

CHICAGO AND



TRANSPORTATION COMPANY

File No. A-12213

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March 21, 1984

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No.

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INTERSTATE COMMERCE COMMISSION

ICC Washington, D.C.

Agatha L. Mergenovich, Secretary
Interstate Commerce Commission
Washington, D.C. 20423

MAR 22 1984 - 10 15 AM

INTERSTATE COMMERCE COMMISSION

Dear Ms. Mergenovich:

Pursuant to Section 11303 (formerly Section 20c) of the Interstate Commerce Act, enclosed for recordation are counterparts of Finance and Security Agreement and Equipment Lease Agreement dated as of March 1, 1984 covering one hundred and five (105) various units of Maintenance of Way equipment listed in Schedule A attached to the Agreement.

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

1. Chicago and North Western Transportation Company, Lessee, One North Western Center, Chicago, IL 60606
2. Sheridan II Leasing Corporation, Lessor, One American Plaza, Evanston, IL 60201
3. U. S. Steel Credit Corporation, Lender, 600 Grant Street, Pittsburgh, PA 15230

Enclosed are two checks each in the amount of \$50.00 for your recording fee. Keep one counterpart for your files and return the other counterparts showing your recordation data.

Sincerely,

Robin Bourne-Caris

Robin Bourne-Caris
Assistant Secretary

Enclosure

cc: R. D. Smith
R. A. Jahnke
R. F. Guenther

D. E. Stockham, Attn: P. J. Brod
Arthur Andersen & Co.,
Attn: P. Keglevic

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C. D. [Signature]

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INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE AGREEMENT

BETWEEN

SHERIDAN II LEASING CORPORATION

AND

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY

THIS EQUIPMENT LEASE AGREEMENT HAS BEEN ASSIGNED AS SECURITY FOR THE PERFORMANCE OF CERTAIN OBLIGATIONS AS PROVIDED IN SECTION 18 HEREOF. THIS EQUIPMENT LEASE AGREEMENT HAS BEEN EXECUTED IN 8 COUNTERPARTS OF WHICH THIS IS COUNTERPART 2. SEE SECTION 29 HEREOF FOR INFORMATION CONCERNING DISTRIBUTION OF THE VARIOUS COUNTERPARTS HEREOF.

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Exhibit G - Useful Life and Residual Value Estimate

EQUIPMENT LEASE AGREEMENT

THIS EQUIPMENT LEASE AGREEMENT (the "Lease") is dated as of the 1st day of March, 1984, and is by and between Sheridan II Leasing Corporation, a Delaware corporation (the "Lessor") and Chicago and North Western Transportation Company, a Delaware corporation (the "Lessee").

WHEREAS, the Lessor and the Lessee, together with United States Steel Credit Corporation (the "Lender"), have entered into a Finance and Security Agreement dated as of the date hereof (the "Finance Agreement"), pursuant to which Lessor and Lender have agreed to advance funds for the purchase of certain equipment listed on Schedule A hereto pursuant and subject to the terms of the Finance Agreement (each such item of equipment being referred to individually as an "Item" or "Item of Equipment" and such Items being referred to collectively as the "Equipment"); and

WHEREAS, the Lessor and the Lessee have entered into an Indemnity Agreement, dated as of the date hereof (the "Indemnity Agreement"), pursuant to which the Lessee has agreed to indemnify the Lessor against the occurrence of certain Losses, as such term is defined in the Indemnity Agreement; and

WHEREAS, the Lessee desires to lease the Equipment at the rentals, for the terms and upon the conditions hereinafter set forth;

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:

1. Net Lease. The Lessor hereby agrees, subject to satisfaction of the conditions hereinafter set forth, to lease to the Lessee and Lessee hereby agrees to lease from the Lessor the Equipment. The aggregate of the Cost, as hereinafter defined, of the Items of Equipment shall not exceed Ten Million Seven Hundred Fifty Thousand Dollars (\$10,750,000), and the aggregate Cost of Schedule Y Equipment shall not exceed One Million Eight Hundred Thousand Dollars (\$1,800,000). This Lease is a net lease and the Lessee acknowledges and agrees that the Lessee's obligation to pay all Rentals and Supplemental Rent, as hereinafter defined, hereunder, and the rights of Lessor in and to such Rentals and Supplemental Rent, shall be absolute and unconditional and shall not be subject to any abatement, reduction,

set-off, defense, counterclaim or recoupment (herein referred to as the "Abatements") for any reason whatsoever, including without limitation, Abatements due to any present or future claims against the Lessor under this Lease or otherwise, or against the manufacturer, seller, or Vendor, as hereinafter defined, of any Item of Equipment. Except as otherwise expressly provided herein, this Lease shall not terminate, nor shall the respective obligations of the Lessor or the Lessee be affected, by reason of the following: any defect in or damage to, or any loss, loss of use or destruction of, the Equipment or any Item of Equipment thereof from whatsoever cause; the interference with the use thereof by any private person, corporation or governmental authority; the invalidity or unenforceability or lack of due authorization of this Lease or lack of right, power or authority of the Lessor or the Lessee to enter into this Lease; the insolvency, reorganization or bankruptcy of the Lessee or for any other cause, whether similar or dissimilar to the foregoing, any present or future law or regulation to the contrary notwithstanding it being the express intention of the Lessor and the Lessee that all Rentals and Supplemental Rent payable by the Lessee hereunder shall be, and continue to be, payable in all events unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. If for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise, except as expressly provided herein, the Lessee nonetheless agrees to pay to the Lessor an amount equal to each payment of Rental and Supplemental Rent with respect to each Item of Equipment remaining in the Lessee's possession (other than an Item in storage pursuant to Section 15 hereof) at the time such payment would have become due and payable in accordance with the terms hereof had this Lease not been so terminated. The Lessee hereby waives, and hereby agrees to waive at any future time at the request of the Lessor, to the extent now or then permitted by applicable law, any and all rights which it may now have or which at any time hereafter may be conferred upon it by statute or otherwise to terminate, cancel, quit or surrender this Lease except in accordance with the express terms hereof. Each payment of Rental and Supplemental Rent made by the Lessee to the Lessor shall be final as between the Lessor and the Lessee (except as to any amount, which the Lessee shall be entitled to recover, by which such Rental or Supplemental Rent exceeds the correct amount that should have been paid in accordance with any provision hereof for adjustment or other determination of the Rental or Supplemental Rent); and the Lessee will not (except as aforesaid) seek to recover all or any part of any such payment of the Rental or Supplemental Rent from the Lessor for any reason whatsoever.

2. Term. The term (the "Term") of this Lease for each Item of Equipment shall begin on the date of the delivery to and acceptance by the Lessee of each such Item of Equipment hereunder (each such date being hereinafter referred to as a "Interim Lease Commencement Date"). The base lease term (the "Base Lease Term") shall commence on July 1, 1984 (the "Base Lease Commencement Date") and shall terminate on June 30, 1992, subject to the provisions of Section 13. The word "Term" as used herein shall include up to two consecutive Renewal Terms as hereinafter defined. Provided no Event of Default or event which with the giving of notice or passage of time, or both, would become an Event of Default shall have occurred and be continuing, upon 180 days' written notice to Lessor prior to expiration of the Base Lease Term or the first Renewal Term, as the case may be, Lessee shall have the right to renew this Lease with respect to all, but not less than all of the Equipment for a two (2) year period (a "Renewal Term") at the Fair Market Rental (as hereinafter defined).

3. Rentals and Rental Payment Dates. The Lessee agrees to pay the Lessor for each Item of Schedule X Equipment leased hereunder: (a) on the Base Lease Commencement Date, interim rental equal to an amount per day equal to .028455% of the Cost of each Item of Equipment for the period from and including the Closing Date for such Item of Equipment to the Base Lease Commencement Date; and (b) thirty-two (32) rental payments during the Base Lease Term, each such payment to equal 4.0469 % of the cost of each Item of Equipment as referenced on the applicable invoice for such Item of Equipment (such cost, as so referenced, being hereinafter referred to as the "Cost").

If there are in fact any Items of Schedule Y Equipment, Lessor and Lessee shall enter into a supplement hereto (the "Schedule Y Supplement") promptly after final settlement for all the Equipment (i) setting forth the road numbers, serial numbers or other description of the Items which are designated as Schedule X Equipment and the Items which are designated as Schedule Y Equipment, and (ii) setting forth the actual rentals and Stipulated Loss Values for the Schedule Y Units determined as provided in this Section 3 and in Section 13 hereof. The Lessee agrees to pay the Lessor for each Item of Schedule Y Equipment leased hereunder (a) on October 1, 1984, interim rental equal to an amount per day equal to the "Schedule Y Interim Percentage" of the Cost of each Item of Schedule Y Equipment for the period from and including the Closing Date for such item of Equipment to October 1, 1984; and (b) thirty-one (31) rental payments commencing October 1, 1984, each such payment to be equal to the "Schedule Y Base Percentage" of the Cost of each Item of Schedule Y Equipment. The Schedule Y Interim

Percentage and the Schedule Y Base Percentage shall be those percentages, as set forth in the Schedule Y Supplement, which when multiplied by the Cost of each Item of Schedule Y Equipment as provided in the previous sentence, shall cause the interim rental payment on Schedule Y Equipment and the thirty-one (31) quarterly rental payments on the Schedule Y Equipment to each be in a sum equal to the amount as shall, in the reasonable opinion of the Lessor, cause such Lessor's net after-tax rate of return and the present value of the after-tax cash flows (discounted at a rate equal to the after-tax rate of return contemplated for this transaction) to equal the net after-tax rate of return and the present value of the after-tax cash flows (discounted at a rate equal to the after-tax rate of return contemplated for this transaction), based on the assumptions and methods of calculation utilized by Lessor in originally evaluating the transaction described in this Lease and related documents, that would have been realized by Lessor if (i) the Closing with respect to such Schedule Y Item had occurred on July 1, 1984, (ii) the interest rate on any Note used to pay a portion of the Cost of such Item were 13.75% per annum. Promptly after the last Closing Date for Schedule Y Equipment, Lessor shall provide Lessee and Lender with a schedule of such rentals for Schedule Y Equipment as determined by Lessor.

Rental payments shall be made quarterly in advance on July 1, October 1, January 1 and April 1 (individually a "Rental Payment Date" and collectively the "Rental Payment Dates"), with the interim rental payment due on July 1, 1984 for Schedule X Equipment and on October 1, 1984 for Schedule Y Equipment, and the Base Lease Term rentals commencing on July 1, 1984 for Schedule X Equipment and on October 1, 1984 for Schedule Y Equipment and ending April 1, 1992 for all Equipment (such rental and interim rental payments being referred to individually as the "Rental" and collectively as the "Rentals"). If any of the quarterly Rental Payment Dates is not a Business Day, the Rental otherwise payable on such date shall be payable in immediately available funds on the next succeeding Business Day. For purposes of this Lease, the term "Business Day" means days, excluding Saturdays, Sundays and holidays on which banks in New York, New York, Pittsburgh, Pennsylvania or Chicago, Illinois are authorized or obligated to remain closed. In the event the Lessee shall be in default in the payment of any sum of money to be paid under this Lease, whether Rental or otherwise, the Lessee shall pay the Lessor, as additional Rental, to the extent permitted by applicable law, interest on such unpaid sum from its due date to date of payment by the Lessee at a rate equal to Prime Rate plus 2% per annum (the "Overdue Rate"). Except as otherwise provided in the Finance Agreement, Rental and all other amounts payable to the Lessor hereunder shall be made by Federal Funds wire transfer for

the account of the Lessor to a bank within the United States of America to be designated by the Lessor, together with notice so as to provide the Lessor with the use of the funds on or before 11:00 a.m., Chicago time, on the due date.

The Lessee and the Lessor agree that, except as hereinafter provided, the Rentals payable hereunder and the Stipulated Loss Values set forth in Schedule B hereto or in the Schedule Y Supplement will be adjusted upward or downward in the event that: (i) any Closings with respect to Schedule X Equipment occur on dates and in such amounts which cause May 1, 1984 not to be the average of all Closing Dates for all Items of Schedule X Equipment (the average of all Closing Dates shall be a weighted average and shall be determined by (w) multiplying the Equipment Cost paid the Vendor(s) on each Closing Date by the actual number of days elapsed from and including March 20, 1984 to but excluding such Closing Date (the "Dollar Days"), (x) adding together the Dollar Days for all Closing Dates (the "Total Dollar Days"), (y) dividing the Total Dollar Days by the total Equipment Cost for which Closings were effected (the "Average Elapsed Days") and (z) adding the Average Elapsed Days to March 20, 1984 to determine the actual weighted average Closing Date); (ii) with respect to Schedule X Equipment the amortization of the Notes(s) varies from the schedule set forth in Exhibit A to the Finance Agreement or the scheduled rate of interest payable in respect of the Note(s) is other than 13.75% per annum; (iii) the Lender shall fund other than 74.501% of the Lessor's Cost of Equipment; or (iv) any modification in tax legislation, any amendment to, or change in, the Internal Revenue Code of 1954, as amended (the "Code"), or any change in the income tax regulations, published administrative or judicial interpretations or decisions relating to the Code or such regulations, which change, interpretation or decision is adopted, enacted or effective as to any Item of Equipment, (x) for all Items of Schedule X Equipment, prior to the delivery and acceptance of such Item(s) of Equipment, or (y) for all Items of Schedule Y Equipment, prior to the final Closing Date for all such Items of Equipment, and is applicable to ACRS deductions, Interest Deductions or Investment Tax Credits with respect to any of the Items of Equipment or the financing thereof by Lessor in accordance with, and, if relevant, to any election made by the Lessor in its sole discretion.

If, as a result of the occurrence of any of the foregoing events, Rentals payable hereunder and/or the Stipulated Loss Values set forth in Schedule B hereto or in the Schedule Y Supplement would require adjustment downward,

then Rentals and/or the Stipulated Loss Values during the Base Lease Term shall be adjusted downward on a ratable basis; provided, however, that such adjustment shall be made only to the extent that the Lessor's after-tax rate of return and the present value of the after-tax cash flow (discounted at a rate equal to the after-tax rate of return contemplated for this transaction) shall be maintained at a level (computed over the Base Lease Term) necessary to satisfy the requirements set forth in Revenue Procedure 75-21, 1975-1 C.B. 715, as amended, and shall be sufficient to pay the principal and interest on the Note(s) as and when due by acceleration or otherwise.

If the rental reductions that become effective pursuant to the preceding paragraph would not, over the remainder of the Base Lease Term, enable the Lessee to recover all the rental reductions to which it is otherwise entitled, then, subject to the next two succeeding sentences, the Lessee shall also be entitled to and the Lessor shall pay the Lessee a cash rebate out of Residual Proceeds (which shall mean the gross rentals and/or sale proceeds for the Equipment received by the Lessor after the expiration of the Base Lease Term, if no Default is then continuing under the Lease) equal to the aggregate amount of the rental reductions that could not be made during the Base Lease Term. Lessor shall pay such rebate only after the Lessor has first received Residual Proceeds that are equal to twenty-one percent (21%) of the original Cost of the Equipment to the Lessor. In all respects the Lessor's obligation to pay the cash rebate will be subject to (i) such payment not causing the Lease or such payment to violate any of the provisions of Rev. Proc. 75-21, 1975-1 C.B. 715, as amended, (ii) Lessor's receipt, at Lessor's cost, of an opinion from its tax counsel that payment will not adversely affect the tax benefits of this Lease for the Lessor, and (iii) subject to the preceding clauses (i) and (ii) the maintenance of Lessor's after-tax cash flow originally anticipated by Lessor in entering into this transaction.

Any rental adjustment will be effective as of the first Rental Payment Date following the event giving rise to such adjustment and will be made in such manner as will result, in the Lessor's reasonable judgment, in preserving for the Lessor both the anticipated after-tax rate of return and the present value of the after-tax cash flow (discounted at a rate equal to the after-tax rate of return contemplated for this transaction) that would have been realized by the Lessor had such event not occurred, (i) based on the rates of federal, state and local taxes in effect from time to time on, or measured by, net income, and (ii) in all other respects based on the assumptions and methods of calculation

utilized by the Lessor in originally evaluating the transaction described in this Lease and related documents. However, any change in Lessor's dollar net earnings shall not be considered in making any adjustment to Rentals.

The Lessor shall furnish the Lessee prior to the effective date of any rental adjustment with a notice setting forth in reasonable detail the computations and methods used in computing such rental adjustment but shall not be required to divulge its after-tax rate of return with regard to any such computation or any tax return or estimate. Lessee shall have the right to review Lessor's rental adjustments for conformance to the terms hereof, and the Lessor shall discuss such adjustments with Lessee in good faith. Such review and approval shall occur within ten days of notification by Lessor of the rental adjustment.

Lessee shall also pay to Lessor or any other party entitled thereto pursuant to this Lease or pursuant to the Indemnity Agreement as supplemental rent any and all additional sums payable by the Lessee hereunder (other than quarterly Rental) or pursuant to the Indemnity Agreement ("Supplemental Rent") promptly as the same shall become due and owing, and in the event of any failure on the part of Lessee to pay any such sums, Lessor or such other party entitled to such additional sums shall have all rights, powers and remedies provided for herein or pursuant to the Indemnity Agreement or by law or equity or otherwise in the case of nonpayment of Rental.

Lessor shall not be obligated to lease to Lessee any Item of Equipment not delivered to and accepted by Lessee by August 31, 1984 unless an extension of time is mutually agreed upon by Lessor and Lessee.

4. Taxes Against Lessor or Equipment. The Lessee agrees to pay upon request therefor and to indemnify and hold the Lessor harmless from, all license and registration fees and sales, use, personal property, stamp or other taxes, levies, imposts, duties, charges or withholdings of any nature whatsoever together with any penalties, fines or interest thereon imposed against the Lessor, the Lessee or the Equipment or any part thereof by any federal, state or local government or taxing authority, together with any net increase to Lessor's federal, state or local income taxes as a result of the inclusion in Lessor's net income of any amount required to be paid by Lessee pursuant to this Section 4 during the term or in connection with the termination of this Lease, upon or with respect to the Equipment or any part thereof or upon the purchase, ownership, delivery, leasing, subleasing, possession, use, operation,

repair, storage for the period provided for herein, return or other disposition (except for any disposition by the Lessor other than a disposition occurring upon an Event of Default) thereof, or upon the rentals, receipts or earnings arising therefrom, or upon or with respect to this Lease (excluding, however, (i) any taxes imposed by the federal government on, based on, or measured by, the net income of the Lessor including but not limited to any value added taxes or franchise taxes except as otherwise provided in this Section 4 or any other tax applied in lieu of any income taxes, (ii) any income, value added or franchise taxes (which are applied in lieu of any income taxes or as additional income taxes) imposed by any taxing authority other than the federal government on, based on, or measured by, the net income of the Lessor which in the aggregate does not exceed the amount of any such taxes imposed by reason of this transaction which would be payable to the taxing authorities of the jurisdiction, other than the United States of America, in which the Lessor has its principal place of business assuming no allocation or apportionment to any other taxing authority, (iii) franchise taxes based on the corporate characteristics of the Lessor and (iv) any tax or similar charge included in the Cost of any Item of Equipment); unless, and only to the extent and for the period that, any such tax, levy, impost, duty, charge or withholding is being contested by the Lessee in good faith and by appropriate proceedings conducted so long as such proceedings do not involve any danger of loss, forfeiture or sale of any Item of Equipment or any part thereof (all such taxes, fees and charges as defined in this sentence being hereinafter referred to as the "Indemnified Taxes" or the "Taxes"). In case any report or return is required to be made with respect to any obligation of the Lessee under this Section or arising out of this Section, the Lessee, at its expense, will either prepare and file such report or return in such manner as will show the ownership of the Equipment in the Lessor and, upon reasonable request of the Lessor, send a copy of such report or return to the Lessor or will notify Lessor of such requirement and the Lessee will prepare such report or return for filing by the Lessor in such manner as shall be satisfactory to the Lessor and will provide Lessor with information it reasonably requests to permit it to comply with the reporting requirements of federal, state, local and foreign governmental agencies. If claim is made against the Lessor for any Indemnified Taxes, the Lessor shall promptly notify the Lessee in writing. If reasonably requested by the Lessee in writing, the Lessor shall, at the Lessee's expense, take such action as the Lessee may reasonably request with respect to such asserted liability, provided that the Lessee furnish an opinion of independent counsel, selected by the Lessee and satisfactory

to the Lessor, to the effect that there is a reasonable basis for contesting such asserted liability, and if reasonably so requested by the Lessee, any payment by the Lessor of such Indemnified Tax shall be made under protest, if protest is necessary and proper. If payment is made by Lessor, Lessee shall reimburse Lessor for such payment and the Lessor shall, at the Lessee's expense, take such action as the Lessee may reasonably request to recover such payment and shall, if requested, permit the Lessee in the Lessor's name to file a claim or prosecute an action to recover such payment. If no Event of Default hereunder shall have occurred and be continuing and the Lessor shall obtain a refund of all or any part of such taxes, fees or other charges previously reimbursed by the Lessee in connection with any such contest or any amount representing interest thereon applicable to the amount paid by the Lessee and for the period of such payment, the Lessor shall pay to the Lessee the amount of such refund and/or interest received by the Lessor net of expenses, but only if no Event of Default, or event which with notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing. All of the obligations of the Lessee under this Section with respect to any Indemnified Taxes imposed or accrued before the expiration or other termination of this Lease shall continue in full force and effect notwithstanding such expiration or other termination and are expressly made for the benefit of, and shall be enforceable by, the Lessor.

5. Lessee's Failure to Pay Taxes, Insurance, Etc.

Should the Lessee fail to make any payment or do any act as herein provided, then the Lessor shall have the right, but not the obligation, without releasing Lessee from any obligation hereunder, to make or do the same, and to pay, purchase, contest or compromise any Lien (as hereinafter defined) not permitted hereunder which in the Lessor's reasonable judgment appears to substantially affect the Equipment or the Lessor's rights with respect thereto, and in exercising any such rights, incur any liability and expend whatever amounts in its discretion it may deem necessary therefor, provided, however, that except with respect to insurance the Lessor shall take no such action nor expend any such amount without the prior notice to the Lessee at least twenty-five (25) days preceding such proposed action or expenditure or, if to prevent any Lien from attaching to any Item of Equipment due to any statutory limitation under any law or regulation it is necessary to take such action or make such expenditure within such twenty-five (25) day period, within such statutory limitation period, and shall consider all reasonable requests made by the Lessee prior to taking such action or making such expenditure. All sums so incurred or expended by the Lessor

shall be upon demand immediately due and payable by the Lessee and shall bear interest at the Overdue Rate from the date so incurred or expended by the Lessor to the date the Lessor is reimbursed therefor by the Lessee.

6. Use, Ownership and Sublease Rights. So long as an Event of Default hereunder shall not have occurred and be continuing, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease. The Lessee shall use, operate, maintain and store the Equipment in a careful and proper manner in accordance with standards set forth in Section 8 hereof, and shall comply with all laws, ordinances and regulations in any way relating to the possession, use, operation or maintenance of the Equipment. Without limiting the foregoing, Lessee shall not abandon any Item of Equipment, unless such Item of Equipment is the subject of an Event of Loss (as defined in Section 13). The Lessee agrees to pay all costs incurred in connection with the use and operation of each Item of the Equipment, during the Term thereof, including but not limited to, repairs, maintenance, storage and servicing, except to the extent that such costs are paid by the manufacturer or other entity selling the Equipment to Lessor (each such manufacturer or other entity being referred to collectively as the "Vendor").

The Lessee acknowledges and agrees that it does not have and will not acquire legal title to the Equipment, it being expressly understood that this Lease is an agreement of lease only. Lessee shall not attempt to sell or encumber any Item of Equipment except as permitted under Section 19 hereof. The Equipment is and shall at all times remain the sole and exclusive property of the Lessor. The only interest the Lessee shall have in the Equipment is that of a lessee hereunder. The Lessee shall affix to each Item of Equipment and keep and maintain, plainly and distinctly, permanently and conspicuously upon each such Item of Equipment the following words:

"Owned by Sheridan II Leasing Corporation,
Owner-Lessor, Subject to a Security Interest"

The Lessee shall keep the Equipment free from any markings or labeling which might be interpreted as a claim of ownership thereof by the Lessee or any party other than the Lessor or its assigns except that the Equipment may be lettered with the name or initials or other insignia customarily used by Lessee on similar equipment.

So long as there exists no Event of Default or event which with the giving of notice or lapse of time, or

both, would become an Event of Default, the Lessee shall be entitled to sublease the Equipment to reputable non-foreign corporations or entities, if such sublease shall provide that the Equipment will be operated and maintained in accordance with the terms hereof and the Lessee shall have first obtained the written consent, not to be unreasonably withheld, of the Lessor; provided, however, that the Lessee shall have the right to sublease the Equipment or any Item of Equipment without the consent of the Lessor to any reputable corporation or entity of sound financial and credit standing organized under the laws of the United States of America or any state thereof or the District of Columbia if such sublease (i) shall provide that the Equipment will be operated and maintained in accordance with the terms hereof, (ii) will not result in a Loss (as defined in the Indemnity Agreement), and (iii) is for a term not longer than the lesser of (A) six (6) months or (B) one day less than the remaining term of this Lease, provided, however, that Lessee may not so sublease any Item of Equipment to the same sublessee for more than six (6) months in the aggregate in any twelve (12) month period; and, provided, further, that the Lessee shall be entitled to sublease the Equipment to any corporation or entity acquiring or leasing all of the Lessee's lines of railroad. Lessee shall provide Lessor with notification of any such additional sublease and a copy of such sublease. The Lessee shall not assign or permit the assignment of the Equipment to service involving the regular operation and maintenance thereof outside the continental United States. All subleases shall contain provisions making them subject and subordinate to the terms and provisions of this Lease and the interest of the Lessee hereunder. Under any sublease, the Lessee's obligations shall remain those of a principal and not a surety.

Lessee shall not use nor permit the Equipment to be used, by sublease or otherwise, outside the geographic limits of the United States of America.

7. Additions and Improvements.

(a) Generally. Except as may be required pursuant to Section 7(b) or 8(b) hereof, Lessee shall not, without the prior written approval of Lessor, which approval shall not be unreasonably withheld, make any addition or improvement to any Item of Equipment which is not readily removable without causing material damage to an Item of Equipment. Lessee shall be entitled from time to time during the term of this Lease to acquire and install, at no expense to Lessor, such additions or improvements to the equipment as are readily removable without causing material damage to an Item of Equipment and which do not impair the

value or utility of an Item of Equipment as originally delivered hereunder to Lessee.

(b) Compliance with Law and Regulations. Lessee agrees to promptly make, at its own expense and without offset for Rental due hereunder, any addition or improvement required to be made to any Item of Equipment in order to satisfy applicable laws, governmental regulation and requirements of the Association of American Railroads (the "AAR"), if applicable.

(c) Severable Additions. Should Lessee install, at its own expense, any addition or improvement on any Item of Equipment which is readily removable without causing material damage to such Item of Equipment, except additions and improvements made pursuant to the requirements of Section 7(b) hereof, and provided that no Event of Default or event which but for the lapse of time or the giving of notice or both would be an Event of Default, shall have occurred and be continuing, Lessee may remove such addition or improvement before such Item of Equipment is returned to Lessor and Lessee shall thereafter own such addition or improvement. Lessee shall repair all damage to such Item of Equipment resulting from such installation and removal so as to restore such Item of Equipment to the condition in which it existed prior to the installation of such addition or improvement (ordinary wear and tear excepted but subject to the requirement that the Equipment be maintained as set forth in Section 8 hereof). Any addition or improvement not so removed shall become the property of Lessor.

(d) Nonseverable Additions. Should Lessee make to any Item of Equipment any addition or improvement which is not readily removable without causing material damage to such Item of Equipment or because such removal is prohibited by operation of Section 7(b) hereof, such addition or improvement shall immediately and without further act become the property of Lessor.

8. Maintenance and Operation.

(a) Generally. The Lessee, at its sole cost and expense, shall keep the Equipment in roadworthy condition and in good operating order and condition and shall furnish any and all parts, mechanisms or devices required to keep the Equipment in good mechanical and working order, ordinary wear and tear excepted, and shall maintain and repair the Equipment, as required by law, governmental regulation, the terms of all applicable insurance policies and manufacturers' warranties, and/or by the AAR. In performing maintenance and repair, the Lessee shall maintain the Equipment at a

level maintained by the Lessee for other similar equipment owned or leased by the Lessee. Any replacements made by Lessee to or upon any Item of Equipment shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in Lessor, without cost or expense to the Lessor, but the replaced parts shall no longer be the property of Lessor, provided the replacements have a value and utility at least equal to the replaced parts.

(b) Lessor's Rights and Obligations. Lessor shall not be required to maintain, service or repair, or make any repair, restoration, replacement, renewal, addition or improvement of any nature or description with respect to, any Item of Equipment, or, except to the extent provided in Section 9 hereof, to incur any cost or expense in connection with this Lease. In the event Lessee fails or is unable to perform maintenance and repairs as provided herein, Lessor shall have the right, but not the obligation, to perform the same, and Lessee shall forthwith reimburse Lessor for all costs and expenses incurred by Lessor in performing the same.

9. Delivery, Acceptance and Payment of Lessor's Cost.

(a) The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Equipment subject to Section B.1 of the Finance Agreement. Upon delivery of each Item of Equipment, the Lessee will cause an employee of the Lessee to inspect the same and, if such Item of Equipment is found to be acceptable, to accept delivery of such Item of Equipment and such date of acceptance shall be the "Acceptance Date" for such Item of Equipment and the Lessee shall execute and deliver to the Lessor on or before the Closing Date (defined below) for such Item of Equipment the Certificate of Inspection and Acceptance whereupon such Item of Equipment shall be deemed to have been delivered to and accepted hereunder on the Acceptance Date and shall be subject thereafter to all the terms and conditions of this Lease. Once Lessee has executed a Certificate of Inspection and Acceptance with regard to any Item of Equipment nothing (including the nondelivery of such Item of Equipment) shall relieve Lessee of any of its obligations hereunder, including, without limitation, the obligation to pay all Rentals and Supplemental Rent with respect to such Item of Equipment when due. Prior to execution of each Certificate of Inspection and Acceptance the Lessee shall have made at its expense all necessary inspections and tests of each Item of Equipment referred to therein, to determine whether such Item of Equipment conforms to the Lessee's specifications. Each Item of Equipment that appears on a Certificate of Inspection and Acceptance shall be deemed to conform to the Lessee's specifications, shall be deemed to be in good

condition and without defects and shall be deemed to be an Item of Equipment subject to the terms of this Lease. "Closing Date" is any date that the Lessor makes a payment to a Vendor to purchase any Item of Equipment pursuant to Section B.1 of the Finance Agreement.

On each Acceptance Date title to each Item of Equipment so accepted by the Lessee shall be deemed to have been transferred to and accepted by the Lessor (and such Item of Equipment shall be deemed accepted by the Lessee under this Lease) and shall be an Item of Equipment leased to the Lessee pursuant to this Lease and the Lessor shall thereupon be unconditionally obligated to pay to the Vendor, on the applicable Closing Date, and upon receipt of notice and other documents specified in Section 9(b) hereof, the Cost of each such Item of Equipment. In the event that the documents required to be delivered to the Lessor pursuant to Section 9(b) are not delivered with regard to any Item of Equipment, the Lessor shall have no obligation to purchase such Item of Equipment until such documents are delivered. If such documents cannot be delivered, the terms of the Assignment shall apply.

(b) From time to time, the Lessee shall deliver to the Lessor a written notice of a proposed Closing Date with respect to one or more Items of Equipment theretofore accepted by the Lessor hereunder for which no Closing Date has previously occurred (or, if a Closing Date has previously occurred, for which one or more additional items of Cost with respect thereto are due and payable). Such notice shall be given at least five (5) Business Days prior to the Closing Date specified therein, shall set forth the total Cost to be paid on such Closing Date, and shall be accompanied by (i) a full warranty bill of sale, substantially in the form of Exhibit "B" hereto, in favor of the Lessor with respect to each such Item of Equipment, dated the Acceptance Date thereof, (ii) an opinion of counsel to the Vendor substantially in the form of Exhibit "C" hereto, (iii) an invoice for each such Item of Equipment showing in reasonable detail all items of the Cost thereof, (iv) a Certificate of Inspection and Acceptance, substantially in the form of Exhibit "A" hereto dated the Acceptance Date, covering all such Items and specifying the Acceptance Date of each such Item of Equipment; (v) a certificate of an officer of Lessee to the effect that as of the Acceptance Date(s) the conditions precedent set forth in paragraphs 3, 4, 9 and 10 of Section 24 hereof have been met; and (vi) an opinion of Lessee's counsel to the effect that, as of the Acceptance Date(s), the opinions previously delivered pursuant to paragraphs 6 and 7 of Section 24 hereof are still valid.

There shall be no more than six Closing Dates under this Lease, the last of which shall be no later than August 31, 1984 unless otherwise mutually agreed upon by the Lessee and the Lessor, and there shall be no more than one Closing Date in any 21 day period.

10. Inspection; Lessee Reports. The Lessor shall at all times during normal business hours have upon prior written notice to the Lessee the right to reasonably enter the premises of the Lessee where the Equipment may be located for the purpose of inspecting and examining the condition, use, and operation of the Equipment and examining its applicable maintenance records and making copies thereof at the sole cost and expense of Lessee to ensure compliance by the Lessee with its obligations hereunder, provided, that the Lessor shall have no duty to inspect and shall not incur any liability or obligation by reason of not making any such inspection and provided further that the Lessor's authorized inspectors shall sign the Lessee's standard right of entry form and release prior to each entry.

The Lessee shall furnish the Lessor (i) within 90 days after the end of each of the first three fiscal quarters of each fiscal year, the unaudited quarterly, and within 90 days after the end of each fiscal year, the audited annual consolidated statement of income and expenses and consolidated balance sheet of the Lessee and its subsidiaries, such audited annual financial statements to be certified to by the Lessee's independent certified public accountants; and (ii) within 90 days after the close of each fiscal year of the Lessee after the date hereof, a certificate of an authorized officer of the Lessee setting forth a description of the Equipment that suffered a casualty during the preceding year, or stating that no Equipment has suffered a casualty during such year, and stating that he has reviewed the activities of the Lessee and that, to the best of his knowledge, there exists no Event of Default, as such term is defined in this Lease, and no event which with the giving of notice or the lapse of time, or both, would become an Event of Default. Further, the Lessee agrees to furnish the Lessor from time to time such other schedules, certificates and reports in such form and detail as the Lessor may reasonably request.

11. Warranties. THE LESSOR IS NOT A MANUFACTURER OF THE EQUIPMENT OR A DEALER IN SIMILAR EQUIPMENT AND HAS NOT INSPECTED THE EQUIPMENT PRIOR TO DELIVERY TO AND ACCEPTANCE BY THE LESSEE. THE LESSOR BY VIRTUE OF HAVING LEASED THE EQUIPMENT UNDER THIS LEASE OR BY VIRTUE OF ANY NEGOTIATIONS IN RESPECT OF THIS LEASE HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO TITLE, CONDITION, COMPLIANCE WITH SPECIFICATIONS, QUALITY,

DURABILITY, SUITABILITY, MERCHANTABILITY OR FITNESS FOR USE OR FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE EQUIPMENT. THE EQUIPMENT IS LEASED HEREUNDER BY THE LESSOR "AS-IS."

The Lessor hereby represents to the Lessee (i) that the Lessor has the full right and authority to enter into this Lease on the terms herein stated, and shall deliver to Lessee on or prior to the execution of this Lease a certificate of Lessor's Secretary or Assistant Secretary containing evidence of such full right and authority which is reasonably acceptable to Lessee; and (ii) that, conditioned upon the Lessee performing all of the terms, covenants and conditions hereof, the Lessor, its successors and assigns will not disturb the Lessee's peaceable and quiet possession and use of the Equipment during the Term of this Lease, provided that no Event of Default has occurred and is continuing.

So long as and only so long as no Event of Default or no event with which the giving of notice or lapse of time or both would constitute an Event of Default has occurred and is continuing, the Lessor hereby authorizes the Lessee during the Term of this Lease to assert for the Lessor's account all of its right, title and interest in, under and to any warranty in respect of the Equipment issued by the manufacturer thereof, and agrees to execute and deliver such further instruments as may be reasonably necessary to enable the Lessee to enforce such warranty. All claims or actions on any warranty shall be made or prosecuted by the Lessee, at its sole cost and expense, and the Lessor shall have no obligation whatsoever to make any claim on such warranty. Any recovery under such a warranty shall be applied first to restore the Equipment; second, to pay the reasonable out-of-pocket expenses the Lessee incurs in enforcing such warranty claim; and third, to pay any balance to the Lessor. The Lessor further authorizes Lessee to obtain whatever service to the Equipment the Vendor customarily renders, provided that no such service shall be at the cost or expense of the Lessor.

12. Insurance. Throughout the Term of this Lease, the Lessee at no expense to Lessor shall carry and maintain public liability and property damage insurance (with customary deductibles) as is customary in the railroad industry, but in the case of property damage insurance in an amount not less than the Stipulated Loss Value of the Equipment from time to time and in any case coverage shall be no less than that maintained by the Lessee on similar equipment owned or leased by the Lessee. The Lessor and any party lending to Lessor a portion of the purchase price of the Equipment and its successors and assigns (the "Lender") shall be named as additional insureds, as their interests

may appear, under the insurance policy, as evidenced by a certificate or verification of insurance provided by an independent insurance broker and delivered to the Lessor before the acceptance of the first Item of Equipment. Such certificate or verification shall provide that coverage shall (a) not be cancelled or materially adversely modified without thirty (30) days' prior written notice to the Lessor and the Lender, (b) provide that such insurance is primary without right of contribution from any other insurance which might otherwise be available to the insured party, (c) provide that in the event of any payment under a policy the insurer shall waive any rights of subrogation against the insured party and shall waive any setoff or counterclaim or any other deduction whether by attachment or otherwise, (d) include a cross-liability endorsement providing that inasmuch as the policies are written to cover more than one insured, all terms and conditions, insuring agreements and endorsements, with the exception of limits and liability, shall operate in the same manner as if there were a separate policy covering each insured and (e) provide that the Lessor shall have no obligation to pay insurance premiums. The Lessee's obligation to keep the Equipment insured as provided herein shall continue until the Equipment is returned to the Lessor pursuant to provisions hereof, and the 60-day storage period provided for at Lessee's cost in Section 15 hereof is terminated.

The Lessee shall furnish the Lessor with a certificate or verification of insurance prepared and signed by an insurance broker evidencing such insurance prior to the acceptance of the first Item of Equipment and annually thereafter on or before June 30 of each year beginning in 1985.

In the event that Lessee shall fail to provide insurance as herein provided, Lessor (or Lender) may at its option, but without obligation, provide such insurance and, in such event, Lessee shall, upon demand and from time to time, reimburse Lessor for the cost thereof, together with interest on such cost at the Overdue Rate computed from the date of payment of such cost to the date of reimbursement. Lessor shall give Lessee prompt written notice of any such insurance.

If the Lessor shall receive any property insurance proceeds or condemnation payments in respect of an Item of Equipment suffering an Event of Loss, the Lessor shall, subject to the Lessee's having made payment of the Rental and Stipulated Loss Value in respect of such Item of Equipment and provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing, pay such proceeds or condemnation payments to the Lessee up to an

amount equal to the Stipulated Loss Value with respect to an Item of Equipment paid by the Lessee and any balance of such proceeds or condemnation payments shall remain the property of the Lessor. Provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing, all insurance proceeds received by the Lessor from the property insurance coverage in respect of an Item of Equipment not suffering an Event of Loss shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage of such Item of Equipment in respect of which such proceeds were paid has been fully repaired so as to comply with Section 8 of this Lease.

13. Stipulated Loss Value, Risk, Event of Loss, Condemnation. For purposes of this Lease the stipulated loss value (the "Stipulated Loss Value") for an Item of Schedule X Equipment as of any date of computation shall be the product of (x) the Cost for such Item of Equipment and (y) that Stipulated Loss Value percentage set forth in the Schedule of Stipulated Loss Values attached hereto as Schedule "B" and hereby made a part hereof opposite the applicable Rental Payment Date with respect to such Item of Equipment. The Stipulated Loss Value for an Item of Schedule Y Equipment as of any date of computation shall be the product of (x) the Cost for such Item of Equipment and (y) that Schedule Y Stipulated Loss Value percentage set forth in the Schedule of Schedule Y Stipulated Loss Values attached to the Schedule B Supplement opposite the applicable Rental Payment Date with respect to each such Item of Equipment. The Schedule Y Stipulated Loss Value percentage for each Schedule Y Item of Equipment shall be determined in like manner as the computation of the rental for such Unit as set forth in Section 3 hereof; provided, however, that no such computation shall provide for Stipulated Loss Values below those required for Lessor to meet its obligations under Section B.7 of the Finance Agreement.

(a) Risk: Commencing on the Interim Lease Commencement Date and continuing until the expiration of the Term of this Lease (which includes the storage periods as provided for in Section 15 and Paragraph 16(b)(6) hereof) and the return by the Lessee of the Equipment to the Lessor pursuant to the provisions hereof, Lessee assumes the entire risk of any Event of Loss (as defined below) and no such Event of Loss shall relieve the Lessee of any of its obligations hereunder.

(b) Definition - Event of Loss: For purposes of this Section an Event of Loss with respect to an Item of Equipment shall mean any of the following events: (i) the actual or constructive total loss of such Item of Equipment; or (ii) such Item of Equipment shall become lost, stolen,

destroyed, damaged beyond repair or permanently rendered unfit for its intended use for any reason whatsoever or such Item of Equipment remains unfit for its intended use for a period of nine (9) months; or (iii) the condemnation, confiscation or seizure of, or requisition of title to or use of, such Item of Equipment (a "Condemnation") for the earlier of the end of the Lease Term or a stated period that extends beyond two (2) consecutive years from the date of such Condemnation or for an indefinite period that extends beyond one (1) year from the date of such Condemnation; (iv) the termination, for any reason whatsoever, of this Lease by operation of law; or (v) a determination by Lessee, in its reasonable judgment, that it is no longer economical for Lessee to continue to lease the Equipment or any Item thereof because of a change in economic circumstances, or that the Equipment or any Item thereof has become obsolete or that a change in applicable law has made it onerous to use the Equipment or any Item thereof (an "Economic Casualty"). Interest rates or similar finance charges payable by Lessee in connection with similar equipment under conditional sale contracts, leases, other arrangements for deferred payment of the purchase price thereof, or debt otherwise incurred in connection with the acquisition of such similar equipment shall be disregarded in determining whether an Economic Casualty has occurred with respect to any Item of Equipment. Economic Casualties will be paid by Lessee in accordance with Schedule "B."

(c) Deprivation Constituting an Event of Loss:

Upon the Lessee's determination that an Event of Loss has occurred, the Lessee shall promptly notify Lessor of such Event of Loss and shall pay or cause to be paid to the Lessor, on the next succeeding Rental Payment Date, in immediately available funds: (i) the Rental in respect of such Item of Equipment due on such Rental Payment Date, (ii) all Supplemental Rent due in respect of such Item of Equipment, and (iii) the Stipulated Loss Value for such Item of Equipment as of such Rental Payment Date. Upon the occurrence of an Event of Loss, at such time as the Lessor has received the sum of (i), (ii) and (iii) above, the obligation of the Lessee to pay Rental hereunder with respect to such Item of Equipment shall terminate. In situations other than an Economic Casualty, the Lessor will transfer to the Lessee, without recourse or warranty, "as is, where is," all of the Lessor's right, title and interest, if any, in and to the Item of Equipment with respect to which such Event of Loss occurred. In situations other than an Economic Casualty, Lessor shall provide Lessee with bills of sale and other documents reasonably requested by Lessee to reflect transfer of Lessor's right, title and interest in such Item of Equipment.

(d) Deprivation Not Constituting an Event of Loss: In the event of damage to any Item of Equipment not constituting an Event of Loss, the Lessee shall remain obligated to make all payments of Rental and other amounts due with respect to such Item of Equipment which may become due hereunder in the same manner as if such damage had not occurred. The Lessee shall repair and restore such Item of Equipment with new and unused components or with used components equivalent to those replaced prior to such damage to the condition it was in immediately prior to the occurrence which caused the need for such repair or restoration (assuming such Item of Equipment was maintained in accordance with the terms of this Lease). So long as no Event of Default shall have occurred and be continuing, all payments from insurance proceeds or otherwise with respect to any such damage shall be used to reimburse the Lessee for its out-of-pocket repair expenses with respect to the damaged Item of Equipment upon receipt by the Lessor of satisfactory evidence that the Lessee has repaired such Item of Equipment, and any balance remaining after the completion of such repairs shall be paid to the Lessee unless an Event of Default or other event which with notice, demand and/or lapse of time, would constitute an Event of Default, shall have occurred and be continuing, in which case, all such payments shall be paid over to and retained by the Lessor until such Event of Default, or other such event has been cured or waived.

(e) The Lessor hereby appoints the Lessee its agent and Lessee hereby agrees to act as agent to dispose of any Item of Equipment suffering an Event of Loss, or any component thereof, at the best price obtainable on an "as is, where is" basis and the Lessee shall notify the Lessor prior to any such sale. In the event of an Economic Casualty, in no event shall Lessee or any affiliate of Lessee be the purchaser of any Item of Equipment at such sale. Provided that the Lessee has previously paid the Stipulated Loss Value to the Lessor, and provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Stipulated Loss Value of such Item of Equipment plus the Lessee's reasonable out-of-pocket expenses in connection with such sale and shall pay any excess to the Lessor. Subject to the preceding sentence, the Lessee will pay all costs and expenses in connection with the sale of any Item of Equipment pursuant to an Event of Loss.

14. Indemnity. The Lessee agrees to defend at its own cost and to indemnify and hold harmless the Lessor, its successors and assigns including the Lender (hereinafter

individually referred to as an "Indemnified Party" and collectively referred to as the "Indemnified Parties"), and their respective agents and employees, from and against any and all losses, claims, patent infringements, copyright or trademark liabilities, costs, expenses (including attorneys' fees), damages and liabilities, penalties and interest (including those for strict or absolute liability in tort or passive or active negligence), together with any net increase to any such Indemnified Party's federal, state or local income taxes as a result of the inclusion in Lessor's net income of any amount required to be paid to Lessor pursuant to this Section 14 of this Lease, however caused, resulting (i) directly or indirectly in any manner from the issuance of Lessee's subsidiary's purchase orders, assignment of Lessee's subsidiary's purchase orders (including, without limitation, the breach of any representation of such subsidiary contained in the Assignment), ownership, delivery, redelivery or purchase of any Item of Equipment, the Lessee's failure, delay or refusal to accept delivery, lease, possession, return or disposition of the Equipment, or (ii) directly or indirectly from or pertaining to the use, condition (including, but not limited to, latent or other defects whether or not discoverable) or operation or sublease of the Equipment or the performance or assignment of this Lease (including without limitation such losses, claims, costs, expenses, damages and liabilities arising from the death or injury to agents or employees of the Lessee or any Indemnified Party or any third person, or damage to the property of the Lessee or any Indemnified Party, their agents or employees, or any third person) or the alleged violation of the terms of any agreement or any law, ordinance, regulation or restriction affecting the Equipment, except for such damages, losses, expenses or liabilities arising out of the gross negligence or willful misconduct of the person or entity claiming the indemnity, its agents or employees.

This indemnification shall survive the expiration or other termination of this Lease and is for the benefit of and is enforceable by any Indemnified Party.

Notwithstanding anything contained in this Lease to the contrary, the Lessee expressly does not assume any liabilities or obligations, nor shall the Lessee be required to pay, satisfy or discharge any claims, liens, charges or encumbrances, nor shall Lessee have any obligation to indemnify and save harmless each Indemnified Party or any other person from and against any claim, lien, charge or encumbrance if such claim, lien, charge or encumbrance arose in whole or in part as a result of events occurring after redelivery to the Lessor or arose in consequence of any

failure of the Lessor or any successor to perform its expressly stated obligations under this Lease or any claim asserted by any person having an interest in or claim against the Lessor or the Equipment not arising out of the transaction contemplated by this Lease.

The indemnities and assumptions of liabilities set forth in this Lease do not guarantee a residual value in any Item of Equipment nor do they guarantee the payment of principal of or interest on any Note(s) issued by the Lessor to finance any portion of the Lessor's Cost of the Equipment.

15. Purchase Option and Return of Equipment.

Upon 180 days delivered written notice, prior to either: (i) the expiration of the Base Lease Term; or (ii) the expiration of a Renewal Term, the Lessee shall have the right to purchase not less than all of the Equipment at a price equal to the Fair Market Sales Value as of such expiration date; provided that there exists no Event of Default and no event which with the giving of notice or lapse of time, or both, would become an Event of Default.

Upon the expiration of this Lease or termination by operation of law of this Lease with respect to the Items of Equipment, the Lessee, at its own risk and expense, will return such Equipment then subject to this Lease to the Lessor together with any warranties, specifications, or operating manuals furnished by the Vendor of such Item of Equipment pursuant to the Lessor's instructions to a location on the Lessee's lines of railroad designated by the Lessor and reasonably acceptable to the Lessee within ten (10) days following receipt of the Lessor's instructions. Such Equipment, upon redelivery pursuant hereto, shall be free and clear of all mortgages, liens, security interests, charges, encumbrances and claims, provided, however, Lessee has no responsibility to clear any mortgages, liens, security interests, charges, encumbrances or claims created by, through or under the Lessor that are not related to the transactions contemplated by this Lease. Upon return of each Item of Equipment, if the Lessor shall so require, the Lessee will provide free storage and insurance for such Item for a period not exceeding sixty (60) days from the time that the Equipment is placed in storage. At the expiration of the sixty (60) day storage period the Lessor will pay to the party storing the Equipment a reasonable daily storage rate for each Item of Equipment being so stored beginning the first day after such sixty (60) day storage period and the Lessor shall use its best efforts to remove such stored Equipment from the Lessee's premises as soon as possible.

At the time of the return of such Equipment upon the expiration of this Lease or termination by operation of

law of this Lease, there shall be a joint inspection of each Item of Equipment by representatives of both the Lessor and the Lessee and if the parties cannot agree as to compliance with the conditions hereinafter described, an Independent Appraiser (as hereinafter defined in Section 16) shall inspect each Item of Equipment in dispute for the purpose of determining the repairs, additions or replacements, if any, which are necessary to place each such Item of Equipment in dispute in the condition hereinafter described. The cost of such independent appraisal shall be borne equally by the Lessor and the Lessee unless there exists an Event of Default or an event which with the giving of notice or lapse of time, or both, would become an Event of Default, in which case such cost shall be borne by the Lessee.

At the time of return, the Item(s) of Equipment shall be in the condition and state of repair required to be maintained under Section 8 hereof.

The Lessee shall be solely responsible for paying for all repairs, replacements and additions required as a consequence of such inspection; which repairs, replacements and additions shall be effectuated as quickly as possible.

Notwithstanding anything to the contrary contained herein, commencing on the expiration of the Lease Term and throughout the Lessor's sixty (60) day storage period the Lessee shall provide the Lessor, or any person designated by it, reasonable access to such Equipment and will allow the Lessor to display the Equipment to any authorized representative or representatives of prospective purchasers or lessees of such Equipment, so long as the Lessor, and such designated person, such representative, such purchaser or such lessee shall prior to such access satisfy the same inspection requirements required of Lessor in the first paragraph of Section 10 hereof. The delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of the 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.

16. Default, Remedies, Damages.

(a) Defaults: The following events shall constitute Events of Default:

(1) The Lessee shall fail to make payment in full of any quarterly Rental and such default shall continue for 10 days;

(2) The Lessee shall fail to make any payment of Supplemental Rent to the Lessor when due under this Lease or the Indemnity Agreement and such failure to pay shall continue for a period of ten (10) or more days after Lessee's receipt of written notice from the Lessor; or

(3) The Lessee shall fail to perform or observe any other material covenant, condition or agreement to be performed or observed by it hereunder and such failure shall continue unremedied for a period of thirty (30) days after Lessee's receipt of written notice from the Lessor; or

(4) Any material representation or warranty made by the Lessee herein or in any document or certificate furnished the Lessor in connection herewith shall prove to be false in any material respect at the time it was made, such representation or warranty shall continue to be materially false at the time notice thereof is given from Lessor to Lessee and Lessee fails to remedy all material damages incurred by Lessor as a result of such misrepresentation within thirty (30) days after receipt of such written notice; or

(5) A petition for reorganization under Title 11 of the United States Code, as now constituted or as may hereafter be amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), or all the obligations of the Lessee under this Lease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed and otherwise in accordance with the provisions of 11 U.S.C. 1168, or any successor provisions, as the same may hereafter be amended; or

(6) Any other proceeding shall be commenced by or against the Lessee for any relief which

includes, or might result in, any modification of the obligations of the Lessee hereunder, under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness following a business failure, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease shall not have been and shall not continue to have been duly assumed in writing pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee, or for the property of the Lessee, in connection with any such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced.

(b) Remedies: Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, the Lessor, at its option, may declare this Lease in default and upon such declaration, the Lessor may do one or more of the following with respect to the Equipment or any Item of Equipment as Lessor in its sole discretion shall elect, to the extent permitted by this Lease and subject to compliance with any mandatory requirements of applicable law:

(1) Proceed by appropriate action either at law or in equity to enforce performance by the Lessee of the applicable covenants of this Lease and to recover damages for the breach thereof;

(2) Take immediate possession of any or all Items of Equipment ("Repossess") with or without notice and sue for the rentals due hereunder as they accrue without notice and at the Lessee's costs and expense;

(3) Repossess with or without notice and sell, relet, use, hold or otherwise dispose of the Item of Equipment;

(4) Without Repossessing, declare all unpaid rentals immediately due and payable;

(5) Repossess and terminate the Lease; and

(6) Require the Lessee at its expense to assemble the Equipment and make it available to the Lessor within 10 days at a place, to be designated by the Lessor, which is reasonably convenient to both parties, and/or require the Lessee to store and insure the Equipment at its expense for a period of 120 days.

In repossessing any of the Equipment or any part thereof pursuant to the foregoing provisions, the Lessor may enter upon any premises where such Equipment may then be at any time, wherever the same may be, with or without process of law and without being responsible for loss or damage.

(c) Damages: The Lessor and the Lessee agree that the measure of damages is impossible to determine in the absence of prior agreement. Therefore, the parties agree that as damages for the loss of a bargain, and not as a penalty, in the case of an actual or proposed sale or re-letting after Repossession the Lessor shall be entitled to:

(i) Sale: Where a sale with respect to an Item of Equipment has occurred, the excess, if any, of the Stipulated Loss Value with respect to such Item of Equipment at the time of sale over the Net Proceeds of Sale with respect to such Item of Equipment. Where a sale is proposed by Lessor, but has not yet occurred, the excess of the then Stipulated Loss Value with respect to such Item of Equipment at the time of determination (such time to be specified by the Lessor) over the then Fair Market Sales Value with respect to such Item of Equipment,

(ii) Re-lease: Where a re-lease with respect to an Item of Equipment has occurred, the deficiency between the aggregate rentals due under the re-lease with respect to such Item of Equipment discounted at the Discount Rate, as hereinafter defined, and the greater of (a) the Stipulated Loss Value at the commencement of the re-lease, or (b) the remaining unpaid lease rentals with respect to such Item of Equipment due hereunder discounted at the Discount Rate. Where a re-lease with respect to such Item of Equipment is proposed

by Lessor, but has not yet occurred, the deficiency between the Aggregate Fair Market Rental Value, as hereinafter defined, with respect to such Item of Equipment discounted at the Discount Rate and the greater of (a) the Stipulated Loss Value with respect to such Item of Equipment at time of determination (such time to be specified by the Lessor), or (b) the aggregate remaining unpaid lease Rentals thereunder discounted at the Discount Rate,

(iii) If return of any Item of Equipment is demanded pursuant to (b)(6) of Section 16 and the Item of Equipment is not returned, the Lessor shall be entitled to the Stipulated Loss Value,

(iv) In addition to either (i), (ii) or (iii) above, the Lessor shall be entitled to: (a) the unpaid Rentals and Supplemental Rent from default until sale, re-lease or determination by Lessor of damages, (b) interest on all amounts due including Rental and damages from date due until payment at the Overdue Rate, and (c) Lessor's reasonable out of pocket costs and expenses incurred in connection with repossessing, refurbishing, transporting, storing, selling or re-leasing the Equipment or any portion thereof, and

(v) With respect to (c)(i) above it is understood that with regard to any Sale of any Item of Equipment by the Lessor, Lessor shall use its best efforts to acquire the best market cash price available and with respect to (c)(ii) above, it is understood that with regard to any re-lease of any Item of Equipment by the Lessor, the Lessor shall use its best efforts to obtain the best market rental available.

For purposes of this Lease the following definitions apply:

(1) Discounted: Reduction to present value as of the date of sale, re-lease or determination of damages, whichever is applicable, at the Discount Rate and at a frequency equal to the frequency of Rental payments under this Lease.

(2) Fair Market Sales Value and Fair Market Rental Value shall mean that sales value or rental which would be obtained in an arm's length transaction between informed and willing parties (other

than a lessee in possession) and shall exclude the value of additions to the Equipment made at Lessee's expense which are removable by Lessee. In the absence of agreement by Lessee and Lessor on the sales or rental value, such amount shall be determined by an Independent Appraiser. The term "Independent Appraiser" shall mean two independent appraisers, one chosen by the Lessor and one chosen by the Lessee in each case within 20 days of the notification of the need for such determination or if the appraisers cannot agree on the amount of such value or rental within thirty days following appointment, then the term "Independent Appraiser" shall mean an appraiser chosen by the American Arbitration Association, which appraiser shall be instructed to make its determination within a period of thirty days following appointment. The expenses and fees of such Independent Appraiser shall be borne equally by Lessor and Lessee; provided however that, if an Event of Default exists and is continuing, such expenses and fees shall be borne exclusively by Lessee.

(3) Net Proceeds of Sale: The consideration received by the Lessor upon sale of an Item of Equipment less all expenses associated directly or indirectly with the sale including but not limited to refurbishing, repair, advertising, freight or financing costs.

(4) Discount Rate: A rate equal to 10% per annum.

(5) Prime Rate: The rate of interest publically announced by The First National Bank of Chicago from time to time as its prime rate.

(d) Each and every power and remedy herein specifically given to the Lessor, shall be in addition to every other power and remedy specifically so given or now or hereafter existing at law or in equity, and each and every power or remedy may be exercised from time to time or simultaneously and so often and in such order as may be deemed expedient by the Lessor. All such powers and remedies shall be cumulative to the extent permitted by applicable law, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Lessor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence

therein. In the event that the Lessor shall bring any suit or action to enforce any of its rights hereunder, then in such suit or action the Lessor may recover reasonable expenses, including attorneys' fees, and the amount thereof shall be included in such judgment.

The Lessee hereby appoints the Lessor, the Lessee's irrevocable agent and attorney-in-fact to execute all documents deemed necessary to release, terminate and void the Lessee's interest in the Equipment and to file said documents for recordation with appropriate agencies provided that an Event of Default has occurred and the Lessor in its discretion deems use of this agency necessary to effect any remedy the Lessor chooses to take.

17. Assignment by Lessee. The Lessee shall not transfer, assign, pledge or hypothecate this Lease, the Equipment or any part thereof or any interest therein, without the prior written consent of the Lessor except that nothing in this Section shall be deemed to restrict the right of the Lessee to assign or transfer its interest in the Equipment or possession of the Equipment to any corporation (which shall have duly assumed in writing satisfactory to the Lessor the obligations hereunder of the Lessee) into or with which the Lessee shall have become merged or consolidated or to which Lessee shall have sold or leased substantially all of the assets of the Lessee, provided that such assignees, successors, transferees, purchasers or lessors will not, upon the effectiveness of such merger, consolidation, sale or lease be in default under any provision of this Lease and that such merger, consolidation, sale or lease shall not alter in any way the Lessee's obligations to the Lessor hereunder which shall be and remain those of a principal and not a surety. The Lessee agrees to give the Lessor prior written notice of any such merger consolidation sale or lease. Consent to any of the foregoing acts shall not be deemed to be consent to any subsequent similar act.

18. Assignment by Lessor. The Lessor, or any assignee of the Lessor, may at any time, without notice to or consent by the Lessee, sell, assign, transfer, mortgage or otherwise encumber its interest under this Lease and the rights of the Lessee hereunder, and, upon receipt of written notice of any such assignment, the Lessee shall recognize such assignment subject to the rights of the Lessee. No assignment or reassignment shall release the Lessor from its obligations to the Lessee under this Lease. The Lessor agrees to deliver to the Lessee a copy of each agreement evidencing any such sale, assignment, transfer, mortgage or other encumbrance, or the portion thereof which effects compliance with the provisions of this Section 18, as soon

as practicable after the execution and delivery thereof. All the rights of the Lessor hereunder shall inure to the benefit of the Lessor's assigns, but only to the extent assigned.

Lessee hereby acknowledges that this Lease has been assigned to the Lender pursuant to the Finance Agreement and Lessee hereby consents to said assignment, subject to the rights of Lessee under the Lease. Lessee further agrees to pay and deliver to Lender, as provided in the Finance Agreement, all rents and other sums due hereunder, except such sums excluded from the Collateral under said Finance Agreement.

19. Liens. Except for Permitted Liens, as defined in the Finance Agreement, the Lessee shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance, security interest, right or claim of any kind ("Lien") on, or with respect to, any Item of Equipment, title thereto or any interest therein, except:

(i) The respective rights of the Lessor and the Lessee under the Lease;

(ii) Liens which result from claims against or acts of the Lessor not related to its interest in the Equipment;

(iii) Liens for taxes either not yet due or being contested in good faith and by appropriate proceedings so long as such proceedings do not involve any danger of the sale, forfeiture or loss of any Item of Equipment or any interest therein;

(iv) Inchoate materialmen's, mechanics', workmen's, repairmen's, employees' or other like liens arising in the ordinary course of business and securing obligations which are not delinquent, or which are being contested by the Lessee in good faith and by appropriate proceedings so long as such proceedings do not involve any danger of the sale, forfeiture or loss of such Item of Equipment or any interest therein;

(v) Liens granted by Lessor to any assignee or security assignee of Lessor in connection with any financing obtained by Lessor in respect of its acquisition of the Equipment; and

(vi) liens attaching only to the leasehold interest of the Lessee under the Lease by reason of any future mortgage under which the Lessee is the mortgagor covering all or substantially all of the Lessee's railroad properties or by reason of the existence of any after-acquired property clause in any existing mortgage covering all or substantially all of the Lessee's railroad properties.

The Lessee will promptly notify the Lessor in writing of the existence of any lien not excepted above, if the same shall arise at any time, and will promptly, at the Lessee's expense, cause any such lien to be duly discharged, dismissed and removed or fully bonded as soon as possible, but in any event within thirty (30) days after the existence of the same shall have first become known to the Lessee, unless the Lessee shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which will not affect or endanger title and interest of the Lessor in the Equipment.

20. Representations, Warranties and Covenants of the Lessee. Lessee represents, warrants and covenants for the benefit of the Lender in respect of the Lease and the Finance Agreement and the Lessor in respect of the Lease, the Finance Agreement and the Indemnity Agreement (the "Operative Documents"): (i) that it is a duly organized corporation with necessary power and qualifications to perform the Operative Documents; (ii) that the Operative Documents have been duly authorized by all necessary corporate action on the part of the Lessee and will not contravene or breach any legal, organizational or contractual regulation binding upon the Lessee; (iii) that the Operative Documents constitute valid, binding and enforceable obligations of the Lessee and are enforceable in accordance with their terms; (iv) except as reflected in the annual report of the Lessee to the Securities and Exchange Commission on Form 10-K for the fiscal year ended December 31, 1983, in other reports to the Securities and Exchange Commission and in Schedule 3.10 to the Finance Agreement between the Lessee and the United States represented by the Federal Railroad Administration dated as of December 19, 1983, there are as of the date hereof (A) no actions at law or in equity pending which, if determined adversely, would result in any material adverse change in the Lessee's ability to carry out its obligations under this Lease; and (B) no proceedings of any kind or nature pending before a federal or state board or other administrative authority or agency which would result in any material adverse change in the Lessee's ability to carry out its obligations under this Lease; (v) that as of the date hereof no material adverse

change in the Lessee's financial condition as represented in its most recent quarterly financial statements dated as of December 31, 1983 and submitted to the Lessor has occurred; (vi) prior to the delivery and acceptance of an Item of Equipment under this Lease, all recordings, registrations and filings required by law to protect Lessor's title and interests and to create and perfect in favor of the Lender a first priority perfected security interest in such Item of Equipment shall have been accomplished without expense to Lessor, and Lessor shall have been provided with evidence of such recording, registration and/or filing; and (vii) each Item of Equipment for which the security interest must be shown on the certificate of title will be titled in the State of Maine in the name of Lessor as Owner with the Lender indicated on the certificate of title for each Item of Equipment as the first lienholder.

21. Warranties of Lessor. The Lessor warrants that during the term of this Lease, if no Event of Default under this Lease has occurred and is continuing, the Lessee's use of the Equipment shall not be interrupted by any act of the Lessor. The Lessor further warrants and represents that it is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and not an electing small business corporation under Subchapter S of the Code, that this Lease has been duly authorized, executed and delivered by the Lessor and, assuming due authorization, execution and delivery hereof by the Lessee, constitutes the legal, valid and binding obligation of the Lessor, enforceable against the Lessor in accordance with its terms except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, moratorium or other similar laws affecting the rights of creditors or lessors generally, and that the Lessor is not entering into this Lease or any other transaction contemplated hereby directly or indirectly in connection with any arrangement or understanding by it in any way involving any employee benefit plan (other than a governmental plan) with respect to which it is a party in interest within the meaning of ERISA. Lessor further warrants that, notwithstanding anything to the contrary contained herein, but subject to the terms of Section 18 hereof, throughout the term of this Lease it shall be the sole owner of the Equipment except if an Event of Default shall have occurred hereunder.

22. Attorneys' Fees. Except as otherwise provided in Section 26, all fees and expenses, including legal fees incident to the preparation and execution of this Lease and the closings hereunder, shall be payable by the party incurring said fees or expenses.

23. Notices. Unless otherwise specified herein, all notices required under the terms and provisions hereof shall be in writing (including telegraphic communication), be given not later than the date required hereunder and shall be deemed to have been duly given when signed by an appropriate officer or other representative and either personally delivered to an officer of Lessor, Lender or Lessee, as the case may be, telegraphed, or mailed prepaid by certified mail, return receipt requested, and addressed to the following specified address, or such other address as any such party may designate in writing pursuant hereto: (i) if to the Lessor: Sheridan II Leasing Corporation, One American Plaza, Evanston, Illinois, 60201, Attention: President, with a copy to HFC Leasing Inc., 2700 Sanders Road, Prospect Heights, Illinois 60070, Attention: Vice President, Law; (ii) if to Lessee: Chicago and North Western Transportation Company, One North Western Center, 165 North Canal, Chicago, Illinois 60606, Attention: Assistant Vice President-Finance; or (iii) if to the Lender, United States Steel Credit Corporation, 600 Grant Street, Pittsburgh, Pennsylvania, 15230, Attention: William F. Marino.

24. Conditions Precedent. (a) The obligations of the Lessor to purchase and lease each Item of Equipment is subject to the fulfillment of the following conditions precedent with respect to each such Item of Equipment on the Acceptance Date for such Item unless otherwise noted herein:

(1) The receipt by the Lessor of satisfactory evidence that all necessary regulatory approvals and filings (including the filing of all necessary or reasonably advisable U.C.C. financing statements and other security documents) have been completed on or before each Interim Lease Commencement Date;

(2) The receipt by the Lessor of duly executed copies of this Lease, the Assignment, the Finance Agreement and the Indemnity Agreement on or before the first Interim Lease Commencement Date;

(3) The representations and warranties of the Lessee set forth in Section 20 shall be true and correct in all material respects on and as of the date of execution of this Lease and on and as of each Acceptance Date; and Lessor shall have received a certificate of an officer of Lessee to that effect on each Closing Date;

(4) No Event of Default or other event which with the giving of notice or the lapse of

time, or both, would become an Event of Default shall have occurred and be continuing on such Acceptance Date and Lessor shall have received a certificate of an officer of Lessee to that effect on each Closing Date (see Exhibit "F");

(5) The Lessor shall have received for each Item of Equipment a Certificate of Inspection and Acceptance of the Lessee (see Exhibit "A") dated as of the applicable Interim Lease Commencement Date for such Item of Equipment to the effect that the Lessee has satisfied or complied with all delivery and acceptance requirements set forth in this Lease to be satisfied or complied with on or prior to such Interim Lease Commencement Date and Lessor shall have received a certificate of an officer of Lessee to that effect on each Closing Date;

(6) The Lessor and the Lender shall have received an opinion, addressed to the Lessor and the Lender, of the Lessee's Counsel as of the first Interim Lease Commencement Date for the Item(s) of Equipment leased hereunder on such Interim Lease Commencement Date (subject to the usual bankruptcy laws exceptions), to the effect set forth in Items (i) through (iv) both inclusive of Section 20 and to the further effect, if any, set forth in Exhibit "D" hereof, and the Lessor and the Lender shall have received a reconfirmation thereof pursuant to Subsection 9(b) on each Closing Date;

(7) The Lessor and Lender shall have received an opinion addressed to the Lessor and Lender of the Lessee's counsel substantially to the effect set forth in subsections (vi) and (vii) of Section 20, and the Lessor and the Lender shall have received a reconfirmation thereof pursuant to Subsection 9(b) on each Closing Date;

(8) As of each Closing Date the Lessor shall have received for each Item of Equipment a Bill of Sale from the Vendor of each such Item of Equipment conveying good and valid title thereto to the Lessor, an opinion of counsel for the Vendor in support of such Bill of Sale substantially in the form of Exhibit "C" hereto and a manufacturer's statement of origin;

(9) The Lessor shall have received a certificate or verification of an independent

insurance broker dated on or before the first Interim Lease Commencement Date evidencing to the satisfaction of the Lessor compliance with the terms of Section 12;

(10) The Lessor shall have received on or before the first Interim Lease Commencement Date appropriate evidence satisfactory in form and content to Lessor of authorization by Lessee of its execution, delivery and performance of this Lease and all other agreements entered into by the Lessee in connection with the transaction contemplated hereby;

(11) The Lessor shall have received such other certificates and documents as it shall reasonably request; and

(12) The Lessor shall have received for the Equipment on or before the first Interim Lease Commencement Date a certificate of useful life and residual value signed by an authorized officer of the Lessee in the form of Exhibit "G" hereto.

25. Miscellaneous. (a) This Lease shall in all respects be governed by and construed in accordance with the laws of the State of Illinois including all matters of construction, validity, effect and performance.

(b) No delay or omission to exercise any right, power or remedy accruing to the Lessor upon any breach or default by the Lessee under this Lease shall impair any such right, power or remedy of the Lessor, nor shall any such delay or omission be construed as a waiver of any breach or default, or of any similar breach or default thereafter occurring; nor shall any waiver of a single breach or default be deemed a waiver of any subsequent breach or default; nor shall consent by the Lessor to any act of the Lessee be deemed to be consent to any subsequent similar act.

(c) Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(d) To the extent permitted by applicable law, the Lessee hereby waives any provision of law which renders

any provision of this Lease prohibited or unenforceable in any respect. No term or provision of this Lease may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which the enforcement of the change, waiver, discharge or termination is sought. This Lease shall constitute an agreement of lease, and nothing herein shall be construed as conveying to the Lessee any right, title or interest in any Item of Equipment except as a lessee only.

26. Recording, Registration and Filing. The Lessee shall, at its expense, accomplish all recordings, registrations and filings of this Lease or any financing or continuation statements in respect thereto, required by law to protect the Lessor's title and interests in the Equipment, and shall furnish the Lessor with evidence satisfactory to the Lessor of each such recording, registration and/or filing.

27. Further Assurances. The Lessee shall, at its expense, do all such further acts and execute all such further documents and assurances as Lessor or Lender may reasonably request in order to protect the right, title and interest of Lessor hereunder and of Lender under the Finance Agreement.

28. General Assignment of Purchase Orders. The Lessor and a wholly-owned subsidiary of Lessee shall enter into a General Assignment of Purchase Orders dated as of the date hereof (herein called the "Assignment"), in substantially the form of Exhibit "E" hereto, pursuant to which the Lessee's subsidiary assigns to Lessor its rights under various Purchase Orders to acquire the Equipment.

29. Counterparts. This Lease will be simultaneously executed in 8 counterparts, each of which, when so executed and delivered, shall constitute an original, fully enforceable counterpart for all purposes except that only the counterpart stamped or marked counterpart Number "1," the receipt for which appearing on the signature page hereof has been executed by the Lender, shall constitute "chattel paper" or other "collateral" within the meaning of the Uniform Commercial Code in effect in any jurisdiction.

30. Definitions. The terms defined in Section A.1 of the Finance Agreement when capitalized and used herein, are used as defined in said Section A.1.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their duly authorized officers on the day and year first written above.

LESSOR:

LESSEE:

SHERIDAN II LEASING CORPORATION

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

By: Kent C. Bungenner
Its: Pres.

By: [Signature]
Its: [Signature]

~~[Corporate seal]~~

[Corporate Seal]

ATTEST: [Signature]
Secretary

ATTEST: [Signature]
Assistant Secretary

Receipt of Counterpart Number 1 is hereby acknowledged by Lender

U. S. ~~United States~~ Steel Credit Corporation

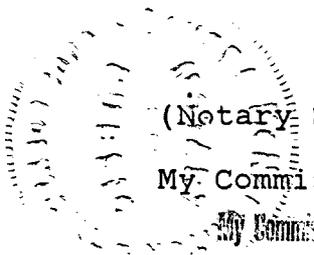
By: [Signature]

ACKNOWLEDGMENTS

State of Illinois)
) SS
County of Cook)

On this 21st day of MARCH, 1984,
before me personally appeared T.A. TINGLIEFF, to me personally known, who, being by me duly sworn, said that he is the VICE PRESIDENT - FINANCE of Chicago and Northwestern Transportation Company, and that the foregoing instrument was signed 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.

Sandra McNighton
Notary Public



(Notary Seal)

My Commission expires:

My Commission Expires June 14, 1987

State of Illinois)
) SS
County of Cook)

On this 21st day of MARCH, 1984,
before me personally appeared KENT A. BURGEMER, to me personally known, who, being by me duly sworn, said that he is the PRESIDENT of Sheridan II Leasing Corporation, and that the foregoing instrument was signed 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.

Sandra McNighton
Notary Public

(Notary Seal)

My Commission expires:

My Commission Expires June 14, 1987

SCHEDULE "A"

Equipment
under
Equipment Lease Agreement
between
Sheridan II Leasing Corporation
and
Chicago and North Western Transportation Company
Dated as of March 1, 1984

| <u>Description</u> | <u>Quantity</u> | <u>CNW System Number*</u> | <u>Estimated Cost</u> |
|-------------------------|-----------------|-----------------------------------|---------------------------|
| Bridge Inspection Crane | 1 | 17-3839 | \$ 188,000 |
| Speed Swings | 5 | 17-3845 through 17-3849 | 507,000 |
| Tie Spacer | 1 | 17-3841 | 47,000 |
| Ballast Compactor | 2 | 17-3842 and 17-3843 | 146,000 |
| Dual Ballast Cribber | 1 | 17-3844 | 55,000 |
| Bridge Cranes | 2 | 17-3937 and 17-3938 | 145,000 |
| Tie Handling Cranes | 15 | 17-3898 through 17-3912 | 557,000 |
| Dual Brooms | 2 | 17-3880 and 17-3881 | 154,000 |
| Production Tie Inserter | 1 | 17-3854 | 97,000 |
| Spot Tie Inserter | 2 | 17-3855 and 17-3856 | 88,000 |
| Tie Remover | 6 | 17-3888 through 17-3993 | 685,000 |

* All numbers are inclusive.

| <u>Description</u> | <u>Quantity</u> | <u>CNW System Number*</u> | <u>Estimated Cost</u> |
|--|-----------------|---|---------------------------|
| Tie Shear | 1 | 17-3887 | 97,000 |
| Scarifier-Insertter | 6 | 17-3865 through 17-3870 | 417,000 |
| Spike Setter - Drivers | 5 | 17-3885, 17-3886, 17-3851 through 17-3853 | 418,000 |
| Utility Tampers (EA-Mark I) | 2 | 17-3896 and 17-3897 | 242,000 |
| Production Tampers (Mod 6700) | 2 | 17-3861 and 17-3862 | 410,000 |
| Production Tampers (ESTR 130 AG-Mark III) | 2 | 17-3863 and 17-3864 | 384,000 |
| Switch Tampers (MOD 3300S) | 2 | 17-3859 and 17-3860 | 192,000 |
| Switch Tampers (ES MARK II) | 2 | 17-3857 and 17-3858 | 186,000 |
| Hydraulic Spike Pullers | 2 | 17-3913 and 17-3914 | 25,000 |
| Ballast Regulators | 9 | 17-3871 through 17-3879 | 820,000 |
| Brush Cutters | 3 | 17-3882 through 17-3884 | 400,000 |
| Gar Top Material Handlers | 2 | 17-3894 and 17-3895 | 260,000 |
| Ditcher - Spreader with Plow | 1 | CNW-11993 | 258,000 |

| <u>Description</u> | <u>Quantity</u> | <u>CNW System Number*</u> | <u>Estimated Cost</u> |
|--|-----------------|-----------------------------------|---------------------------|
| 18 Ton Tilt-Tip Trailers | 4 | 19-1486 through 19-1489 | 49,000 |
| Snowblower | 1 | 17-3850 | 66,000 |
| Parts Trailer | 2 | 19-1484 and 19-1485 | 16,000 |
| 15T Hy Rail Crane | 1 | 17-3916 | \$ 160,000 |
| Tie Plate Sweeper | 1 | 17-3917 | 56,000 |
| Wide Gauge Threader | 1 | 17-3918 | 162,000 |
| Rail Heater | 1 | 17-3919 | 74,000 |
| Threader Cart system | 1 | 17-3920 | 63,000 |
| Dual Tie Adzer | 1 | 17-3921 | 303,000 |
| Dual Ballast Cribber | 1 | 17-3922 | 180,000 |
| Spike & Anchor Retriever | 1 | 17-3923 | 85,000 |
| Auto Anchor | 4 | 17-3924 through 17-3927 | 400,000 |
| Dual Spike Pullers | 3 | 17-3928 through 17-3930 | 90,000 |
| Tie Plug Inserter | 4 | 17-3931 through 17-3934 | 84,000 |
| Dual Tie Plate Remover | 1 | 17-3935 | 84,000 |
| Tie End Sweeper | 1 | 17-3936 | 41,000 |
| <u>Total Estimated Schedule "A" Cost</u> | | | <u>\$8,691,000</u> |

D7/32rb

STIPULATED/ECONOMIC LOSS VALUE SCHEDULE

| | <u>Termination Value</u> <u>% of Total Asset Cost(1)</u> |
|----------|---|
| 1 Jul 84 | 101.15827 |
| 1 Oct 84 | 102.05505 |
| 1 Jan 85 | 100.99838 |
| 1 Apr 85 | 100.68048 |
| 1 Jul 85 | 97.70921 |
| 1 Oct 85 | 98.00167 |
| 1 Jan 86 | 95.70083 |
| 1 Apr 86 | 94.69955 |
| 1 Jul 86 | 91.18107 |
| 1 Oct 86 | 91.02583 |
| 1 Jan 87 | 87.76773 |
| 1 Apr 87 | 86.09376 |
| 1 Jul 87 | 81.96009 |
| 1 Oct 87 | 81.24676 |
| 1 Jan 88 | 77.05608 |
| 1 Apr 88 | 74.67105 |
| 1 Jul 88 | 69.83250 |
| 1 Oct 88 | 68.42376 |
| 1 Jan 89 | 64.16082 |
| 1 Apr 89 | 61.43055 |
| 1 Jul 89 | 55.90938 |
| 1 Oct 89 | 53.75439 |
| 1 Jan 90 | 49.81174 |
| 1 Apr 90 | 46.68625 |
| 1 Jul 90 | 43.87570 |
| 1 Oct 90 | 41.44643 |
| 1 Jan 91 | 36.90610 |
| 1 Apr 91 | 33.48977 |
| 1 Jul 91 | 30.35640 |
| 1 Oct 91 | 27.56965 |
| 1 Jan 92 | 23.42194 |
| 1 Apr 92 | 20.08626 |
| 1 Jul 92 | 21.00000 |

(1) The above listed percentages do not include the rental payment that would be due on the appropriate date.

CERTIFICATE OF INSPECTION AND ACCEPTANCE

under

EQUIPMENT LEASE dated as of March 1, 1984 (the "Lease") between Sheridan II Leasing Corporation, as lessor (the "Lessor"), and Chicago and North Western Transportation Company, as lessee (the "Lessee"). All terms used herein shall have the same meanings as are ascribed to them in the Lease.

The Lessee hereby certifies that each Item of Equipment set forth and described in Attachment 1 hereto has been delivered to the location indicated in Attachment 1 for each such Item, tested and inspected by Lessee, found to be in good order and accepted as an Item of Equipment under the Lease, each on the date ("Acceptance Date") indicated in Attachment 1 for such Item.

CHICAGO AND NORTH WESTERN TRANSPORTATION
COMPANY, as Lessee

By: _____

Title: _____

Date: _____

Bill of Sale

_____, a
corporation (hereinafter called the "Seller"), in considera-
tion of the sum of One Dollar (\$1.00) and other good and
valuable considerations the receipt of all of which by it is
hereby acknowledged, has bargained, sold, conveyed, trans-
ferred and delivered, and by these presents does hereby
bargain, sell, grant, convey, transfer and deliver unto
Sheridan II Leasing Corporation (hereinafter called the
"Purchaser"), the following unit(s) of Equipment:

TO HAVE AND TO HOLD the same unto the said Pur-
chaser, its successors and assigns forever;

THE SELLER HEREBY WARRANTS to the Purchaser, its
successors or assigns, that at the time of delivery of each
unit of the Equipment to the Purchaser, as aforesaid, each
such unit was unused equipment, the Seller had legal title
thereto, and good and lawful right to sell the same, and
that title to said unit was then free of all claims, liens,
encumbrances and security interests of any nature, and the
Seller covenants that it will warrant and defend such title
against all claims and demands whatsoever;

IN WITNESS WHEREOF, the Seller has caused this
Bill of Sale to be executed in its name by its _____
_____, thereunto duly authorized, and its
corporate seal to be hereunto affixed and to be attested
by _____, this _____ day of _____,
1984.

By _____
(Signature)

[CORPORATE SEAL]

Attest:

Date _____

Attention:

Senior Vice President and General Counsel

Gentlemen:

As counsel for _____
(the "Seller"), I am familiar with the sale to you, pursuant
to the Bill of Sale dated as of _____ (the
"Bill of Sale") from the Seller to you of the following
unit(s) of equipment (the "Equipment"):

I am of the opinion that:

1. Seller is a corporation duly organized and
existing in good standing under the laws of the State of
_____.

2. The Bill of Sale has been duly authorized,
executed and delivered by the Seller, is not in conflict
with the charter or by-laws of the Seller, any court or
administrative decree binding upon the Seller or any agree-
ment binding upon the Seller of which I have knowledge, and
constitutes a valid, legal and binding instrument of the
Seller enforceable in accordance with its terms; and

3. Such Bill of Sale is valid and effective to
transfer, and does transfer, good and marketable title to
the Equipment herein described to the Purchaser free and
clear of all claims, liens, and encumbrances of any nature.

Attorney for

(Letterhead of Counsel to Lessee)

Attention:

President

Gentlemen:

As counsel for Chicago and North Western Transportation Company, a Delaware corporation (the "Lessee"), I am familiar with the Equipment Lease Agreement dated as of March 1, 1984 (the "Lease") between Sheridan II Leasing Corporation (the "Lessor") and the Lessee and the other documents and instruments entered into by the Lessee in connection with the transactions contemplated by the Lease, including the General Assignment of Purchase Orders dated as of March 1, 1984 (the "General Assignment of Purchase Orders") between the Lessee and the Lessor; and I have examined such corporate and other documents and records and such questions of law as I have considered necessary or appropriate for purposes of this opinion. The terms used herein, unless otherwise defined, are those used in the Lease. On the basis of such examination, I advise you that in my opinion:

(a) The Lessee is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware, is duly qualified to do business in each jurisdiction where its ownership or lease of property or the conduct of its business require such qualification, and has full corporate power and authority to hold property under lease and to enter into and perform its obligations under the Lease and the other documents and instruments entered into by the Lessee in connection with the transactions contemplated thereby.

(b) The execution, delivery and performance by the Lessee of the Lease and all other agreements entered into by the Lessee in connection with the transactions contemplated by the Lease have been duly authorized by all necessary corporate action on the part of the Lessee, do not contravene any

law or governmental rule, regulation or order applicable to the Lessee, do not and will not contravene any provisions of, or constitute a default under, any indenture, mortgage, contract or other instrument to which the Lessee is a party or by which it is bound or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the Items of Equipment (as defined in the Lease) (except for Permitted Liens as defined in the Finance Agreement), have been duly executed and delivered by the Lessee and, assuming the due authorization, execution and delivery thereof by each other party thereto, constitute the legal, valid and binding agreement of the Lessee, enforceable in accordance with their terms (subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally).

(c) No consent or approval of, giving of notice to, registration with, or taking of any other action in respect of, any state, federal or other governmental authority or agency is required with respect to the execution, delivery and performance by the Lessee of the agreements referred to in (a) and (b) above.

(d) As of the date of execution of the Lease by the Lessee, except as reflected in the annual report of the Lessee to the Securities and Exchange Commission ("SEC") on Form 10-K for the fiscal year ended December 31, 1983, in other reports to the SEC, and in Schedule 3.10 to the Finance Agreement between the Lessee and the United States of America represented by the Federal Railroad Administration dated as of December 19, 1983 (receipt of which are acknowledged by the Lender and the Lessor), there are no actions, suits or proceedings at law or in equity pending or, to my knowledge, threatened against or affecting the Lessee in any court or before any arbitrator or governmental commission, board or authority which, if adversely determined, will have a material adverse effect on the ability of the Lessee to perform its obligations under any of the agreements referred to in (a) above.

Very truly yours,

General Assignment of Purchase Orders

THIS GENERAL ASSIGNMENT of PURCHASE ORDERS is dated as of March 1, 1984 between North Western Leasing Company (the Assignor"), a wholly-owned subsidiary of Chicago and North Western Transportation Company ("CNW") and Sheridan II Leasing Corporation (the "Lessor").

A. The Assignor has entered into various purchase agreements or orders with vendors to provide for the manufacture and delivery of various items of equipment described in Schedule I hereto, copies of which purchase orders are attached as Exhibit A hereto (the "Purchase Orders"). The equipment described in Schedule I which becomes an Item of Equipment as defined in the Equipment Lease Agreement between Lessor and CNW dated as of the date hereof (the "Lease"), and is made subject to the terms hereof is hereinafter referred to collectively as the "Equipment" and individually as an "Item of Equipment."

B. CNW desires to lease rather than purchase the Equipment and the Lessor is willing to acquire certain of the Assignor's rights and interests under the Purchase Orders as the same relate to the Equipment, all on the terms and conditions hereinafter set forth.

C. Upon purchase of the Equipment by the Lessor, the CNW shall thereupon lease the Equipment from the Lessor under the Lease.

In consideration of the mutual covenants herein contained, the Lessor and the Assignor agree as follows:

1. The Assignor does hereby sell, assign, transfer and set over unto the Lessor all of the Assignor's right, title and interest in, to and under each of those Purchase Orders, including, without limitation, (a) the right to purchase and take title to each such Item of Equipment pursuant to the applicable Purchase Order, (b) all claims for damages in respect of any such Items of Equipment arising as a result of any default by the vendor under the Purchase Order, and all claims arising thereunder, in respect of such Item of Equipment, and (c) any and all rights of the Assignor, including, without limitation, the rights with respect to spare parts, the right to demand, accept and retain all rights in and to data and service which the vendor is obligated to provide or does provide, pursuant to the Purchase Orders, right to compel performance of the terms of the Purchase Order and to enforce all claims and receive any and all money due or to become due to the

Assignor in respect of such Equipment or the Purchase Orders; reserving to the Assignor, however, with respect to each Item of Equipment so long and only so long as such Item of Equipment shall be subject to the Lease and the Assignor shall be entitled to possession of such Item of Equipment thereunder, (x) the rights to demand, accept and retain all rights in and to all property (other than such Item of Equipment), data and service which the vendor is obligated to provide, or does provide, pursuant to the Purchase Order, (y) all rights, if any, with respect to spare parts as provided in the Purchase Order, and (z) the right, if any, to obtain instructions and data pursuant to the Purchase Order.

Notwithstanding the foregoing, so long as the Lessor shall not have declared the Lease to be in default or until redelivery to the Lessor of an Item of Equipment in accordance with the Lease, the Lessor authorizes the Assignor, to the exclusion of the Lessor, to exercise in their name all rights and powers of the buyer under each Purchase Order (including, without limitation, the right to amend (except to the extent that such amendment would change the nature of the Equipment) or terminate any such Purchase Order, enforce any warranty, covenant, etc.), except that neither CNW nor Assignor may exercise any right to purchase or take title to an Item of Equipment, except as hereinafter provided.

Lessor agrees, that upon any payment to Lessor with respect to an Item of Equipment under the Lease by CNW with respect to which any vendor has warranted, covenanted or otherwise made a representation concerning such Item of Equipment to Lessor, Lessor, shall assign and subrogate its rights against such vendor to the CNW and shall take all steps reasonably necessary to assist CNW in enforcing such rights against the vendor to the extent necessary to enable CNW to recover such payment.

2. It is expressly agreed that, anything herein contained to the contrary notwithstanding:

(a) The exercise by the Lessor of any of the rights assigned hereunder shall not release the Assignor from any of its duties or obligations to the manufacturer or seller under each such Purchase Order except to the extent that such exercise by the Lessor shall constitute performance of such duties or obligations;

(b) The Lessor shall not have or hereafter acquire any obligation or liability under any such Purchase Order by reason of, or arising out of, this Assignment or be obligated to perform any of the obligations or duties of the Assignor or CNW under any

such Purchase Order or to make any payment (other than to make the payments with respect to each Item of Equipment to the extent and upon the terms and conditions set forth in the Lease) or to make any inquiry as to the sufficiency of any payment received by either of them or to present or file any claim or to take any other action to collect or enforce any claim for any payment assigned hereunder;

(c) the Assignor at all times shall remain liable to the builder or vendor under each Purchase Order to perform all of the duties and obligations of the purchaser under the Purchase Order to the same extent as if this Assignment had not been executed; and

(d) Assignor represents and warrants that:

(i) Assignor is a corporation duly organized, validly existing and in good standing under the laws of Delaware;

(ii) Assignor has the full power and authority to execute and deliver this Assignment and to carry out the transactions contemplated hereby;

(iii) This Assignment has been duly authorized, executed and delivered by Assignor and constitutes the legal, valid and binding obligation of Assignor enforceable against it in accordance with the terms hereto; subject, as to enforceability of remedies to limitations imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the enforcement of creditors' rights generally and to general principles of equity;

(iv) No authorization, consent, or approval of any governmental authority is required for the execution, delivery or performance by Assignor of this Agreement; and

(v) Assignor is a wholly-owned subsidiary of CNW.

(e) the execution of this Assignment shall not modify any contractual rights of the builder or vendor under any Purchase Order and the liabilities of such builder or vendor under such Purchase Order shall be to the same extent and continue as if this Assignment had not been executed.

The Lessor shall not have any obligation hereunder or under the Lease or the Finance and Security Agreement among Lessor, CNW and United States Steel Credit Corporation dated as of the date hereof (the "Finance Agreement"), to any builder or vendor in respect of any Items of Equipment not delivered and accepted on or before August 31, 1984, or with respect to which the purchase price would cause the Cost (as defined in the Lease) for such Item and all other Items previously delivered to and accepted on behalf of the Lessor to exceed \$10,750,000, or would cause the total cost of all Schedule "Y" Equipment (as defined in the Finance Agreement) to exceed \$1,800,000 or which the Lessor is not required to purchase pursuant to the terms of the Lease. Furthermore, in the event that the documents required to be delivered pursuant to Section 9b of the Lease cannot be delivered for any Item of Equipment, the Lessor shall have no obligation to purchase such Item of Equipment. Any such Item for which such obligations are so terminated shall be immediately excluded from the terms and provisions of this Assignment, the Lease and the Finance Agreement, and in the event of such exclusion the Assignor agrees with the Lessor that the Assignor will be obligated to purchase from the builder or vendor, and will accept delivery of and pay for, any Item or Items so excluded from this Assignment.

3. The Assignor does hereby constitute the Lessor the true and lawful attorney of the Assignor, irrevocably with full power (in the name of the Assignor or otherwise) to, if an Event of Default (as defined in the Lease) has occurred and is continuing, ask, require, demand, receive, compound and give acquittance for any and all moneys and claims for money due and to become due under, or arising out of, any Purchase Order to the extent that the same have been assigned by this Agreement, to endorse any checks or other instruments or orders in connection therewith, to execute and deliver such further instruments and take such further action as the Lessor deems reasonable to obtain the full benefits hereof and to file any claims or take any action or institute any proceedings which to the Lessor may seem to be necessary or advisable in the premises.

4. The Assignor agrees that at any time and from time to time, upon the written request of the Lessor, the Assignor will promptly and duly execute and deliver or cause to be executed and delivered on its behalf any and all such further instruments and documents and take such further action as the Lessor may reasonably request in order to obtain the full benefits of this Assignment and of the rights and powers herein granted.

5. This Assignment shall be governed by, and for all purposes construed in accordance with, the laws of the State of Illinois.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be duly executed as of the day and year first above written.

NORTH WESTERN LEASING COMPANY,
Lessee

By _____

Title _____

SHERIDAN II LEASING CORPORATION,
LESSOR

By _____

Title _____

L/P112-898

Attachment
(to General Assignment of Orders)

CONSENT AND AGREEMENT

The undersigned, _____ (the "Builder") acknowledges receipt of a form of General Assignment of Purchase Orders dated as of March 1, 1984 (the "Agreement") entered into between Sheridan II Leasing Corporation (the "Lessor") and North Western Leasing Company (the "Assignor"), and as an inducement to and as part of the consideration for the performance by the parties thereof of their obligations thereunder:

1. Consent to the assignment by the Assignor to the Lessor of all of the Assignor's rights and interest in and to the Purchase Order between Builder and Assignor, a copy of which is attached, subject to the reservations referred to in Section 1 and the last paragraph of Section 2 of the Agreement.

2. Agrees that, except as specifically set forth in the Agreement, none of the duties or obligations of the Assignor under any agreements of any nature between the Builder and the Assignor have been assigned to or in any manner assumed by the Lessor.

3. Agrees that all representations, warranties, indemnities and agreements of the Builder under the Purchase Order shall inure to the benefit of the Lessor to the same extent as if originally named the buyer of the Equipment.

4. Represents that the Purchase Order and this Agreement constitute a legal, valid and binding obligation of the Builder enforceable against the Builder in accordance with the terms thereof, and the Builder is not in default under any provisions of the Purchase Order.

Dated:

By: _____

Its: _____

Certificate

I, _____
_____ of CHICAGO AND NORTH WESTERN TRANSPORTATION
COMPANY (the "Lessee"), DO HEREBY CERTIFY AS FOLLOWS:

To the best of my knowledge, no Event of Default
(as defined in the Equipment Lease Agreement dated as of
March 1, 1984) or other event which with the giving of
notice or the lapse of time, or both, would become an Event
of Default, has occurred.

Dated: _____