad operated by the Lessee or to any connecting carrier for shipment, all as reasonably directed by the Lessor. The movement and storage of such Unit shall be at the expense and risk of the Lessee if the Lessor has given movement and storage instructions within the above ninety-day period; provided, however, that if the Lessor instructs the Lessee to store such Unit for a period beyond ninety days after the expiration of this Lease with respect to such Unit, such additional storage shall be at the expense and risk of the Lessor. If no movement instructions were given by the Lessor within such ninety-day period, the movement and storage of any Unit after such

ninety-day period shall be at the expense and risk of the Lessor. Storage charges of \$2.50 per unit per day shall be paid by the Lessor to the Lessee for all Units stored on Lessee's tracks at Lessor's expense or stored due to Lessor not requesting that movement to an interchange point be commenced prior to the expiration of the ninety-day period. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same at such reasonable time or times as the Lessee shall agree to.

The assembling, delivery, storage and transporting of the Units as provided in this paragraph 10 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 Units. If the Lessor shall elect to abandon any Unit which has suffered a Casualty Occurrence or which after the expiration of this Lease the Lessor shall have deemed to have suffered a Casualty Occurrence, it may deliver written notice to such effect to the Lessee and Lessee shall thereupon assume, and hold the Lessor harmless from all liability arising in respect of any, responsibility of ownership thereof, from and after receipt of such notice and Lessor shall transfer title to such Unit to Lessee free and clear of any liens and encumbrances whatsoever.

11. Default. If, during the continuance of this Lease, one or more of the following events (herein sometimes called Events of Default) shall occur;

(a) default shall be made in the payment of any part of the rental provided in paragraph 3 hereof and such default shall continue for ten days after written notice is sent to Lessee;

(b) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of possession of the Units, or any thereof;

(c) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for thirty days after written notice from the Lessor to the Lessee specifying the default and demanding the same to be remedied;

(d) any proceedings shall be commenced by or against the Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extension (other than a law

which does not permit any readjustment of the obligations of the Lessee hereunder), and all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that the status of such shall be the same as ~~expense of~~ administrative expenses incurred by such a trustee or trustees or receiver or receivers, within thirty days after such appointment, if any, or sixty days after such proceedings shall have been commenced, whichever shall be earlier;

EJC
1/16/60
HEU

(e) any material representation made by the Lessee herein or in any certificate or other instrument delivered under or pursuant to any provision hereof shall prove to have been false or incorrect in any material respect on the date as of which made;

then, in any such case, the Lessor, at its option may:

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

(ii) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and determine as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon, the Lessor may in a reasonable manner and without damage to the property of the Lessee or injury to any person by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (a) as representing actual loss incurred by the Lessor, damages for loss of the bargain and not as a penalty, a sum, with respect to each Unit which represents the excess of the then present value of all rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term

of this Lease as to such Unit over the then present value of the then fair rental value of such Unit for such period computed by discounting to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of the Unit during such period, such present value to be computed in each case on a basis of a 12% per annum discount, compounded annually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, and (b) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental, including, without limitation, expenses of resale or re-leasing (including incidental transportation costs incurred by Lessor).

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

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

12. Return of Units Upon Default. If this Lease shall terminate pursuant to Paragraph 11 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. The condition of the Units upon such return shall be as required pursuant to Paragraph 9 hereof. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense, and risk:

(a) Forthwith place such Units upon such storage tracks of the Lessee or its Affiliates as the Lessor reasonably may designate or, in the absence of such designation, as the Lessee may select,

(b) permit the Lessor to store such Units on such tracks for a period of not exceeding six months at the risk of the Lessee, and

(c) transport the same, at any time within such six-month period, to any place on the lines of railroad operated by the Lessee or any of its Affiliates or to any connecting carrier for shipment, all as reasonably directed by the Lessor. The assembling, delivery, storage and transporting of the Units as provided in this paragraph 12 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 Units.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Paragraph 12, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Unit. In connection therewith Lessee will supply Lessor with such documents as Lessor may reasonably request.

13. Assignment; Possession and Use. Conditioned upon the Lessee performing all of the terms, covenants, and conditions of this Lease, the Lessor, its successors and assigns will not disturb the Lessee's peaceable and quiet possession and use of the Units during the term of this Lease, provided, that no Event of Default has occurred and is continuing.

This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. All the rights of the Lessor hereunder (including but not limited to the rights under Paragraphs 6, 9 and 11) shall inure to the benefit of the Lessor's assigns (including the Lender). Whenever the term Lessor is used in this Lease it shall apply and refer to each assignee of the Lessor.

So long as the Lessee shall not be in default under this Lease, the Lessee may without any prior consent of the Lessor sublease any one or more of the Units or assign this Lease to any one or more of the Lessee's Affiliates, or with the prior written consent of the Lessor and the Lender sublease the Units to third parties; provided, that (i) such sublease or assignment shall provide that the subject Units shall be operated and maintained in accordance with the terms hereof; (ii) the Lessee shall provide the Lessor and the Lender with 10 days advance notice of any such sublease or assignment and a copy of such sublease or assignment; (iii) such sublease shall be subject and subordinate to the

terms and provisions of this Lease and the Security Documents and the interests of the lessor and the Lender; and (iv) no such sublease or assignment shall relieve Lessee of its obligations hereunder, which shall remain those of a principal and not a surety.

The Lessee represents and warrants that: (i) Lessee (or any assignee or sublessee) will not at any time during the term of this Lease use or fail to use any Unit, in such a way as to disqualify it as "Section 38 property" within the meaning of Section 48 of the United States Internal Revenue Code; (ii) Lessee (or any assignee or sublessee) will at all times during the term of this Lease use each Unit in such a way that for federal income tax purposes, all amounts includable in the gross income of Lessor with respect to each Unit and all deductions allowable to Lessor with respect to each Unit will be treated as derived from, or allowable to, sources within the United States; and (iii) Lessee will maintain sufficient records to verify such use, which records will be furnished to Lessor within 30 days after receipt of a written demand therefor.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease, but the Lessee shall not assign or transfer (except as otherwise permitted by this paragraph 13) or encumber its leasehold interest under this Lease in the Units or any of them (except to the extent that the provisions of any existing mortgage on any of the lines of railroad of the Lessee may subject such leasehold interest to the lien thereof); and, in addition, the Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge or other encumbrance (other than an encumbrance resulting from claims against the Lessor not related to the ownership of the Units) which may at any time be imposed on or with respect to any unit or the interest of the Lessor, the Lender or the Lessee therein. The Lessee shall not, without the prior written consent of the Lessor and the Lender, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provision of the next succeeding paragraph hereof.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of the Units and to the use thereof upon the lines of railroad owned or operated by it (either alone or jointly) or by any corporation a majority of whose voting stock (i.e., having ordinary voting power for the election of a majority of its Board of Directors) is owned directly or indirectly by the Lessee, or its Affiliates, or upon lines of railroad over which the Lessee or any such corporation has trackage or other operating rights or over which railroad equipment of the Lessee is regularly operated pursuant to contract, and also to permit the use of the Units upon

connecting and other railroads in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease.

Nothing in this Paragraph 13 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation (which shall have duly assumed the obligations hereunder of the Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety; provided, however, (i) that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition be in default under any provision of this Lease, (ii) such assignee or transferee shall be of a character so that after giving effect to such merger, consolidation or acquisition, the ability of the assignee or transferee to perform the obligations of the Lessee hereunder shall not, in the reasonable opinion of the Lessor and the Lender, be adversely affected; and (iii) such assignee or transferee shall execute an assumption agreement expressly assuming all of the obligations of the Lessee hereunder (including, but not limited to, Paragraph 17 hereof).

In connection with any sublease or assignment by Lessee under this Paragraph 13, whether or not Lessee is required to obtain the consent of the Lessor and Lender to any such transaction, Lessee agrees, at its expense, to cause any such assignment or sublease to be duly filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. 11303 in order to protect the interest of the Lessor and Lender in and to the Units under this Lease and the Security Documents.

The Lessee agrees that during the term of this Lease, the Lessee will not assign any Unit to service involving the operation and maintenance thereof outside the United States of America and that during such term use of any Unit outside the United States of America will be limited to incidental and temporary use in Canada.

14. Purchase Option. It is agreed that the Lessee has the option to purchase all, but not less than all, of the surviving Units at fair market value at the expiration of this Lease or any extension hereof. Such Purchase Option is to be exercised, if at all, by giving of notice of exercise at least 180 days prior to such expiration. If the Lessor and Lessee cannot reach mutual agreement as to fair market value within 30 days after notice of exercise of this Purchase Option, such Purchase Option will be considered null and void and Lessee shall have the right to exercise any one of the remaining options in this Lease. If agreement as to fair market value is reached between Lessor and Lessee under this Purchase Option, the Lessor covenants to deliver good title to said Units to the Lessee free and clear of

any liens upon payment of the purchase price therefore.

15. Lessee's Opinion of Counsel. Concurrently with or as soon as practicable after the execution and delivery of this Lease, the Lessee will deliver to the Lessor the written opinion of counsel for the Lessee, in scope and substance reasonably satisfactory to the Lessor and its counsel, to the effect that:

(a) the Lessee is a corporation legally incorporated and validly existing, in good standing, under the laws of its jurisdiction of incorporation, 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, enforceable in accordance with its terms;

(c) the execution and performance of this Lease will not contravene or breach or create a material default under any legal, organizational or contractual obligation binding upon the Lessee;

(d) this Lease has been duly filed and recorded with the Interstate Commerce Commission under 49 U.S.C. 11303; no other filing or recording is necessary to protect in the United States of America the right, title and interest of the Lessor in and to the Units.

16. Recording. Prior to the delivery and acceptance of the Units, and in connection with any sublease or assignment permitted by Paragraph 13 hereof, the Lessee will cause this Lease and any such sublease or assignment to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. 11303. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Lender, for the purpose of proper protection to the satisfaction of the Lessor of its title to the Units or for the purpose of carrying out the intention of this Lease or to maintain to the satisfaction of the Lender the security interest of the Lender in and to this Lease and the Units under the Security Documents.

17. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mails, first-class postage prepaid, addressed as follows:

If to the Lessor: Helm Financial Corporation
One Embarcadero Center
Suite 3320
San Francisco, CA 94111

If to the Lessee: Soo Line Railroad Company
Treasury Department
Soo Line Building
Minneapolis, MN 55440

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

Copies of each such notice shall be given to the Lender at:

The Philadelphia National Bank
Transportation and Equipment
Finance Department
Broad and Chestnut Streets
Post Office Box 13867
Philadelphia, Pennsylvania 19101

18. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition of 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.

19. Effect and Modification of Lease. This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supercedes all other agreements, oral or written, with respect thereto. 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 signatories for the Lessor and the Lessee.

20. Successors and Assigns. This Lease will bind and inure to the benefit of the respective successors and permitted assigns of the parties hereto.

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

22. Law Governing. This Lease shall be construed, and all questions concerning its performance and the rights and reme-

dies of the parties hereunder shall be determined, in accordance with the laws of Pennsylvania; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. 11303.

IN WITNESS WHEREOF, the Lessor and the Lessee, each pursuant to due authority, have caused these presents to be signed in their respective names as of the date first above written.



Attest:

Fern B. Albers
Title SECRETARY

HELM FINANCIAL CORPORATION

By

Title

Richard K. Kline
President

Fern B. Albers

Attest:

Fern B. Albers
Title Corporate Secretary

SOO LINE RAILROAD COMPANY

By

Title

Edward J. Quinn
EXECUTIVE VICE PRESIDENT OPERATIONS

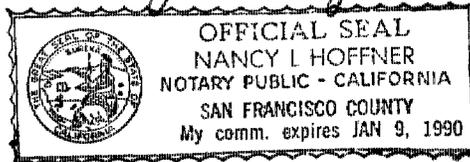
STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN FRANCISCO)

On this 28th day of July, 1986, before me personally appeared Richard C. Kirchner, to me personally known, who, being by me duly sworn, says that he is President of Helm Financial Corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Nancy L Hoffner
Notary Public

My Commission Expires: January 9, 1990

[Notarial Seal]



STATE OF MINNESOTA)
) ss.
COUNTY OF)

On this 25th day of August, 1986, before me personally appears Earl J. Currie, to me personally known, who being by me duly sworn says that he is a Exec-Vice Pres. of SOO LINE RAILROAD COMPANY, that said instrument was signed and sealed on behalf of said corporation by authority of its President and Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Mary Beth Fodness
Notary Public

My Commission Expires:

[Notarial Seal]



Annex A

to

Lease of Railroad Equipment

Dated as of May 1, 1986

Equipment Description

70 Ton, 86'6" Boxcars

Lessee's Numbers

Sixteen Units within
the Series MILW 4744-
4761

CONSENT AND AGREEMENT

The undersigned, the SOO LINE RAILROAD COMPANY, a Minnesota corporation (the "Lessee"), under the Lease (the "Lease") referred to in the attached Assignment of Lease (the "Assignment"), hereby (a) acknowledges receipt of a copy of the Assignment and the Security Agreement referred to therein (the "Security Agreement"), and (b) consents to all the terms and conditions of the Assignment and, intending to be legally bound hereby, agrees that:

(1) the Lessee will pay directly to THE PHILADELPHIA NATIONAL BANK, TRANSPORTATION & EQUIPMENT FINANCE DEPARTMENT, P.O. BOX 8500/S-1270, PHILADELPHIA, PA 19178, (the "Assignee"), its successors and assigns, without setoff, counterclaim, deduction or abatement, (i) all rent and sums due or to become due on August 15, 1986 and thereafter from the undersigned under the Lease, (ii) all amounts payable by reason of damage, destruction or loss of the equipment described in the Lease (the "Units") or by reason of the acceleration of any liability of the undersigned for rent or other sums payable thereunder, and (iii) all other amounts at any time owing by the undersigned to Helm Financial Corporation (the "Lessor") under the Lease;

(2) the Assignee shall be entitled to the benefits of, and, except as otherwise provided in the Assignment or the Security Agreement, to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Assignee were named therein as the Lessor;

(3) the Assignee shall not, by virtue of the Assignment, be or become subject to any liability or obligation under the Lease or otherwise, and all obligations and warranties of the Lessor contained in the Lease shall be and remain enforceable by the Lessee against the Lessor and its successors and assigns other than Assignee under the foregoing Assignment;

(4) Lessee represents that the Lease is the sole agreement between Lessor and Lessee respecting the Lease, the Units and the rentals and other sums due thereunder, and without the prior written consent of the Assignee, Lessee shall not terminate, amend or modify the Lease, nor shall any action be taken or omitted by the Lessee, the taking or omission of which might result in an alteration or impairment of the Lease or the Assignment, or of any of the rights created by either thereof, and any such action, without the prior written consent of the Assignee, shall be void;

(5) any consent or waiver under the Lease given by Lessor, and notice given by Lessor thereunder or other exercise of any rights, powers or remedies of the Lessor thereunder by

Lessor, or any release of any obligations of consent of Assignee, except as may be permitted pursuant to or consented to by Assignee under the Security Agreement referred to in the Lease, shall be void;

(6) any provision of the Lease to the contrary notwithstanding, including the provisions of the penultimate paragraph of Paragraph 9 thereof, the Lessee agrees to indemnify and save harmless the ~~Lender~~^{Assignee} against any charge or claim made against the Lender, and against any expense, loss or liability (including but not limited to counsel fees and expenses, penalties and interest) ~~in~~^{Assignee} which the ~~Lender~~ may incur in any manner by reason of entering into or the performance of this Lease or having a security interest in, or which may arise in any manner out of or as a result of the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of, any Unit until such Unit is returned to the Lessor in accordance with the terms of the Lease, and to indemnify and save harmless the ~~Lender~~^{Assignee} against any charge, claim, expense, loss or liability on account of any accident in connection with the operation, use, condition, possession or storage of such Unit resulting in damage to property or injury of death to any person. The indemnity hereinabove provided shall be a direct obligation from the Lessee to the ~~Lender~~^{Assignee} and shall be effective notwithstanding any negligence or misconduct by Lessor; provided, however, that nothing herein shall constitute a waiver of any rights which Lessee may have against Lessor on account of any negligence or misconduct; provided, further, that nothing herein shall constitute a guarantee of the promissory note issued by the Lessor to ~~Lender~~^{Assignee} in connection with Lessor's financing of its acquisition of the Units; and

(7) any provision of the Lease to the contrary notwithstanding, including the provisions of the fourth paragraph of Paragraph 13 thereof, Lessee agrees at all times to keep the Units free and clear of all liens, claims and other encumbrances whatsoever, including any lien, claim or other encumbrance resulting from claims against the Lessor not related to the ownership of the Units but excluding the lien of the ~~Lender~~^{Assignee} under the Security Documents, and the Lessee confirms that the existence of any such lien, claim or other encumbrance from claims against Lessor shall not entitle the Lessee to any setoff, counterclaim, deduction or abatement of the rent and other sums due or to become due under the Lease; provided, however, that nothing herein shall constitute a waiver of any rights which Lessee may have against the Lessor under the Lease or otherwise in respect of any such lien, charge or other encumbrance against Lessor.

This Consent and Agreement shall be deemed to be a contract made and effected under the laws of the State of Minnesota, and, for all purposes, shall be construed in accordance with the laws of said State.

IN WITNESS WHEREOF, this Consent and Agreement has been
duly executed and delivered as of this 25th day of August 1986.

[Corporate Seal]

Attest:

SOO LINE RAILROAD COMPANY

By: *Fern B. Albers*
Title: *Corporate Secretary*

By: *Carl G. Linn*
Title: EXECUTIVE VICE PRESIDENT OPERATIONS

Fern B. Albers

STATE OF MINNESOTA)
COUNTY OF Hennepin)

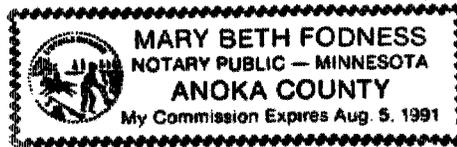
SS:

On this ^{25th} day of August, 1986, before me personally appeared Earl J. Currie to me personally known, who, being by me duly sworn, says that he is Exec. Vice President of SOO LINE RAILROAD COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Mary Beth Fodness
Notary Public

SEAL

My Commission expires:



MARY BETH FORD
HISTORICAL PUBLIC - MINNESOTA
ANOKA COUNTY
The Commission on the History of Anoka County
1981

Mr. Harry E. Ellis
Vice President
Philadelphia National Bank
P.O. Box 8500/S-1270
Philadelphia, PA 19178

Re: Consent and Agreement dated as of August 25th, 1986 concerning Assignment of Lease

Gentlemen:

The Soo Line Railroad Company (the "Company") hereby confirms that it will pay directly to the Philadelphia National Bank, Transportation & Equipment Finance Department, P.O. Box 8500/S-1270, Philadelphia, PA 19178, its successors and assigns, without setoff, counterclaim, deduction or abatement, all rent and sums due or to become due on August 15, 1986 and thereafter from the undersigned under the Lease of Railroad Equipment (the "Lease"), concerning 16 railroad boxcars, dated May 1, 1986 between the Company and Helm Financial Corporation, consisting of monthly installments, payable in advance. Capitalized terms used but not defined herein shall have the meanings given them in the Lease. The sixty (60) payments shall be in the amount of Two Hundred Sixty-Five Dollars (\$265.00) per Unit. Monthly rent shall be paid on Lease Commencement and on the fifteenth (15th) day of every month thereafter.

This Consent and Agreement supercedes all earlier consents and agreements which have been issued to you by the undersigned.

Very truly yours,

SOO LINE RAILROAD COMPANY

By Carl J. Elliott

EXECUTIVE VICE PRESIDENT OPERATIONS