

# HELM FINANCIAL CORPORATION

One Embarcadero Center • San Francisco, CA 94111

415/398-4510

September 15, 1987

RECORDATION NO. 1 5309 Filed 1425

Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

SEP 17 1987 - 10 05 AM

INTERSTATE COMMERCE COMMISSION

Date 9/17/87

Fee \$ 10.00

ICC Washington, D.C.

Dear Secretary:

I have enclosed an original and one copy/counterpart 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 August 28, 1987. The names and addresses of the parties to the documents are as follows:

Lessor: Weyerhaeuser Company  
Tacoma, Washington 98477

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

A description of the equipment covered by the document follows:

100 ton, 68 foot log loading flat cars, 30 total, AAR designation F373, marked WTCX 307-361.

A fee of \$10.00 is enclosed, please return the original to my attention.

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

A total of thirty (30) 100 ton, 68 foot log loading flat cars leased by Weyerhaeuser Company to Helm Financial Corporation from 9-15-87 to 3-15-88.

Sincerely,



Mark W. Zuercher  
Account Manager

MWZ:mb  
Enclosure

Interstate Commerce Commission  
Washington, D.C. 20423

OFFICE OF THE SECRETARY

9/17/87

Mark W. Zuercher  
Account Manager  
Helm Financial Corp.  
One Embarcadero Center  
San Francisco, Calif. 94111

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 9/17/87 at 10:05am, and assigned re-  
recording number(s). 15309

Sincerely yours,

*Noreta R. McGee*  
Secretary

Enclosure(s)

SE-30  
(7/79)

**HELM**  
**FINANCIAL CORPORATION**

One Embarcadero Center • San Francisco, CA 94111

415/398-4510

1 5309

September 15, 1987 REGISTRATION NO. \_\_\_\_\_ Filed 1436

SEP 17 1987 -10 05 AM

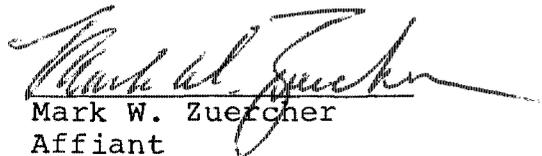
INTERSTATE COMMERCE COMMISSION

Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

Dear Secretary:

I, the affiant, state that I have compared the attached copy with the original document and found the copy to be complete and identical in all respects to the original document.

Very truly yours,

  
Mark W. Zuercher  
Affiant

MWZ:mb

1 5309  
RECORDATION NO. \_\_\_\_\_ PMR 1425

SEP 17 1987 - 10 05 AM

INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT

BETWEEN

WEYERHAEUSER COMPANY,

AND

HELM FINANCIAL CORPORATION

## LEASE OF RAILROAD EQUIPMENT

LEASE OF RAILROAD EQUIPMENT, dated as of August 28, 1987 between WEYERHAEUSER COMPANY, a Washington corporation, (hereinafter called the "Sub-Lessor") and HELM FINANCIAL CORPORATION, a California corporation (hereinafter called the "Sub-Lessee"). The term "Affiliate" as used hereinafter means any parent or subsidiary of the Sub-Lessee.

WHEREAS, the Lessor has been assigned leasehold interest in 100 ton flatcars more fully described in Annex A hereto (hereinafter called the "Subleased Units");

WHEREAS, the Sub-Lessee desires to lease from the Sub-Lessor all the Subleased 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 Sub-Lessee, the Sub-Lessor hereby leases the Subleased Units to the Sub-Lessee upon the following terms and conditions:

1. Underlying Lease. The parties agree that this Sublease shall be subject and subordinate to all of the terms, covenants, conditions and provisions of the equipment lease (the "underlying lease") between The Liberty National Bank and Trust Company of Oklahoma City, as Lessor, and Sub-Lessor (Weyerhaeuser Company), as Lessee thereunder, dated as of December 1, 1972, covering, in part, the Subleased Units and to all of the title and other matters to which the Underlying Lease is subject or subordinate (see Annex B attached hereto and made part hereof). A copy of said Underlying Lease and amendments have been delivered to and examined by Sub-Lessee.

2. Extent of Parties' Rights and Obligations. Sub-Lessee shall in no case have any rights in respect of the Subleased Units greater than Sub-Lessor's rights under the Underlying Lease, and Sub-Lessor shall have no liability to Sub-Lessee for any matter whatsoever for which Sub-Lessor does not have at least co-extensive rights, as Sub-Lessee, against the Sub-Lessor under the Underlying Lease.

3. Delivery and Acceptance of Subleased Units. The Sub-Lessee hereby accepts the Units at Chehalis Junction, Washington whereupon each Subleased Unit shall be subject to all terms and conditions of this Sublease. The Sub-Lessee further agrees to be responsible for any transportation cost of moving the Subleased Units from Chehalis Junction, Washington to the Sub-Lessee's loading point(s) in California and Idaho. The Sub-Lessor agrees to furnish the Subleased Units in compliance with now existing AAR rules of interchange. Sub-Lessee, at its expense, shall have the right to inspect and reject the Subleased

Units subject to this Sublease, prior to the Sub-Lessor's transporting the Subleased Units from their present location.

4. Car Hire Earnings. Subleased Units will be zero-rated in UMLER and, therefore, the Lessee shall enjoy no car hire earnings (per diem and mileage) hereafter until the expiration or sooner termination of this Sublease.

5. Rentals. The Sub-Lessee agrees to pay the Sub-Lessor rental for each Subleased Unit subject to this Sublease for six (6) monthly installments, payable monthly in advance. The six (6) payments shall be in the amount of \$225 each per Subleased Unit. Rental shall become effective with regard to each Subleased Unit upon the date of the delivery of each as provided in paragraph 3, and shall continue in effect with regard to each of the Subleased Units until returned to the Sub-Lessor at the end of the term of this Sublease, as hereafter provided in paragraph 6. Payment of Lease Rental shall be made to the Sub-Lessor at the address specified in paragraph 19, or to such other place as Sub-Lessor may direct, with the first month's payment due on September 15, 1987 and is to include prorated payment for any cars received and used during September 1-14, 1987. Rental for any Subleased Unit for any partial month shall be prorated on a daily basis. Any costs incurred by the Sub-Lessor in collecting Rental wrongfully withheld by Sub-Lessee, including reasonable attorney fees, will be paid by the Sub-Lessee.

In the event the Sub-Lessee shall be in default in the payment of any sum of money to be paid under this Sublease, whether rental or otherwise, the Sub-Lessee shall pay the Sub-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 Sub-Lessee at a rate equal to 9% per annum.

This Sublease is a lease which includes maintenance, however the Sub-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 Sub-Lessee against the Sub-Lessor under this Sublease or otherwise; nor shall this Sublease terminate, or the respective obligations of the Sub-Lessor or Sub-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 Subleased Units from whatsoever cause, the prohibition of or other restriction against Sub-Lessee's use of all or any of the Subleased Units, the interference with such use by any private person or entity, the invalidity or unenforceability or lack of due authorization of this Sublease, or for any other cause whether similar or dissimilar to the foregoing, and present or

all be subject thereafter to all terms and conditions of future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other payments payable by the Sub-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 Sub-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, quite or surrender the lease of any Subleased Units except in accordance with the express terms hereof. Each rental or other payment made by the Sub-Lessee hereunder shall be final and the Sub-Lessee shall not seek to recover all or any part of such payment from the Sub-Lessor for any reason whatsoever. The rentals and other sums payable by the Sub-Lessee hereunder shall be paid without notice, demand, counterclaim, or defense by reason of any circumstance or occurrence whatsoever.

6. Term of Sublease. The term of this Sublease with respect to each Subleased Unit shall begin on September 15, 1987, and, unless sooner terminated in accordance with the provisions of the Sublease, shall end on the last day of the sixth month thereafter.

The obligations of the Sub-Lessee hereunder (including, but not limited to, the obligations of the Sub-Lessee under Paragraphs 8, 11 and 13 hereof) shall survive the expiration or sooner termination of this Sublease.

7. Identification Marks. The Sub-Lessee will cause each Subleased 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 Subleased Unit in letters not less than one inch in height, the words "Leased by The Liberty National Bank and Trust Company of Oklahoma City, as Trustee, and subject to a security agreement filed with the Interstate Commerce Commission" or other appropriate words designated by the Sub-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 Sub-Lessor under the Underlying Lease and the rights of the Sub-Lessor under this Sublease. The Sub-Lessee will not place any such Subleased 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 Sub-Lessee will not permit the identifying number of any Subleased 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 Sub-Lessor by the Sub-Lessee and filed, recorded or deposited in all public offices where this Sublease will have been filed, recorded and deposited.

Except as above provided, the Sub-Lessee will not allow the name of any person, association or corporation to be placed on the Subleased Units as a designation that might be interpreted as a claim of ownership.

8. Taxes. All payments to be made by the Sub-Lessor hereunder will be free of expense to the Sub-Lessee for collection or other charges and will be free of expense to the Sub-Lessee with respect to the amount of any local, state or federal taxes, assessments or licenses and any charges, fines or penalties in connection with or measured by, this Sublease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof all of which taxes, assessments, licenses, charges, fines and penalties the Sub-Lessor assumes and agrees to pay in addition to the payments to be made by it provided for herein. The Sub-Lessor will also pay all taxes, assessments or licenses (and any charges, fines or penalties in connection therewith) which may be imposed upon any Subleased Unit or for the use or operation thereof and will keep at all times all and every part of such Subleased Unit free and clear of all taxes and assessments which might in any way affect the title of the Sub-Lessor or result in a lien upon any such Subleased Unit.

9. Casualty Occurrence. In the event that any Subleased 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 Subleased Unit shall be condemned, confiscated, or seized, or the title to or use of any Subleased Unit shall be requisitioned for a period of 90 continuous days (such occurrences being hereinafter called Casualty Occurrences) during the term of this Sublease, the Sub-Lessee shall on the next succeeding rental payment date after it shall have determined that such Subleased Unit has suffered a Casualty Occurrence, fully inform the Sub-Lessor in regard thereto. On such date the Sub-Lessee shall pay to the Sub-Lessor an amount equal to the accrued rental for such Subleased Unit to the date of such payment. Upon the making of such payment by the Sub-Lessee in respect of a Subleased Unit, the rental for such Subleased Unit shall cease to accrue as of the date of such payment, the term of this Sublease as to such Subleased Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Subleased Unit) the Sub-Lessor shall be entitled to recover possession of such Subleased Unit.

Except as hereinabove in this paragraph 9 provided, the Sub-Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Subleased Unit after delivery to and acceptance thereof by the Sub-Lessee hereunder.

10. Report and Inspection. On or before January 1 in each year, commencing with the Calendar year 1988, the Sub-Lessee

will furnish to the Sub-Lessor (a) an accurate statement setting forth as of the preceding December 31 the amount, description and numbers of all Subleased Units then leased hereunder, the amount, description and numbers of all Subleased 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 Subleased Units as the Sub-Lessor may reasonably request. The Sub-Lessor, at its sole cost and expense, shall have the right by their agents, to inspect the Subleased Units and the Sub-Lessee's records with respect thereto at such reasonable times as the Sub-Lessor may request during the continuance of this Sublease.

11. Compliance with Laws and Rules; Maintenance; Insurance and Indemnification. The Sub-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 Subleased Units delivered to the Sub-Lessee hereunder, and THE SUB-LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE SUBLEASED 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 SUBLEASED UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY SUBLEASED UNIT, OR COMPONENT THEREOF, EITHER UPON DELIVERY THEREOF TO THE SUB-LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Sub-Lessor and the Sub-Lessee, are to be borne by the Lessee.

The Sub-Lessee agrees, for the benefit of the Sub-Lessor, to comply in all respects with all laws of the jurisdictions in which operations involving any Subleased Unit subject to this Sublease 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 Subleased Unit, to the extent such laws and rules affect the operations or use of such Subleased Unit; and in the event such laws or rules require the alteration of any such Subleased Unit, the Sub-Lessee will conform therewith, and will maintain the same in proper condition or operation under such laws and rules; provided, however, that the Sub-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 Sub-Lessor, adversely affect the property or rights of the Sub-Lessor hereunder.

During the term of this Sublease commencing with the delivery and acceptance of the Subleased Units with respect to each, Sub-Lessor shall perform or cause to be performed all

maintenance and repair work necessary to maintain the Subleased Units in good operating condition in conformity with all applicable laws and regulations including the AAR Code of Rules and FRA Railroad Freight Car Safety Standards except that Sub-Lessee shall perform or cause to be performed the following:

1) repairs or maintenance required to any and all parts of the Subleased Units that are above the deck such as bunks and tie downs or other securement devices; or

2) repairs or maintenance required as a result of damage caused by the Sub-Lessee, its agents, representatives, customers or independent contractors or any third party; or

3) repairs or maintenance required because of excessive or unbalanced loading.

Sub-Lessee will make the Subleased Units available to Sub-Lessor or its contractors at any facility specified by Sub-Lessor at any reasonable time for the purpose of maintenance inspection and to ensure regular maintenance or repairs. Sub-Lessor shall pay all transportation charges for moving any Subleased Unit to the repair or inspection facility designated by Sub-Lessor. Rent shall abate for any Subleased Unit requiring Sub-Lessor responsible repairs or inspection forty-eight hours after the Subleased Unit is delivered to the repair or inspection facility designated by Sub-Lessor; rent shall resume as of the date that such Subleased Unit is returned to the Sub-Lessee in serviceable condition. If Sub-Lessor is unable to perform repairs and return a Subleased Unit within a fixed period of time mutually agreed to, Sub-Lessor will furnish Sub-Lessee a substitute Subleased Unit or eliminate the Subleased Unit from the terms, conditions and obligations of the Sublease Agreement.

In the case of damage caused to any of the Subleased Units which is the responsibility under AAR Rules of a railroad and not repaired by such railroad, Sub-Lessor will perform the necessary repairs and will prepare and submit such documents as are necessary to recover the cost of such repair in accordance with AAR Rules and will perform all necessary administrative tasks in connection with such counter-billing. Sub-Lessor will be solely entitled to any sum so recovered.

Sub-Lessee will at Sub-Lessor's request, take such reasonable action as Sub-Lessor may specify to modify operating conditions which in Sub-Lessor's reasonable opinion are causing undue and avoidable wear or damage to the Subleased Units.

Neither party will alter materially the physical structure or allow any third party to alter materially the physical structure of any of the Subleased Units without the other party's written consent.

Sub-Lessor reserves the right to retire any car that in its sole opinion it deems uneconomical to repair. Sub-Lessee's obligation to pay rent shall abate for any Subleased Unit retired by Sub-Lessor as of the date on which it is retired or when such Subleased Unit is delivered to Sub-Lessor's repair or inspection facility, whichever occurs first.

Sub-Lessor may from time to time subcontract with others to perform Sub-Lessor Responsible maintenance, but such sub-contracts shall not relieve Sub-Lessor of its obligation hereunder to perform such maintenance.

Sub-Lessor may from time to time perform running repairs to the Subleased Units. Running repairs are defined as those requiring less than \$250 of expenditure for both labor and material to place the Unit into good operating condition.

Subject to paragraph 9, the Sub-Lessee agrees it will return the Subleased Units to the Sub-Lessor at the expiration of the term or sooner termination of this Sublease in good order and repair, ordinary wear and tear excepted, suitable for movement in the interchange system.

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

The Sub-Lessor will at all times during the term of this Sublease, at its own expense, cause to be carried and maintained insurance or self insure in respect of the Subleased 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 Sub-Lessor on similar equipment owned by it.

The Sub-Lessee agrees to indemnify and save harmless the Sub-Lessor against any charges or claim made against the Sub-Lessor, and against any expense, loss or liability (including but not limited to counsel fees and expenses, penalties and interest) which the Sub-Lessor may incur in any manner (unless resulting from the Sub-Lessor's sole negligence) by reason of entering into or the performance of this Sublease 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 Subleased Unit until such Subleased Unit is returned to the Sub-Lessor in accordance with the terms of the Sublease, and to indemnify and save harmless the Sub-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 Subleased 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 Sublease or the termination of this Sublease.

The Sub-Lessee agrees to prepare and deliver to the Sub-Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Sub-Lessor) any and all mandatory reports of which the Sub-Lessee has or reasonably should have actual knowledge, except income tax reports, to be filed by the Sub-Lessor, with any Federal, state or other regulatory authority by reason of the ownership by the Sub-Lessor of the Subleased Units or the leasing of the Subleased Units to the Sub-Lessee. The Sub-Lessor shall notify the Sub-Lessee of any such reports of which the Sub-Lessor has actual knowledge.

12. Return of the Subleased Units Upon Expiration of Term. As soon as practicable on or after the expiration of the term of this Sublease with respect to any Unit, the Sub-Lessee will, at its own cost and expense, at the request of the Sub-Lessor, deliver possession of such Subleased Unit to the Sub-Lessor upon such storage tracks of the Sub-Lessor or its Affiliates as the Sub-Lessor may reasonably designate, but in no case shall the cost and expense of delivery exceed the cost of moving the Units from the Sub-Lessee's initial loading point(s) in California and Idaho as outlined in paragraph 3 to Chehalis Junction, Washington.

The delivery of the Subleased Units as hereinbefore provided is of the essence of this Sublease, and upon application to any court of equity having jurisdiction in the premises, the Sub-Lessor shall be entitled to a decree against the Sub-Lessee requiring specific performance of the covenants of the Sub-Lessee so to deliver the Subleased Units.

13. Default. If, during the continuance of this Sublease, one or more of the following events (hereinafter sometimes called Events of Default) shall occur;

(a) default shall be made in the payment of any part of the rental provided in paragraph 5 hereof and such default shall continue for ten days after written notice is sent to Sub-Lessee;

(b) the Sub-Lessee shall make or permit any unauthorized assignment or transfer of this Sublease or of possession of the Subleased 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 Sub-Lessee contained herein and such default shall continue for thirty days after written notice from the Sub-Lessor to the Sub-Lessee specifying the default and demanding the same to be remedied;

(d) any proceedings shall be commenced by or against the Sub-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 Sub-Lessee hereunder), and all the obligations of the Sub-Lessee under this Sublease shall not have been duly assumed in writing, pursuant to a court order or decreed, by a trustee or trustees or receiver or receivers appointed for the Sub-Lessee or for the property of the Sub-Lessee in connection with any such proceedings in such manner that the status of such shall be the same as expense of receivers, within thirty days after such appointment, if any, or sixty days after such proceedings shall have been commenced, whichever shall be earlier;

(e) any material representation made by the Sub-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 Sub-Lessor, at its option may:

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

(ii) by notice in writing to the Sub-Lessee terminate this Sublease, whereupon all rights of the Sub-Lessee to the use of the Subleased Units shall absolutely cease and determine as though this Sublease had never been made, but the Sub-Lessee shall remain liable as herein provided; and thereupon, the Sub-Lessor may in a reasonable manner and without damage to the property of the Sub-Lessee or injury to any person by its agents enter upon the premises of the Sub-Lessee or other premises where any of the Subleased Units may be and take possession of all or any of such Subleased Units and thenceforth hold, possess and enjoy the same free from any right of the Sub-Lessee, or its successors or assigns, to use the Subleased Units for any purposes whatever; but the Sub-Lessor shall, nevertheless, have a right to recover

from the Sub-Lessee any and all amounts which under the terms of this Sublease 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 Sub-Lessee (a) as representing actual loss incurred by the Sub-Lessor, damages for loss of the bargain and not as a penalty, a sum, with respect to each Subleased Unit which represents the then present value of all rentals for such Subleased Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Sublease as to such Subleased Unit, such present value to be computed in each case on a basis of a 9% per annum discount, compounded annually from the respective dates upon which rentals would have been payable hereunder had this Sublease not been terminated, and (b) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Sub-Lessor shall have sustained by reason of the breach of any covenant or covenants of this Sublease other than for the payment of rental, including, without limitation, expenses of resale or re-leasing (including incidental transportation costs incurred by Sub-Lessor).

The remedies in this Sublease provided in favor of the Sub-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 Sub-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 Sub-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 Sub-Lessee or on its behalf.

The failure of the Sub-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.

14. Return of Subleased Units Upon Default. If this Sublease shall terminate pursuant to Paragraph 13 hereof, the Sub-Lessee shall forthwith deliver possession of the Subleased Units to the Sub-Lessor. The condition of the Subleased Units upon such return shall be as required pursuant to Paragraph 11 hereof. For the purpose of delivering possession of any Subleased Unit or Subleased Units to the Sub-Lessor as above

required, the Sub-Lessee shall at its own cost, expense, and risk place such Subleased Units upon such storage tracks of the Sub-Lessor or its Affiliates as the Sub-Lessor reasonably may designate or, in the absence of such designation, as the Sub-Lessee may select. The delivery of the Subleased Units as hereinbefore provided are of the essence of this Sublease, and upon application to any court of equity having jurisdiction in the premises the Sub-Lessor shall be entitled to a decree against the Sub-Lessee requiring specific performance of the covenants of the Sub-Lessee so to deliver the Subleased Units.

Without in any way limiting the obligation of the Sub-Lessee under the foregoing provisions of this Paragraph 14, the Sub-Lessee hereby irrevocably appoints the Sub-Lessor as the agent and attorney of the Sub-Lessee, with full power and authority, at any time while the Sub-Lessee is obligated to deliver possession of any Subleased Unit to the Sub-Lessor, to demand and take possession of such Subleased Unit in the name and on behalf of the Sub-Lessee from whomsoever shall be at the time in possession of such Subleased Unit. In connection therewith Sub-Lessee will supply Sub-Lessor with such documents as Sub-Lessor may reasonably request.

15. Assignment; Possession and Use. Conditioned upon the Sub-Lessee performing all of the terms, covenants, and conditions of this Sublease, the Sub-Lessor, its successors and assigns will not disturb the Sub-Lessee's peaceable and quiet possession and use of the Subleased Units during the term of this Sublease, provided, that no Event of Default has occurred and is continuing. The Sub-Lessor will, however, have the right to substitute similar Subleased Units after ninety (90) days following Sublease commencement provided that such substitution does not interfere with the Sub-Lessee's peaceful and quiet possession and use of the Subleased Units.

This Sublease shall be assignable in whole or in part by the Sub-Lessor without the consent of the Sub-Lessee, but the Sub-Lessee shall be under no obligation to any assignee of the Sub-Lessor except upon written notice of such assignment from the Sub-Lessor. All the rights of the Sub-Lessor hereunder (including but not limited to the rights under Paragraphs 8, 11 and 13) shall inure to the benefit of the Sub-Lessor's assigns. Whenever the term Sub-Lessor is used in this Sublease it shall apply and refer to each assignee of the Sub-Lessor.

So long as the Sub-Lessee shall not be in default under this Sublease, the Sub-Lessee may without any prior consent of the Sub-Lessor sub-sublease any one or more of the Subleased Units or assign this Sublease to any one or more of the Sub-Lessee's Affiliates, or with the prior written consent of the Sub-Lessor sub-sublease the Subleased Units to third parties; provided, that (i) such Sub-sublease or assignment shall provide

that the subject Subleased Units shall be operated and maintained in accordance with the terms hereof; (ii) the Sub-Lessee shall provide the Sub-Lessor with 10 days advance notice of any such Sub-sublease or assignment and a copy of such Sub-sublease or assignment; (iii) such Sub-sublease shall be subject and subordinate to the terms and provisions of this Sublease and the interests of the Sub-lessor; and (iv) no such Sub-sublease or assignment shall relieve Sub-Lessee of its obligations hereunder, which shall remain those of a principal and not a surety.

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

So long as the Sub-Lessee shall not be in default under this Sublease, the Sub-Lessee shall be entitled to the possession and use of the Subleased Units in accordance with the terms of this Sublease, but the Sub-Lessee shall not assign or transfer (except as otherwise permitted by this paragraph 15) or encumber its leasehold interest under this Sublease in the Subleased 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 Sub-Lessee may subject such leasehold interest to the lien thereof); and, in addition, the Sub-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 Sub-Lessor not related to the ownership of the Subleased Units) which may at any time be imposed on or with respect to any Subleased Unit or the interest of the Sub-Lessor, or the Sub-Lessee therein. The Sub-Lessee shall not, without the prior written consent of the Sub-Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Subleased Units, except to the extent permitted by the provision of the next succeeding paragraph hereof.

So long as the Sub-Lessee shall not be in default under this Sublease, the Sub-Lessee shall be entitled to the possession of the Subleased 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 Sub-Lessee, or its Affiliates, or upon lines of railroad over which the Sub-Lessee or any such corporation has trackage or other operating rights or over which railroad equipment of the Sub-Lessee is regularly operated pursuant to contract, and also to permit the use of the Subleased 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 Sublease.

Nothing in this Paragraph 15 shall be deemed to restrict the right of the Sub-Lessee to assign or transfer its leasehold interest under this Sublease in the Subleased Units or possession of the Subleased Units to any corporation (which shall have duly assumed the obligations hereunder of the Sub-Lessee) into or with which the Sub-Lessee shall have become merged or consolidated or which shall have acquired the property of the Sub-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 Sublease, (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 Sub-Lessee hereunder shall not, in the reasonable opinion of the Sub-Lessor, be adversely affected; and (iii) such assignee or transferee shall execute an assumption agreement expressly assuming all of the obligations of the Sub-Lessee hereunder (including, but not limited to, Paragraph 19 hereof).

In connection with any Sub-sublease or assignment by Sub-Lessee under this Paragraph 15, whether or not Sub-Lessee is required to obtain the consent of the Sub-Lessor to any such transaction, Sub-Lessee agrees, at its expense, to cause any such assignment or Sub-sublease to be duly filed and recorded with the Interstate Commerce Commission in accordance with the 49 U.S.C. 11303 in order to protect the interest of the Sub-Lessor in and to the Subleased Units under this Sublease.

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

16. Purchase Option. It is agreed that the Sub-Lessee has the option at any time during this Sublease to purchase up to seventy (70) substitute Units of similar age, configuration, and condition from the Sub-Lessor at the purchase price of \$9,000.00

per Unit. Should Sub-Lessee exercise its purchase option at the price of \$9,000.00 per Unit, Sub-Lessor hereby agrees to credit Sub-Lessee against the purchase price with \$135.00 per Unit multiplied by the number of months this Sublease has been in effect, up to a maximum of thirty (30) Units. Should Sub-Lessor be prepared to accept a purchase offer by a third party for a price less than \$9,000.00 per Unit, Sub-Lessor agrees to give Sub-Lessee the first right of refusal to match such a purchase offer at such lower price. In the event that Sub-Lessee agrees to purchase the Units at such lower price, the aforementioned \$135 credit against the purchase price will be reduced proportionately to the difference between \$9,000.00 and the actual purchase price per Unit.

Should Sub-Lessor be prepared to accept a purchase offer by a third party for price greater than \$9,000.00 per Unit, the Sub-Lessor agrees to give Sub-Lessee the first right of refusal at the purchase price of \$9,000.00 per Unit, provided, however, that if Sub-Lessee does not exercise its first right of refusal, Sub-Lessor shall have the right to accept the third party's higher offer and Sub-Lessee's option to purchase the Units covered by such offer shall thereupon be terminated.

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

(a) the Sub-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 Sublease;

(b) this Sublease has been duly authorized, executed and delivered by the Sub-Lessee and constitutes a valid, legal and binding agreement, enforceable in accordance with its terms;

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

(d) this Sublease 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 Sub-Lessor in and to the Subleased Units.

18. Recording. Prior to the delivery and acceptance of the Subleased Units, and in connection with any Sub-sublease or assignment permitted by Paragraph 15 hereof, the Sub-Lessee will cause this Sublease and any such Sub-sublease or assignment to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. 11303. The Sub-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 Sub-Lessor for the purpose of proper protection to the satisfaction of the Sub-Lessor of its title to the Subleased Units or for the purpose of carrying out the intention of this Sublease.

19. 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 Sub-Lessor:           Weyerhaeuser Company  
                                  Tacoma, Washington 98477  
                                  Attn: Mr. Michael A. Lyders

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

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

20. Severability. Any provision of this Sublease 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.

21. Effect and Modification of Sublease. This Sublease exclusively and completely states the rights of the Sub-Lessor and the Sub-Lessee with respect to the leasing of the Subleased Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Sublease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Sub-Lessor and the Sub-Lessee.

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

23. Execution. This Sublease, 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.

24. Law Governing. This Sublease shall be construed, and all questions concerning its performance and the rights and remedies of the parties hereunder shall be determined, in accordance with the laws of Washington; provided, however, that the parties shall be entitled to all rights conferred by U.S.C. 11303.

IN WITNESS WHEREOF, the Sub-Lessor and the Sub-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:

Kathleen M. Sullivan  
Title Executive Secretary

WEYERHAEUSER COMPANY

By Michael A. Slevin  
Title DIRECTOR OF TRANSPORTATION

Attest:

Mark M. Quaker  
Title Account Manager

HELM FINANCIAL CORPORATION

By Richard Quaker  
Title Pres

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

On this 1<sup>st</sup> day of September, 1987, before me personally appeared Michael A. Dykers, to me personally known, who, being by me duly sworn, says that he is a \_\_\_\_\_ of WEYERHAEUSER 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.

Kathryn L. Parfitt  
Notary Public

My Commission Expires: 3-20-1991

[Notarial Seal]

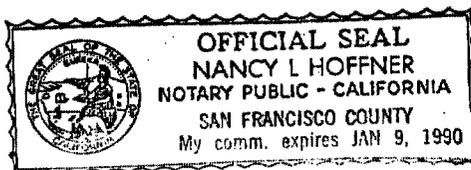
STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF SAN FRANCISCO )

On this 31<sup>st</sup> day of August, 1987, 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 President and 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]



Annex A

to

Sublease of Railroad Equipment

Dated as of August 28, 1987

**Equipment Description**

**Equipment Numbers**

100 Ton, 68-foot log  
loading cars

WTCX 307	WTCX 327
308	328
309	332
310	333
311	336
312	337
313	339
314	340
315	341
316	342
319	343
322	344
323	345
324	347
326	361

Annex B

to

Sublease of Railroad Equipment

Dated as of \_\_\_\_\_, 1987

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FIRST AMENDMENT AND RESTATEMENT OF EQUIPMENT LEASE

Dated as of December 1, 1972

Among

THE LIBERTY NATIONAL BANK AND TRUST COMPANY OF OKLAHOMA CITY  
As Trustee under a Trust Agreement dated as of  
December 1, 1972  
LESSOR

and

WEYERHAEUSER COMPANY  
LESSEE

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(1972 Weyerhaeuser Trust)

Recorded with the Interstate  
Commerce Commission on January  
17, 1973 - 10:05 A.M.,  
Recordation No. 6834-A

## TABLE OF CONTENTS

<u>Section</u>	<u>Heading</u>	<u>Page</u>
Parties .....		1
1.	Delivery and Acceptance of Equipment .....	2
2.	Rentals and Payment Dates .....	2
2.1	Rentals for Equipment .....	2
2.2	Rental Payment Dates .....	2
2.3	Place of Rent Payment .....	2
2.4	Net Lease .....	2
3.	Term of the Lease .....	3
4.	Title to the Equipment .....	3
4.1	Retention of Title .....	3
4.2	Duty to Number and Mark Equipment .....	3
4.3	Prohibition Against Certain Designations .....	4
4.4	Indemnification for Improper Marking .....	4
5.	Disclaimer of Warranties .....	4
6.	Lessee's Indemnity .....	5
6.1	Scope of Indemnity .....	5
6.2	Continuation of Indemnities and Assumptions ...	5
7.	Rules, Laws and Regulations .....	5
8.	Use and Maintenance of Equipment .....	6
9.	Liens on the Equipment .....	6
10.	Filing, Payment of Fees and Taxes .....	6
10.1	Filing .....	6
10.2	Payment of Taxes .....	7
11.	Payment for Casualty Occurrence or Equipment Unserviceable for Use .....	7
11.1	Notification by Lessee of Casualty Occurrence .	7
11.2	Payment for Casualty Occurrence .....	8
11.3	Optional Retirement of Equipment .....	8
11.4	Rent Termination .....	8
11.5	Disposition of Equipment .....	9
11.6	Casualty Value .....	9
11.7	Termination Value .....	9
11.8	Risk of Loss .....	9
11.9	Eminent Domain .....	9

Section	Heading	Page
12.	Annual Reports .....	10
	12.1 Duty of Lessee to Furnish .....	10
	12.2 Lessor's Inspection Rights .....	10
13.	Return of Equipment upon Expiration of Term .....	10
14.	Default .....	11
	14.1 Events of Default .....	11
	14.2 Remedies .....	12
	14.3 Cumulative Remedies .....	13
	14.4 Lessor's Failure to Exercise Rights .....	14
	14.5 Termination by Assignee of Conditional Sale Agreement .....	14
15.	Return of Equipment Upon Default .....	14
	15.1 Lessee's Duty to Return .....	14
	15.2 Specific Performance .....	14
	15.3 Lessor Appointed Lessee's Agent .....	15
16.	Assignments by Lessor .....	15
17.	Assignments by Lessee; Use and Possession .....	15
	17.1 Lessee's Rights to the Equipment .....	15
	17.2 Use and Possession by Lessee, Interchange, "Mileage" .....	16
	17.3 Merger, Consolidation or Acquisition of Lessee .....	16
18.	Opinion of Lessee's Counsel .....	17
19.	Lessor's Right to Expend Fund; Interest on Overdue Rentals and Amounts Paid by Lessor .....	18
20.	Option to Purchase .....	18
21.	Federal Income Taxes .....	19
22.	Miscellaneous .....	20
	22.1 Notices .....	20
	22.2 Execution in Counterparts .....	21
	22.3 Law Governing .....	21
	22.4 Concerning the Lessor .....	21
23.	Insurance .....	22

Attachments to Lease

Exhibit A

Schedule A

Schedule B

Schedule C

- Certificate of Acceptance  
under Equipment Lease
- Description of Equipment
- Schedule of Casualty Value
- Schedule of Termination Value

THIS FIRST AMENDMENT AND RESTATEMENT OF EQUIPMENT LEASE dated as of December 1, 1972, among THE LIBERTY NATIONAL BANK AND TRUST COMPANY OF OKLAHOMA CITY, not in its individual capacity but solely as Trustee under a Trust Agreement, as heretofore or hereafter restated and amended, with General Electric Credit Corporation (the "Trustor") dated as of December 1, 1972 (the "Lessor"), and WEYERHAEUSER COMPANY, a Washington corporation (the "Lessee");

W I T N E S S E T H:

WHEREAS, the Lessor and the Lessee have entered into an Acquisition Agreement dated the date hereof (the "Acquisition Agreement"), with ORTNER FREIGHT CAR COMPANY, (the "Manufacturer") providing for the acquisition by the Lessor of 43 log cars (collectively the "Equipment" and individually as "Item of Equipment") described in Schedule A attached hereto and made a part hereof; and

WHEREAS, the Lessor and the Lessee have entered into a Conditional Sale Agreement dated the date hereof (the "Conditional Sale Agreement") with the Manufacturer providing, among other things, for the manufacture, sale and delivery to the Lessor of the Items of Equipment described in Schedule A hereto; and

WHEREAS, by instrument of Agreement and Assignment dated the date hereof, the Manufacturer has assigned or will assign its right, title and interest under the Conditional Sale Agreement to Chemical Bank, as assignee (said assignee and its respective successors and assigns being herein called the "Assignee"); and

WHEREAS, the Lessee desires to lease all of the Items of Equipment or such lesser number as are delivered to and accepted under the Conditional Sale Agreement on or prior to July 1, 1973, at the rentals and for the terms and upon the conditions hereinafter provided;

WHEREAS, the Lessor and the Lessee have heretofore entered into an Equipment Lease dated as of December 1, 1972, which Equipment Lease has been filed and recorded in the office of the Secretary of the Interstate Commerce Commission at 10:00 A.M. on December 20, 1972 under Recordation No. 6834; and

WHEREAS, the Lessor and the Lessee now desire to amend and restate the provisions of said Equipment Lease in the entirety as hereinafter provided;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Equipment to the Lessee upon the following terms and conditions, namely, but subject to all the rights and remedies of the Manufacturer and the Assignee under the Conditional Sale Agreement.

SECTION 1. DELIVERY AND ACCEPTANCE OF EQUIPMENT.

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

SECTION 2. RENTALS AND PAYMENT DATES.

2.1. Rentals for Equipment. The Lessee agrees to pay the Lessor the following Rent for each Item of Equipment leased hereunder:

(a) Fixed Rental. For each Item of Equipment, forty (40) semiannual installments of Fixed Rental each payable in arrears in the amount provided for each respective Item of Equipment in Schedule A hereto.

(b) Daily Interim Rental. For each Item of Equipment the amount per day provided for each respective Item of Equipment in Schedule A hereto for the period, if any, from the Closing Date under the Conditional Sale Agreement for such Item of Equipment to and including July 17, 1973.

2.2. Rental Payment Dates. The total amount of Daily Interim Rental for each Item of Equipment shall be due and payable on July 17, 1973. The first through the fortieth installments of Fixed Rental for all Items of Equipment shall be due and payable on January 17, 1974 and on each July 17 and January 17 of each year thereafter to and including July 17, 1993.

2.3. Place of Rent Payment. All payments provided for in this Lease to be made to the Lessor shall be made to the Lessor at P.O. Box 25848, Oklahoma City, Oklahoma 73125, or at such other place as the Lessor or its assigns shall specify in writing.

2.4. Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent or reduction thereof, including, but not limited to, abatements or reductions due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise or the Trustor or any entity affiliated with the Trustor or against the Manufacturer or against the Assignee or against any entity having a beneficial interest in the obligations to be performed under the Conditional Sale Agreement; nor except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise

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

### SECTION 3. TERM OF THE LEASE.

The term of this Lease as to each Item of Equipment shall begin on the date of the delivery to and acceptance by the Lessee of such Item of Equipment and, subject to the provisions of Section 11 hereof, shall terminate on July 17, 1993 with the privilege of purchase provided for in Section 20 hereof.

### SECTION 4. TITLE TO THE EQUIPMENT.

4.1. Retention of Title. The Lessor is acquiring full legal title to the Equipment as Vendee under the Conditional Sale Agreement (but only upon compliance with all the terms and conditions thereof) and, it is understood that Lessee shall acquire no right, title and interest to the Equipment except hereunder notwithstanding the delivery of the Equipment to and the possession and use thereof by the Lessee.

4.2. Duty to Number and Mark Equipment. The Lessee will cause each Item of Equipment to be kept numbered with its identification number as set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"Leased by The Liberty National Bank  
and Trust Company of Oklahoma City, as  
Trustee, and subject to a Security Interest  
recorded with the I.C.C."

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 to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 16 hereof. The Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend 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 change the identification number of any Item of Equipment except with the consent of the Lessor and in accordance with a statement of new identification numbers to be substituted therefor, which consent and statement previously shall have been filed with the Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited.

4.3. Prohibition Against Certain Designations. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment 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 Equipment under this Lease.

4.4. Indemnification for Improper Marking. The Lessee shall indemnify the Lessor, the Trustor, and any assignee under Section 16 hereof against any liability, loss or expense incurred by any of them as a result of the aforesaid marking of the Equipment with such name, initials or insignia.

#### SECTION 5. DISCLAIMER OF WARRANTIES.

AS BETWEEN LESSOR AND LESSEE, LESSOR LEASES THE EQUIPMENT, AS-IS WITHOUT WARRANTY OR REPRESENTATION EITHER EXPRESS OR IMPLIED, AS TO (A) THE FITNESS OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, (B) THE LESSOR'S TITLE THERETO, (C) THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF, OR (D) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against any manufacturers or contractors in respect thereof. Any amounts rebated by the manufacturers or contactors in respect of the Equipment shall be made to the account of the Lessee; provided that the Lessee shall not be relieved of its obligations to comply with the provisions of Sections 7 and 8 hereof.

SECTION 6. LESSEE'S INDEMNITY.

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

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

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

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

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including the rules of the United States Department of Transportation and the current Interchange Rules and supplements thereto of the Mechanical Division, Association of American Railroads) with respect to the use, maintenance and operation of each Item of Equipment subject to this

Lease. In case any equipment or appliance is required to be installed on such Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such changes, additions and replacements.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange, and, in any event, with the same standards with which the Lessee maintains equipment of a similar nature owned by Lessee. The Lessee shall not modify any Item of Equipment without the written authority and approval of the Lessor which shall not be unreasonably withheld. Any parts installed or replacements made by the Lessee upon any Item of Equipment shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor, without cost or expense to the Lessor.

SECTION 9. LIENS ON THE EQUIPMENT.

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

SECTION 10. FILING, PAYMENT OF FEES AND TAXES.

10.1. Filing. The Lessee has or promptly following execution thereof will, at its sole expense, cause this Lease, the Conditional Sale Agreement and the first two assignments thereof to be duly filed, recorded or deposited in conformity with Section 20c of the Interstate Commerce Act and in such other places within or without the United States as the Lessor may reasonably request for the protection of its title or the security interest of the Assignee and will furnish the Lessor proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and

will re-file, re-register, or re-record whenever required) any and all further instruments required by law or reasonably requested by the Lessor, for the purpose of protecting the Lessor's title to, or the security interest of the Assignee in, the Equipment to the satisfaction of the Lessor's or the Assignee's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to the Lessor proof of such filings and an opinion of the Lessee's counsel that such action has been properly taken. The Lessee will pay all costs, charges and expenses incident to any such filing, re-filing, recording and re-recording or depositing and re-depositing of any such instruments or incident to the taking of such action.

10.2. Payment of Taxes. The Lessee, or the Lessor at the Lessee's expense, shall report, pay and discharge when due all license and registration fees, assessments, sales, use and property taxes, gross receipts taxes arising out of receipts from use or operation of the Equipment, and other taxes, fees and governmental charges similar or dissimilar to the foregoing (excluding any income taxes imposed exclusively on Trustor's net income and any gross receipts or gross income taxes in substitution for or by way of relief from the payment of taxes imposed on such net income, provided that the Lessee agrees to pay that portion of any such tax on or measured by rentals payable hereunder or the net income therefrom which is in direct substitution for, or which relieves the Lessee from, a tax which the Lessee would otherwise be obligated to pay under the terms of this Section), together with any penalties or interest thereon, imposed by any state, federal or local government upon any Item of Equipment and whether or not the same shall be assessed against or in the name of the Lessor, the Lessee, or the Trustor; provided, however, that the Lessee shall not be required to pay or discharge any such tax or assessment (i) so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor to the Equipment; however, the Lessee shall reimburse the Lessor for any damages or expenses resulting from such failure to pay or discharge, or (ii) as to assessments against or in the name of anyone other than the Lessee, until 20 days after written notice thereof shall have been given to the Lessee.

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

11.1. Notification by Lessee of Casualty Occurrence.  
In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or in the opinion of the Lessee, irreparably damaged or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease (any such occurrence, except for any requisition

which by its terms does not exceed the remaining term of this Lease as provided in Section 11.9 hereof, being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor in regard thereto.

11.2. Payment for Casualty Occurrence. When the aggregate Casualty Value (as defined) of Items of Equipment having suffered a Casualty Occurrence (exclusive of Items of Equipment described in such Schedule having suffered a Casualty Occurrence with respect to which payment shall have been made to the Lessor pursuant to this Section 11) shall exceed \$50,000, the Lessee, on the next succeeding rental payment date, shall pay to the Lessor a sum equal to the Casualty Value of such Item or Items of Equipment as of the date of such payment; provided, that notwithstanding the foregoing the Lessee shall on the last rental payment date of each calendar year pay to the Lessor a sum equal to the Casualty Value of any Item or Items of Equipment which have suffered a Casualty Occurrence during such calendar year or any prior year for which no payment has previously been made to the Lessor pursuant to this Section 11.2. Such payment of Casualty Value shall be in addition to the rental payments due on or prior to such date of payment.

11.3. Optional Retirement of Equipment. Lessee may upon not less than 30 days prior written notice to Lessor terminate this Lease as of the twentieth Fixed Rental payment date or as of any succeeding Fixed Rental payment date as to any Item which, in the good faith judgment of Lessee as determined by its chief executive officer, shall have become obsolete or economically unserviceable so as to be no longer useful in the conduct of Lessee's business upon payment to Lessor on such date of termination of an amount equal to the Termination Value of such Item as of the date on such payment. Such payment shall be in addition to the rental payments due on or prior to such date of payment. Such written notice shall identify the Item for which this lease is to be terminated and shall designate the date (which shall be the 20th or any succeeding Fixed Rental Payment date) of which termination is intended to become effective as a result of such payment. Such notice shall be accompanied by a written statement of the President, any Vice President or the Treasurer of Lessee to Lessor setting forth a summary of the basis for such determination. For the purposes of this Section 11.3 all interest rates payable by Lessee for its indebtedness for borrowed money or finance charges by Lessee in connection with the acquisition of its equipment under Conditional Sale Contracts, Leases or other arrangements for deferred payment shall be disregarded in the determination of economic unserviceability.

11.4. Rent Termination. Upon (and not until) payment of the Casualty Value or, as the case may be, the Termination Value in respect of any Item or Items of Equipment, the installment of Fixed Rental, due on the Casualty Value or Termination Value payment date, and any rent payments as to such Item or Items due and unpaid prior

to the date on which the Casualty Value or, as the case may be, the Termination Value thereof is payable, the obligation to pay rent for such Item or Items of Equipment shall terminate, but the Lessee shall continue to pay rent for all other Items of Equipment. The termination of obligations under this Section 11.4 is subject to the survival of certain indemnities as provided in Section 6.2 hereof.

11.5. Disposition of Equipment. The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment for which settlement has been made pursuant to Section 11.2 or 11.3 as promptly as possible for the best price obtainable. Any such disposition shall be on an "as-is", "where-is" basis without representation or warranty express or implied. As to each separate Item of Equipment so disposed of the Lessee may retain all proceeds of the disposition (including in the case of Casualty Occurrence any insurance proceeds and damages received by the Lessee) to an amount equal to the Casualty Value or Termination Value, as the case may be, paid by the Lessee for such Item and the balance, if any, shall be payable to and retained by the Lessor as its sale property. In disposing of such Item or Items of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item or Items of Equipment. Neither the Lessee nor any person, firm or corporation controlled by, in the control of, or under common control with the Lessee shall be permitted to purchase any Item of Equipment with respect to which the Lease has been terminated pursuant to Section 11.3.

11.6. Casualty Value. The Casualty Value of each Item of Equipment shall be an amount determined as of the date the Casualty Value is paid as provided in Section 11.2 hereof (and not the date of the Casualty Occurrence) equal to that percentage of the original cost to the Lessor of such Item of Equipment as set forth in the Schedule of Casualty Value attached hereto as Schedule B.

11.7. Termination Value. The Termination Value of each Item of Equipment shall be an amount determined as of the date the Termination Value is paid as provided in Section 11.3 hereof equal to that percentage of the original cost to the Lessor of such Item of Equipment as set forth in the Schedule of Termination Value attached hereto as Schedule C.

11.8. Risk of Loss. The Lessee shall bear the risk of and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment after the date hereof.

11.9. Eminent Domain. In the event that during the term of this Lease the use of any Item of Equipment is requisitioned or

taken by any governmental authority under the power of eminent domain or otherwise for a period which does not exceed the period ending on the last rental payment date under Section 2.2 hereof, the Lessee's duty to pay rent shall continue for the duration of such requisitioning or taking. The Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession. A requisition or taking for an indefinite period of time shall not be deemed to exceed the remaining term of this Lease unless and until the period of such requisition or taking does in fact exceed the remaining term of this Lease and a requisition or taking of title shall be deemed to be a requisition or taking which exceeds the remaining term of this Lease.

## SECTION 12. ANNUAL REPORTS.

12.1. Duty of Lessee to Furnish. On or before May 1 in each year, commencing with the year 1974, the Lessee will furnish to the Lessor and the Assignee an accurate statement, as of the preceding December 31 (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as Lessor may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced.

12.2. Lessor's Inspection Rights. The Lessor and the Assignee each shall have the right, at its sole cost and expense, by its authorized representative, to inspect the Equipment and the Lessee's records with respect thereto, at such times as shall be reasonably necessary to confirm to the Lessor or, as the case may be, the Assignee the existence and proper maintenance thereof during the continuance of this Lease.

## SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the term of this Lease with respect to any Item of Equipment and in the event the purchase option provided in Section 20 hereof is not exercised, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Item of Equipment to the Lessor upon such storage tracks or at such place of delivery as the Lessor may designate by written notice given to Lessee not less than 30 days prior to the expiration of the term of this Lease, or in the absence of such designation, as the Lessee may select. All movement of each such Item is to be at the risk and expense of the Lessee. The delivery and transportation of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so deliver and transport the Equipment.

SECTION 14. DEFAULT.

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

(a) Default shall be made in the payment of any part of the rental provided in Section 2 hereof and such default shall continue for five business days; or

(b) The Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or of possession of the Equipment, or any portion thereof, and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such Equipment within 30 days after written notice from the Lessor to the Lessee demanding such cancellation and recovery of possession; or

(c) Default shall be made in the observance of performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for 30 days after written notice from the Lessor to the Lessee, specifying the default and demanding the same to be remedied; or

(d) Any representation or warranty made by the Lessee herein or in any statement or certificate furnished to the Lessor or the Assignee proves untrue in any material respect as of the date of issuance or making thereof and shall not be made good within 30 days after notice thereof to the Lessee by the Lessor; or

(e) The Lessee shall become insolvent or bankrupt or admit in writing its inability to pay its debts as they mature or shall make an assignment for the benefit of its creditors; or

(f) Bankruptcy, reorganization, arrangement or insolvency proceedings or other proceedings for relief under any bankruptcy or similar law or laws for the relief of debtors shall be instituted by or against Lessee; or Lessee shall permit or there shall occur any involuntary transfer of its interest hereunder or of all or substantially all of Lessee's property by bankruptcy or by the appointment of a receiver or trustee or by execution or by any judicial or administrative decree or process or otherwise; unless in every such case such proceedings (if instituted against the Lessee) shall be dismissed or such assignment, transfer, decree or process shall within 60 days from the filing or other effective date therein be nullified, stayed or otherwise rendered ineffective, or unless any such receiver or trustee shall within 60 days from the date of his appointment adopt and assume this Lease pursuant to due authority of law and of the court appointing him.

(g) Any Event of Default as defined in the separate Equipment Leases dated as of December 1, 1972, between the Trustee and Columbia & Cowlitz Railway Company and Texas, Oklahoma & Eastern Railroad Company, shall have occurred and be continuing.

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

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

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

other than for the payment of rental, and expenses including reasonable attorney's fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease; and

(c) In the event of any such termination and whether or not the Lessor shall have exercised or shall thereafter exercise any of its other rights under paragraph (b) above, the Lessor shall have the right to recover from the Lessee an amount which, after deduction of all taxes required to be paid by the Trustor in respect of the receipt thereof under the laws of the United States or any political subdivision thereof, shall be equal to any portion of the investment credit (hereinafter called the Investment Credit) allowed by Section 38 and related sections of the Internal Revenue Code of 1954, as amended, lost, not claimed, not available for claim, disallowed or recaptured by or from the Trustor as a result of the breach of one or more of the representations, warranties and covenants made by the Lessee in Section 21 hereof or any other provision of the Lease or the sale or other disposition of the Lessor's interest in any Item of Equipment after the occurrence of an Event of Default plus such sums as, in the reasonable opinion of the Trustor, will cause the Trustor's net return under this Lease to be equal to the net return that would have been available to the Trustor if it had been entitled to utilization of all or such portion of the maximum depreciation deduction authorized with respect to an Item of Equipment under Section 167 of the Internal Revenue Code utilizing the "class lives" prescribed in accordance with Section 167 (m) of said Code (hereinafter called the ADR Deduction) which was lost, not claimed, not available for claim, disallowed or recaptured in respect of an Item of Equipment as a result of the breach of one or more of the representations, warranties and covenants made by the Lessee in Section 21 hereof or any other provision of this Lease, the termination of this Lease, the Lessee's loss of the right to use such Item of Equipment, any action or inaction by the Lessor or Trustor or the sale or other disposition of the Lessor's interest in such Item of Equipment after the occurrence of an Event of Default.

It is not the intent of this Section to provide the Trustor or the Lessor with any duplication of recovery of damages.

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

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

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

14.5. Termination by Assignee of Conditional Sale Agreement. Anything in this Lease to the contrary notwithstanding, if the Assignee of the Conditional Sale Agreement shall, upon the occurrence of an Event of Default (subject to any rights to cure in favor of Lessor or Trustor) as defined therein, state in a written notice to the Lessor and Lessee that this Lease terminates, this Lease shall, immediately upon receipt by Lessee of such notice, terminate as to all the Items of Equipment and the rights of the Lessee hereunder shall at all times and in all respects be subject and subordinate to the rights and remedies of the Assignee under the Conditional Sale Agreement.

#### SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

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

(a) Forthwith assemble and place such Equipment upon such storage tracks as the Lessor may designate or, in the absence of such designation as the Lessee may select;

(b) Provide storage at the risk of the Lessee for such Equipment on such tracks for a period not exceeding 180 days after written notice to the Lessor specifying the place of storage and the identification numbers of the Items so stored; and

(c) Transport any Items of Equipment, at any time within such 180 days' period, to any place in the continental United States, all as the Lessor may reasonably direct upon not less than 30 days' written notice to the Lessee.

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

15.3. Lessor Appointed Lessee's Agent. Without in any way limiting the obligations of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Items of Equipment to Lessor, to demand and take possession of such Item in the name and on behalf of Lessee from whosoever shall be at the time in possession of such Item.

SECTION 16. ASSIGNMENTS BY LESSOR.

This Lease shall be assignable in whole or in part by Lessor without the consent of Lessee, but Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. Upon notice to the Lessee of any such assignment the rent and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to the assignee. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of any such assignee in and to the sums payable by the Lessee under any provisions of this Lease shall not be subject to any abatement whatsoever, and shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever whether by reason of or defect in Lessor's title, or any interruption from whatsoever cause (other than from a wrongful act of the assignee) in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of the assignee, the Lessee shall be unconditionally and absolutely obligated to pay the assignee all of the rents and other sums which are the subject matter of the assignment, and (ii) the assignee shall, as against the Lessee, but subject to any limitations provided in said assignment as between the Lessor and said assignee, have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of the assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

17.1. Lessee's Rights to the Equipment. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not assign, transfer or encumber its

leasehold interest under this Lease in any of the Equipment. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except (i) to the extent permitted by the provisions of Section 17.2 hereof, or (ii) pursuant to subleases of one or more Items of Equipment to any person, firm, or corporation for a term expiring not later than the term of this Lease; provided that any such sublease shall be subject to the provisions of this Lease, including without limitation the rights of the Lessor and the Assignee which are provided for in Sections 14 and 15 hereof, and no such sublease shall relieve the Lessee of any liability or obligation hereunder, which shall be and remain those of a principal and not a surety.

17.2. Use and Possession by Lessee, Interchange, "Mileage".

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to and shall have the exclusive use and possession of the Equipment. The Lessee agrees that the Equipment will be used solely upon its or its wholly-owned subsidiaries lines or the lines of railroads in the usual interchange of traffic. The Lessee may receive and retain for its own account such compensation for subletting the Equipment and/or for the use of the Equipment by others as the Lessee may determine. Without limiting the foregoing, it is contemplated that the Lessee shall receive insofar as applicable law and regulations allow, all mileage allowance rentals and/or other compensation (hereinafter referred to as "Mileage") payable by carriers by reason of the use of the Equipment and if for any reason the Lessor shall receive any Mileage then (unless an Event of Default as defined in Section 14 shall have occurred and be continuing in which event such Mileage or portion thereof shall be retained by Lessor until such Event of Default shall no longer be continuing) the Lessor shall remit such Mileage to the Lessee promptly after the Lessee shall furnish to the Lessor, at the Lessee's sole expense, either (i) evidence satisfactory to the Lessor acting reasonably or (ii) a ruling of the Interstate Commerce Commission to the effect that the remittance thereof to the Lessee will not constitute a rebate within the meaning of 49 U.S.C. Section 41, as amended, or (iii) an opinion of counsel to the same effect. Notwithstanding the foregoing, the Lessee will not assign any Item of Equipment to service involving the regular operation and maintenance thereof outside the United States of America. No assignment or interchange entered into by the Lessee hereunder shall relieve the Lessee of any liability or obligations hereunder which shall be and remain those of a principal and not a surety.

17.3. Merger, Consolidation or Acquisition of Lessee.

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

SECTION 18. OPINION OF LESSEE'S COUNSEL.

Promptly following the delivery and acceptance of the first Item of Equipment hereunder, the Lessee will deliver to the Lessor five counterparts of the written opinion of counsel for the Lessee addressed to the Lessor, the Trustor and to the Assignee, in scope and substance satisfactory to the Lessor, to the effect that:

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

(b) The Lessee has the corporate or other power and authority to own its property and carry on its business as now being conducted and is duly qualified to do business as a foreign corporation in all states in which such qualification is necessary to carry out the terms of the Lease;

(c) This Lease and the Acquisition Agreement of even date herewith among the Lessor, the Lessee and the Manufacturer have been duly authorized, executed and delivered by the Lessee and constitute the valid, legal and binding agreements of the Lessee enforceable in accordance with their respective terms;

(d) This Lease has been filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act and no other filing, recording or depositing is necessary to protect the Lessor's title to the Equipment in the United States of America;

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

(f) The execution and delivery by the Lessee of the Acquisition Agreement and this Lease do not violate any provision of any law, any order of any court or governmental agency, the Charter or By-laws of the Lessee, or any indenture, agreement, or other instrument to which the Lessee is a party or by which it, or any of its property is bound, and will not be in conflict with, result in the breach of, or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement, or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever

upon any of the property or assets of the Lessee, except as contemplated and permitted hereby; and

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

SECTION 19. LESSOR'S RIGHT TO EXPEND FUNDS; INTEREST ON OVERDUE RENTALS AND AMOUNTS PAID BY LESSOR.

19.(a) In case of failure of Lessee to comply with any provision of this Lease, Lessor shall have the right, but shall not be obligated, to effect such compliance in whole or in part, and all moneys spent and expenses and obligations incurred or assumed by Lessor in effecting such compliance shall constitute additional rent due to Lessor five (5) days after the date Lessor sends notice to Lessee requesting payment. Lessor's effecting such compliance shall not be a waiver of Lessee's default.

(b) Anything to the contrary herein contained notwithstanding, any nonpayment of rentals due hereunder, or amounts expended by the Lessor on behalf of the Lessee, shall result in the obligation on the part of the Lessee to pay also an amount equal to 8-3/4% (or the lawful rate, whichever is less) of the overdue rentals and amounts expended for the period of time during which they are overdue or expended and not repaid.

SECTION 20. OPTION TO PURCHASE.

Provided that the Lessee is not in default, Lessee shall have the following option to purchase:

(a) The Lessee shall have the right to purchase all but not less than all of the Equipment then leased hereunder at the expiration of the original term at a price equal to the "fair market value" (as defined). The Lessee shall give the Lessor written notice 180 days prior to the end of the term of its election to exercise the purchase option provided for in this Section. Payment of the option price shall be made at the place of payment specified in Section 2 hereof in funds there current against delivery of a bill of sale transferring and assigning to the Lessee all right, title and interest of the Lessor in and to the Equipment and containing a warranty against liens or claims of persons claiming by, through or under the Lessor except liens and claims which the Lessee assumed or is obligated to discharge under the terms of the Lease. The Lessor shall not be required to make any representation or warranty as to the condition of the Equipment or any other matters.

(b) The "fair market value" shall be an amount mutually agreed upon by the Lessor and the Lessee; provided

that if the Lessor and the Lessee are unable to agree upon the fair market value of the Equipment within 30 days after receipt by the Lessor of the notice of the Lessee's election to exercise the purchase option, the fair market value shall be determined by an independent appraisal to be obtained for this purpose from an independent appraiser selected by the Lessee and satisfactory to the Lessor, provided that in the case that the Lessor and the Lessee cannot agree on an independent appraiser, the Lessor and the Lessee shall each select one independent appraiser and the two independent appraisers so selected shall select a third independent appraiser, and such value shall then be determined by the average of the appraisals obtained from the three appraisers. The cost of all such appraisals shall be borne by the Lessee. The fair market value as finally determined shall bear interest for the period, if any, from the date of expiration of this Lease to the date of payment at the rate of 8-3/4% per annum.

(c) Unless the Lessee has given the Lessor 180 days notice as required in connection with exercise of the foregoing option, all the Equipment then leased hereunder shall be returned to the Lessor in accordance with Section 13 hereof.

Notwithstanding any election of the Lessee to purchase, the provisions of Section 11 hereof shall continue in full force and effect until the date of purchase and the passage of ownership of the Equipment purchased by the Lessee upon the date of purchase unless the purchase price has been agreed upon by the parties pursuant to this Section 20.1, in which event such purchase price shall govern.

#### SECTION 21. FEDERAL INCOME TAXES.

The Trustor, as the beneficial owner of the Equipment, shall be entitled to such deductions, credits and other benefits as are provided by the Internal Revenue Code of 1954, as amended from time to time and the regulations thereunder (hereinafter called the Code), to an owner of property, including (without limitation) an allowance for the Investment Credit and the ADR Deduction (all as defined in Section 14.2(c) of this Lease), with respect to the Equipment to the extent so provided.

The Lessee represents and warrants that (i) none of the Equipment constitutes property the construction, reconstruction or erection of which was begun before April 1, 1971; (ii) at the time the Lessor becomes the owner of the Equipment, the Equipment will constitute "new section 38 property" within the meaning of Section 48(b) of the Code and at the time the Lessor becomes the owner of the Equipment, the Equipment will not have been used by any person so as to preclude "the original use of such property" within the meaning of Sections 48(b) and 167(c)(2) of the Code

from commencing with the Lessor; and (iii) at all times during the term of this Lease, each Item of Equipment will constitute "Section 38 property" within the meaning of Section 48(a) of the Code as now in effect; and (iv) at the time the Lessor becomes the owner of the Equipment, and at all times during the term of the Lease, each Item of Equipment will constitute "eligible property" within the meaning of Treasury Regulations, Section 1.167(a)-11 as now in effect.

If any representation, warranty or statement made by the Lessee (or any officer, employee or agent of the Lessee) herein or in connection with this Lease or the Equipment shall prove to be fraudulent, untrue, incorrect or inaccurate in whole or in part; or if the Lessee shall fail to state any material fact in connection with this transaction or take any action in respect of its income tax returns which shall be inconsistent with, or in contravention of, this transaction; and if the Trustor shall thereby lose or not be entitled to claim the Investment Credit or the ADR Deduction in respect of any Item or Items of Equipment, then the Lessee shall pay the Lessor, as additional rent, an amount which, after deduction of all taxes required to be paid by the Trustor in respect of the receipt of such additional rent, shall be equal to the benefit so lost plus any interest or penalty assessed against the Trustor in connection with such loss. The Trustor agrees to notify promptly the Lessee of any claim made by the Internal Revenue Service against the Trustor with respect to such loss which relates to information which may be particularly within the knowledge of the Trustor.

For purposes of this Section any indemnification payable hereunder shall be payable upon the earliest of (1) the payment to the Internal Revenue Service of the tax increase resulting from the disallowance, reduction or disqualification of such tax benefits or (2) the adjustment of Trustor's tax return or of a consolidated tax return of which Trustor is a part to reflect the disallowance, reduction or disqualification of such tax benefit.

The indemnification provided by this Section shall not be applicable in the event the transfer by the Trustor of the Trustor's interest in the Trust Estate pursuant to Section 6.01 of the Trust Agreement should (1) for the purposes of the Investment Credit, be determined to be a disqualifying disposition, or (2) for the purposes of the ADR Deduction, cause the Trustor to lose said ADR Deduction or (3) result in less or different tax benefits or status to the transferee as successor Trustor.

## SECTION 22. MISCELLANEOUS.

22.1. 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: The Liberty National Bank and Trust  
Company of Oklahoma City  
P. O. Box 25848  
Oklahoma City, Oklahoma 73125  
Attention: Trust Department  
(with copies to the Trustor at  
(i) P. O. Box (North Station) White  
Plains, New York 10603, Attention  
of Loan Officer and (ii) P.O. Box  
8300, Stamford, Connecticut 06904,  
Attention of Manager-Operations.

If to the Lessee: Weyerhaeuser Company  
Tacoma, Washington 98401  
Attention: Mr. William C. Stivers,  
Treasurer

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

22.2. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall constitute but one and the same contract which shall be sufficiently evidenced by any such original counterparts. It shall not be necessary that any counterpart be signed by more than one party hereto so long as separate counterparts have been executed by each of the parties hereto. Although this Agreement is dated for convenience as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

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

22.4. Concerning the Lessor. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, covenants, undertakings and agreements herein made on the part of the Lessor, while in form purporting to be the representations, covenants, undertakings and agreements of The Liberty National Bank and Trust Company of Oklahoma City are nevertheless each and every one of them, made and intended not as individual representations, covenants, undertakings and agreements or for the purpose or with the intention of binding The Liberty National Bank and Trust Company

of Oklahoma City individually, but are made and intended for the purpose of binding only the Trust and the Trust Estate as that term is used in the Trust Agreement; such Trust is the Lessor hereunder, and this Equipment Lease is executed and delivered by The Liberty National Bank and Trust Company of Oklahoma City, not in its own right but solely in the exercise of the powers conferred upon it as such Trustee; and no personal liability or personal responsibility is assumed by nor shall at any time be asserted or enforceable against The Liberty National Bank and Trust Company of Oklahoma City (except for gross negligence or willful misconduct) on account of this Equipment Lease or on account of any representation, covenant, undertaking or agreement of The Liberty National Bank and Trust Company of Oklahoma City in this Equipment Lease contained, either expressed or implied, all such personal liability, if any (except for gross negligence or willful misconduct), being expressly waived and released by the Lessee herein and by all persons claiming by, through or under said Lessee; excepting, however, that the Lessee or any person claiming by, through or under it, making claim hereunder, may look to said Trust and the Trust Estate for satisfaciton of the same.

#### SECTION 23. INSURANCE

In addition to Lessee's indemnities under Section 6.1(b), Lessee agrees to keep and maintain in force, its own expense, public liability insurance including, but not limited to, coverage for personal injuries, death or damage to property of others with Lessor or its assigns, if any, as an additional insured, with terms and for such reasonable amounts satisfactory to Lessor. Lessee will deliver evidence of such insurance satisfactory to Lessor, to Lessor.

In addition, Lessee will, without cost to Lessor, maintain or cause to be maintained in effect while this Lease shall be in effect, insurance policies with responsible insurers insuring against loss or damage to the Leased Property from such risks and in such amounts as Lessee would, in the prudent management of its properties, maintain or cause to be maintained with respect to similar property owned by it. Notwithstanding the provisions of the foregoing sentence, however, Lessee may self-insure the Units of Equipment against such risks but to no greater extent than any similar property owned by Lessee.

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Equipment Lease to be executed by their respective officers thereunder duly authorized and their corporate seals to be hereto affixed, all as of the date and year first above written.

THE LIBERTY NATIONAL BANK AND TRUST  
COMPANY OF OKLAHOMA CITY, as Trustee  
under 1972 Weyerhaeuser Trust

By /s/ Vernon G. Wright  
Its Vice President  
LESSOR

(Corporate Seal)

ATTEST:

/s/ C. A. Hartwig, Jr.  
Assistant Secretary

WEYERHAEUSER COMPANY

By /s/ D. R. Edwards  
Its Attorney in fact  
LESSEE

ATTEST:

/s/ Peter Lewis Sill  
Ass't Secretary

STATE OF OKLAHOMA    )  
                          ) SS  
COUNTY OF OKLAHOMA )

On this 12th day of January, 1973, before me personally appeared Vernon G. Wright, to me personally known, who being by me duly sworn, says that he is a Vice President of THE LIBERTY NATIONAL BANK AND TRUST COMPANY OF OKLAHOMA CITY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

          /s/  Judy S. Dumont            
  Notary Public

(Seal)

My Commission expires: March 17, 1975

STATE OF WASHINGTON }  
COUNTY OF KING } SS

On this 10th day of January, 1973, before me personally appeared D. R. EDWARDS, to me personally known, who being by me duly sworn, says that he is the attorney-in-fact of WEYERHAEUSER COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

/s/ R. M. Raudebaugh  
Notary Public

(Seal)

My Commission expires: August 12, 1973

CERTIFICATE OF ACCEPTANCE  
UNDER EQUIPMENT LEASE

To: THE LIBERTY NATIONAL BANK AND TRUST COMPANY OF OKLAHOMA CITY,  
as Trustee under 1972 Weyerhaeuser Trust ("Trustee")

ORTNER FREIGHT CAR COMPANY, ("Manufacturer")

I, a duly appointed inspector and authorized representative of WEYERHAEUSER COMPANY ("Lessee") and of the above named Trustee, do hereby certify that I have inspected, received approved and accepted delivery, on behalf of the Lessee and under the Equipment Lease dated as of December 1, 1972 among the Trustee, and the Lessee, of the following items of equipment ("Equipment"):

TYPE OF EQUIPMENT:

PLACE ACCEPTED:

DATED ACCEPTED:

NUMBER OF ITEMS:

NUMBERED:

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

"Leased by The Liberty National Bank and Trust  
Company of Oklahoma City, as Trustee, and subject  
to a Security Interest recorded with the I.C.C."

(1972 Weyerhaeuser Trust)

Exhibit A  
(to Equipment Lease)

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

Inspector and Authorized Representa-  
tive of Lessee

DESCRIPTION OF EQUIPMENT

MANUFACTURER: ORTNER FREIGHT CAR COMPANY

DESCRIPTION OF EQUIPMENT: 43 68-foot 100-ton log loading cars bearing identification numbers WCTX 307 to WCTX 349, both inclusive.

BASE PRICE: \$731,000 (i.e. \$17,000 per Item)

ESTIMATED DELIVERY DATES: December, 1972 - January, 1973

PLACE OF DELIVERY: Plymouth, North Carolina

FIXED RENTAL PAYMENTS: Forty rental payments, semi-annually in arrears, at \$639.71 each per Item of Equipment (total each payment of \$27,507.53 for 43 Items).

DAILY INTERIM RENTAL: \$3.6597 per day per Item of Equipment.

Lessee: Weyerhaeuser Company

Trustor: General Electric Credit Corporation

In the event the price of any Item covered by this Schedule is greater or less than the amount set forth above, the rental for such Item shall be proportionately increased or reduced accordingly.

SCHEDULE A  
(to Equipment Lease)

(1972 Weyerhaeuser Trust)

## WEYERHAEUSER COMPANY

## SCHEDULE OF CASUALTY VALUE

The Casualty Value of an Item of Equipment payable on each of the following dates shall mean an amount equal to the percent of total cost of such Item to the Lessor, including all taxes and delivery charges, set forth opposite each such date in the following schedule:

<u>Date on which Casualty Value is Paid (Payment in Addition to Daily Interim Rental or Fixed Rental Due on such Date)</u>	<u>Casualty Value Payable Per Item</u>
July 17, 1973	104.2349
January 17, 1974	104.3559
July 17, 1974	105.0869
January 17, 1975	105.5736
July 17, 1975	105.7959
January 17, 1976	105.7762
July 17, 1976	105.5159
January 17, 1977	100.3611
July 17, 1977	99.6601
January 17, 1978	98.8325
July 17, 1978	97.8825
January 17, 1979	92.1507
July 17, 1979	90.9716
January 17, 1980	89.6863
July 17, 1980	88.2958
January 17, 1981	82.1415
July 17, 1981	80.5580
January 17, 1982	78.8875
July 17, 1982	77.1332
January 17, 1983	75.3151
July 17, 1983	73.4380
January 17, 1984	71.5122
July 17, 1984	69.5395
January 17, 1985	67.5192
July 17, 1985	65.4504
January 17, 1986	63.3321
July 17, 1986	61.1632
January 17, 1987	58.9425
July 17, 1987	56.6689
January 17, 1988	54.3412
July 17, 1988	51.9582
January 17, 1989	49.5187

SCHEDULE B  
(to Equipment Lease)

(1972 Weyerhaeuser Trust)

Date on which Casualty  
Value is Paid (Pay-  
ment in Addition to  
Daily Interim Rental  
or Fixed Rental Due on  
such Date)

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Casualty Value  
Payable Per Item

July 17, 1989	47.0214
January 17, 1990	44.4650
July 17, 1990	41.8481
January 17, 1991	39.1694
July 17, 1991	36.4275
January 17, 1992	33.6431
July 17, 1992	30.8569
January 17, 1993	28.0736
July 17, 1993	14.9972

WEYERHAEUSER COMPANY

SCHEDULE OF TERMINATION VALUE

The termination value of an Item of Equipment payable on each of the following dates shall mean an amount equal to the percent of total cost of such Item to the Lessor, including all taxes and delivery charges, set forth opposite each such date in the following schedule:

<u>Date on Which Termination Value is Paid (Payment in Addition to Fixed Rental Due on such Date)</u>	<u>Termination Value Payable Per Item</u>
July 17, 1983	73.4380
January 17, 1984	71.5122
July 17, 1984	69.5395
January 17, 1985	67.5192
July 17, 1985	65.4504
January 17, 1986	63.3321
July 17, 1986	61.1632
January 17, 1987	58.9425
July 17, 1987	56.6689
January 17, 1988	54.3412
July 17, 1988	51.9582
January 17, 1989	49.5187
July 17, 1989	47.0214
January 17, 1990	44.4650
July 17, 1990	41.8481
January 17, 1991	39.1694
July 17, 1991	36.4275
January 17, 1992	33.6431
July 17, 1992	30.8569
January 17, 1993	28.0736
July 17, 1993	14.9972

SCHEDULE C  
(to Equipment Lease)

(1972 Weyerhaeuser Trust)



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AMENDMENT TO  
FIRST AMENDMENT AND RESTATEMENT OF EQUIPMENT LEASE

Dated as of December 1, 1972

Among

THE LIBERTY NATIONAL BANK AND TRUST COMPANY OF OKLAHOMA CITY  
As Trustee under a Trust Agreement dated as of  
December 1, 1972  
LESSOR

and

WEYERHAEUSER COMPANY  
LESSEE

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(1972 Weyerhaeuser Trust)

Recorded with the Interstate  
Commerce Commission on June  
11, 1973 - 10:05 A.M.,  
Recordation No. 6834-B

THIS AMENDMENT dated as of December 1, 1972 to FIRST AMENDMENT AND RESTATEMENT OF EQUIPMENT LEASE dated as of December 1, 1972, among THE LIBERTY NATIONAL BANK AND TRUST COMPANY OF OKLAHOMA CITY, not in its individual capacity but solely as Trustee under a Trust Agreement, as heretofore or hereafter restated and amended, with GENERAL ELECTRIC CREDIT CORPORATION dated as of December 1, 1972 (the "Lessor"), and WEYERHAEUSER COMPANY, a Washington corporation (the "Lessee");

W I T N E S S E T H:

WHEREAS, the Lessor and the Lessee have heretofore entered into an Equipment Lease dated as of December 1, 1972, which Equipment Lease has been filed and recorded in the office of the Secretary of the Interstate Commerce Commission at 10:00 A.M. on December 20, 1972 under Recordation No. 6834; and

WHEREAS, the Lessor and the Lessee have heretofore entered into a First Amendment and Restatement of Equipment Lease dated as of December 1, 1972 amending and restating in full the provisions of said Equipment Lease, which First Amendment and Restatement of Equipment Lease has been filed and recorded in the office of the Secretary of the Interstate Commerce Commission at 10:05 A.M. on January 17, 1973 under Recordation No. 6834-A; and

WHEREAS, the Lessor and the Lessee now desire to amend said First Amendment and Restatement of Equipment Lease in order to provide for the lease thereunder of 25 additional log cars more fully described as the "Group 2 Equipment" in the Description of Equipment attached hereto; and

WHEREAS, the Lessor and the Lessee propose to enter into an Acquisition Agreement dated the date hereof with Ortner Freight Car Company providing for the acquisition by the Lessor of said 25 log cars; and

WHEREAS, the Lessor proposes to enter into a Conditional Sale Agreement dated the date hereof with Ortner Freight Car Company providing, among other things, for the manufacture, sale and delivery to the Lessor of said 25 log cars; and

WHEREAS, by instrument of Agreement and Assignment dated the date hereof, the Manufacturer proposes to assign its right, title and interest under the Conditional Sale Agreement to Chemical Bank, as assignee; and

WHEREAS, the Lessee desires to lease said 25 log cars or such lesser number as are delivered to and accepted under said Conditional Sale Agreement on or prior to July 1, 1973 as Items of

Equipment under said First Amendment and Restatement of Equipment Lease and subject to all of the terms and provisions of said First Amendment and Restatement of Equipment Lease as if said 25 log cars were a part of the Equipment originally described in said First Amendment and Restatement of Equipment Lease, but for the rentals provided for said 25 log cars in the Description of Equipment attached hereto;

NOW, THEREFORE, the Lessor and the Lessee hereby agree:

1. In consideration of the premises and of the rentals to be paid therefore provided herein and the covenants to be kept and performed by the Lessee in regard thereto as set forth in said First Amendment and Restatement of Equipment Lease, the Lessor hereby leases said 25 log cars to the Lessee upon the terms and conditions set forth in said First Amendment and Restatement of Equipment Lease, it being understood that from and after the execution and delivery hereof all references therein to "Equipment" or "Item of Equipment" shall mean and include said 25 log cars and where the context requires, references to "Acquisition Agreement" and "Conditional Sale Agreement" shall, with respect to said 25 log cars, mean the Acquisition Agreement and Conditional Sale Agreement referred to above, provided that the rentals for said 25 log cars shall be in the amounts provided in the Description of Equipment attached hereto.

2. The Description of Equipment in the form originally attached to said First Amendment and Restatement of Equipment Lease as Schedule A thereto shall be and the same is hereby amended in its entirety to read in the form of the Description of Equipment attached hereto.

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Amendment to be executed by their respective officers thereunder duly authorized and their corporate seals to be hereto affixed, all as of the date and year first above written.

THE LIBERTY NATIONAL BANK AND TRUST  
COMPANY OF OKLAHOMA CITY, as Trustee  
under 1972 Weyerhaeuser Trust

(Corporate Seal)

By /s/ Vernon G. Wright  
Its Vice President

LESSOR

ATTEST:

/s/ C. A. Hartwig, Jr.  
Assistant Secretary

WEYERHAEUSER COMPANY

BY /s/ D. R. Edwards  
Its Attorney-in-Fact

LESSEE

(Corporate Seal)

ATTEST:

/s/ Rowland C. Vincent  
Secretary



STATE OF WASHINGTON }  
COUNTY OF KING } SS

On this 30th day of May, 1973, before me personally appeared D. R. Edwards, to me personally known, who being by me duly sworn, says that he is the Attorney-in-Fact of WEYERHAEUSER COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

/s/ David M. Judkins  
Notary Public

(Seal)

My Commission expires: January 10, 1977

DESCRIPTION OF EQUIPMENT

MANUFACTURER: ORTNER FREIGHT CAR COMPANY

DESCRIPTION OF GROUP 1 EQUIPMENT: 43 68-foot 100-ton log loading cars bearing identification numbers WCTX 307 to WCTX 349, both inclusive.

BASE PRICE OF GROUP 1 EQUIPMENT: \$731,000 (i.e. \$17,000 per Item)  
actual cost = 16,890.

ESTIMATED DELIVERY DATES FOR GROUP 1 EQUIPMENT: December, 1972 - January, 1973

PLACE OF DELIVERY FOR GROUP 1 EQUIPMENT: Plymouth, North Carolina

FIXED RENTAL PAYMENTS FOR GROUP 1 EQUIPMENT: Forty rental payments, <sup>actual = 635.57</sup> semi-annually in arrears, at \$639.71 each per Item of Equipment (total each payment of \$27,507.53 for 43 Items).  
actual 27,329.55

DAILY INTERIM RENTAL FOR GROUP 1 EQUIPMENT: \$3.6597 per day per Item of Equipment.

DESCRIPTION OF GROUP 2 EQUIPMENT: 25 68-foot 100-ton log loading cars bearing identification numbers WCTX 350 to WCTX 374, both inclusive.

BASE PRICE OF GROUP 2 EQUIPMENT: \$440,925 (i.e. \$17,637 per Item)  
or

ESTIMATED DELIVERY DATES FOR GROUP 2 EQUIPMENT: May, 1973 - June, 1973

PLACE OF DELIVERY FOR GROUP 2 EQUIPMENT: Plymouth, North Carolina

FIXED RENTAL PAYMENTS FOR GROUP 2 EQUIPMENT: <sup>or</sup> Forty rental payments, semi-annually in arrears, at \$663.68 each per Item of Equipment (total each payment of \$16,592.00 for 25 Items).

DAILY INTERIM RENTAL FOR GROUP 2 EQUIPMENT: \$3.7968 per day per Item of Equipment.

Lessee: Weyerhaeuser Company

Trustor: General Electric Credit Corporation

In the event the price of any Item covered by this Schedule is greater or less than the amount set forth above, the rental for such Item shall be proportionately increased or reduced accordingly.

SCHEDULE A  
(to Equipment Lease)

(1972 Weyerhaeuser Trust)