

# TAFT, STETTINIUS & HOLLISTER

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CINCINNATI, OHIO 45202

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ABRAHAM S. GORDON

OF COUNSEL: JOHN W. HUDSON  
J. MACK SWIGERT  
LEONARD A. WEAKLEY  
ROBERT TAFT, JR.  
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CHARLES J. LUKEN

\*WASHINGTON, D. C. OFFICE  
\*\*COLUMBUS, OHIO OFFICE  
\*\*\*COVINGTON, KENTUCKY OFFICE

OF COUNSEL WASHINGTON, D. C.: ROBERT TAFT, JR.

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

June 3, 1988

1  
RECORDATION NO. 5684  
Filed 1988

Ms. Noreta R. McGee, Secretary  
Interstate Commerce Commission  
12th Street & Constitution Avenue, NW  
Washington, D.C. 20423

JUN 9 1988-3 24 PM

INTERSTATE COMMERCE COMMISSION

Dear Ms. McGee:

I have enclosed an original and one copy of the document described below to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Lease, a primary document dated March 8, 1988.

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

LESSOR: The David J. Joseph Company  
300 Pike Street  
Cincinnati, Ohio 45202

LESSEE: Peoria & Pekin Union Railway  
101 Wesley Road  
Creve Coeur, Illinois 61611  
Attention: President & General Manager

Interstate Commerce Commission  
June 3, 1988  
Page Two

A description of the equipment covered by the document is as follows:

Two (2) 70-ton capacity (one of which is friction bearing) and one (1) 100-ton capacity all steel gondola railroad cars marked as follows:

70-ton friction bearing gondola - PPU 100007  
100-ton roller bearing gondola - PPU 100008  
70-ton roller bearing gondola - PPU 100009

A fee of \$13.00 is enclosed. Please return the stamped original executed copy of the enclosed document to:

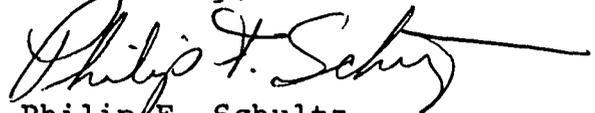
Philip F. Schultz, Esq.  
Taft, Stettinius & Hollister  
1800 First National Bank Center  
Cincinnati, Ohio 45202

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

Lease Agreement between The David J. Joseph Company, 300 Pike Street, Cincinnati, Ohio 45202 and Peoria & Pekin Union Railway, 101 Wesley Road, Creve Coeur, Illinois 61611 dated March 8, 1988 and covering two (2) 70-ton capacity (one of which is friction bearing) and one (1) 100-ton capacity all steel gondola railroad cars.

Please feel free to call me if you should have any questions.

Yours truly,



Philip F. Schultz  
Attorney for The David J. Joseph Co.

CERTIFICATE OF NOTARY PUBLIC JUN 9 1988-8 24 PM

The undersigned, Stephen M. Griffith, Jr., a Notary  
Public in and for the County of Hamilton, State of Ohio, hereby  
certifies that the copy of the Lease Agreement dated March 8,  
1988 attached hereto has been carefully compared with the  
original and is complete and identical in all respects to the  
original document.

Stephen M. Griffith, Jr.  
Notary Public

STEPHEN M. GRIFFITH, JR., Attorney at Law  
NOTARY PUBLIC - STATE OF OHIO  
My Commission has no expiration  
date. Section 147.03 O.R.C.

1  
RECORDATION NO. 5684

LEASE AGREEMENT

JUN 9 1988-3 24 PM

INTERSTATE COMMERCE COMMISSION

LEASE AGREEMENT ("Lease") made and entered into this 9 day of March, 1988, between THE DAVID J. JOSEPH COMPANY, a Delaware corporation (hereinafter called "Lessor") and PEORIA AND PEKIN UNION RAILWAY, 101 Wesley Road, Creve Coeur, Illinois 61611, an Illinois corporation (hereinafter called "Lessee").

RECITALS

Lessee desires to lease from Lessor certain railroad cars, hereinafter specifically designated or to be specifically designated, all upon the rentals, terms and conditions as set forth in this Lease.

AGREEMENT

1. Lease of Cars. Lessor agrees to lease to Lessee and Lessee agrees to and hereby does lease from Lessor two (2) seventy ton capacity (one of which is friction bearing), and one (1) one hundred ton capacity all steel gondola railroad cars (the "Cars"), which Cars are marked with the indentifying numbers and the Association of American Railroads mechanical designations as set forth on Exhibit A attached hereto. The Cars shall also be marked on both sides with the following: "OWNED BY THE DAVID J. JOSEPH COMPANY." The term of this Lease shall commence when the Cars are delivered to and accepted by or on behalf of Lessee pursuant to the terms hereof. This Lease shall expire on the last day of the sixtieth (60th) month following the date this Lease commences unless sooner terminated as provided herein; provided, however, that so long as Lessee is not in default hereunder, Lessee shall have the option, which option can be exercised up to five (5) times, to extend the initial term hereof for twelve (12) months upon the same terms and conditions of this Lease, except as set forth in Section 2, by giving written notice of its election to so extend the term hereof to Lessor at least ninety (90) days prior to the expiration of the then current term of this Lease. Lessor shall deliver the Cars to American Allied Freight Car Company's shops in East Peoria, Illinois, and from and after such delivery, if any action by Lessee either oral or written causes the Cars to be routed in such a manner as to incur transportation cost, Lessee shall pay all costs and expenses on account of transportation or movement of the Cars to and from any place and for any reason whatsoever.

2. Rental. Rental for the initial sixty (60) month term shall be Four Dollars (\$4.00) per day for the seventy ton friction bearing Car and Four Dollars and Fifty Cents (\$4.50) per day for each of the other two Cars, for a total rental of Thirteen Dollars (\$13.00) per day for all Cars leased hereunder, such rental to be paid to Lessor in monthly installments due in advance on the first day of each month. Rental for each twelve (12) month extension of this Lease shall be a rate mutually agreeable to Lessor and Lessee; provided, however, that in the event Lessor and Lessee are unable to mutually agree upon the rental for any twelve (12) month extension of this Lease at least thirty (30) days prior to the expiration date of the then

current term, this Lease shall expire at the end of the then current term. Rental shall be paid to Lessor at its address set forth in Section 16(b) hereof.

3. Acceptance of Cars. Within ten (10) days after Lessor shall give Lessee notice that some or all Cars are ready for inspection, Lessee may have its authorized representative inspect such Cars at the point of their present location and accept or reject them as being or failing to be in compliance with the Interchange Rules and the terms hereof. Cars so inspected and accepted and any Cars which Lessee does not elect to inspect within said ten (10) day period shall be conclusively deemed to meet all requirements of the Interchange Rules and this Lease and shall be conclusively deemed delivered to and accepted by Lessee. Any Car inspected by Lessee and not accepted shall, at Lessor's option, (i) be repaired by Lessor, or (ii) deleted from this Lease.

4. Records. Lessee shall keep records of and monitor the use and movements of all Cars and shall provide to Lessor, in quarterly reports to be delivered to Lessor on or before the first day of March, June, September, and December of each year during the term of this Lease, all information and copies of all records and reports, pertaining to the Cars received by Lessee or available to it. Lessor shall have the right at any time and from time to time to audit and verify any such information, records and reports and other data pertinent hereto and Lessee shall cooperate with and assist Lessor in any such audit or verification. Lessee will, at Lessor's expense, take all appropriate action to record and register the Cars as Lessor may request. In addition, if Lessee knows of the initial loading of any of the Cars, Lessee shall promptly thereafter notify Lessor of the date, handling railroad and destination of such initial loading.

5. Use - Lettering. Lessee shall use the Cars in a careful and prudent manner in compliance with all Interchange Rules and solely for the uses for which they were designed. Except for the lettering to be placed on the Cars by Lessor prior to delivery indicating the interest of Lessee, Lessor and any assignee or mortgagee of Lessor, no lettering or marking shall be placed upon any of the Cars by Lessee except upon the written direction or consent of Lessor, and Lessee shall promptly replace any such lettering or marking that is damaged, defaced or removed.

6. Maintenance and Repairs. Lessee, at its sole expense, shall (i) keep and maintain the Cars leased hereunder in first class working order, condition and repair, and free from any and all liens and claims; (ii) install parts on, and make all necessary repairs and replacements to the Cars using only new manufacturer made or manufacturer approved parts that conform to the construction of the Cars; and (iii) provide all labor, materials, lubricants, parts and other supplies or items consumed by or required, in connection with the use of the Cars. In addition to repairs and maintenance required pursuant to this Section 6, Lessee shall repair, replace, clean, oil, test, stencil and otherwise maintain the Cars as required by the Interchange Rules, as the same may be amended from time to time. All repairs performed by Lessee must be done in compliance with the FRA Railroad Freight Car Safety Standards, Safety Appliance and Power Braker Laws and the Interchange Rules.

Any and all additions to any Car, and any and all parts installed on or replacements made to any Car shall be considered accessions to such Car and, without cost or expense to the Lessor, there shall immediately be vested in the Lessor the same interest in such accessions as the interest of the Lessor in such Car. The Lessee may make alterations or modifications in any Car so long as it does not affect the value of such Car adversely.

This Lease is a "Net Lease" and Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due to, or by reason of, any past, present or future claims of Lessee against Lessor under this Lease or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate; nor shall the respective obligations of the Lessor or the Lessee otherwise be affected by reason of (i) any defect in, or damage to, or loss of possession or loss of use of, or destruction of all or any portion of the Cars from whatsoever cause, except as provided in Section 8 of this Lease, (ii) the prohibition of, or other restriction against Lessee's use of all or any portion of the Cars, or the interference with such use by any person or entity, (iii) the invalidity or unenforceability or lack of due authorization of this Lease or lack of right, power or authority of the Lessor to enter into this Lease, (iv) any failure by the Lessor to perform any of its obligations herein contained, or (v) any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

7. Insurance. Lessee will, at its expense, insure all of the Cars at all times against all hazards, including but not limited to, fire, theft, vandalism, collision and all other hazards customarily insured against or as may reasonably be requested by Lessor. Such policies of insurance shall be payable to Lessor and shall be reasonably satisfactory to Lessor as to form, amount and insurer, and shall provide for at least ten (10) days prior written notice of cancellation to Lessor. Lessee shall furnish certificates, policies or endorsements to Lessor as proof of such insurance. Lessor may act as attorney for Lessee in making, adjusting or settling any claims under any insurance policies insuring the Cars. Lessee assigns to Lessor all of its right, title and interest to any insurance policies insuring the Cars, including all rights to receive the proceeds of insurance, and directs any insurer to pay all such proceeds directly to Lessor and authorizes Lessor to endorse Lessee's name on any draft for such proceeds. The proceeds of any fire, theft and extended coverage insurance with respect to the Cars shall be payable solely to Lessor and shall be applied by Lessor in accordance with Section 8 hereof.

Lessee will, at its expense, carry public liability insurance with respect to the Cars and the use thereof, in such amounts as are required by the Interchange Rules and in such amounts and with such insurers as are reasonably satisfactory to Lessor, and such insurance policies shall also name Lessor as an insured thereunder, and shall provide for at least ten (10) days prior written notice of cancellation to Lessor. The proceeds of any public

liability or property damage insurance shall be payable first to Lessor to the extent of its liability, if any, and the balance to Lessee.

8. Risk of Loss. Lessee assumes all risk of loss, damage, theft, condemnation or destruction of the Cars. Except as provided in this Section 8, no such loss, damage, theft, condemnation or destruction of the Cars, or any Cars, in whole or in part, shall impair the obligations of Lessee under this Lease, all of which shall continue in full force and effect. Whenever any Car shall be or become worn out, lost, stolen, destroyed or damaged, from neglect, abuse, fire, the elements or any other cause whatsoever, or taken or requisitioned by condemnation or otherwise (such occurrences being hereinafter called "Casualty Occurrences") during the term of this Lease, Lessee shall, promptly after it shall have been determined that such Car has suffered a Casualty Occurrence, but in any event within thirty (30) days after such Casualty Occurrence or within such shorter times as may be required by the Interchange Rules, notify Lessor in writing of such Casualty Occurrence. In the event any of the Cars suffer a Casualty Occurrence, Lessee, at Lessor's option and Lessee's sole expense, shall either (i) place the affected Cars in good repair, condition and working order, in which case Lessor shall reimburse Lessee for the cost of such repairs to the extent of the recovery, if any, actually received by Lessor from insurance or otherwise for such Casualty Occurrence; (ii) replace the affected Cars with like equipment in good repair, condition and working order, in which case Lessor shall reimburse Lessee for the cost of such replacement to the extent of the recovery, if any, actually received by Lessor from insurance or otherwise for such Casualty Occurrence; (iii) pay Lessor an amount equal to all unpaid gross rental due and to become due under this Lease with respect to the affected Cars, less that amount of the recovery, if any, actually received by Lessor from insurance or otherwise for such Casualty Occurrence, which bears the same proportion to the entire recovery as the remaining portion of the term of this Lease bears to the remaining useful life of such Cars; or (iv) pay to Lessor an amount equal to the accrued rental for such Cars to the date of payment plus a sum equal to the fair market value of such Cars, as reasonably determined by Lessor, less the amount of the recovery, if any, actually received by Lessor from insurance or otherwise for such Casualty Occurrence, in which case such Cars shall thereafter be deleted from this Lease. The balance of any recovery received by Lessor from insurance or otherwise for such Casualty Occurrence shall belong solely to Lessor.

9. Indemnification. Lessee assumes liability for, and hereby agrees to indemnify, protect and keep harmless Lessor, its employees, agents, successors and assigns from and against any and all liabilities, obligations, losses, damages, injuries, claims, demands, penalties, actions, costs and expenses, including reasonable attorney's fees, of whatsoever kind and nature, arising out of the use, condition (including but not limited to, latent and other defects and whether or not discoverable by Lessee or Lessor), operation, ownership, selection, delivery, leasing or return of the Cars or any Car regardless of where, how and by whom operated, and regardless of any failure on the part of Lessor to perform or comply with any conditions of this Lease. Lessee is an independent contractor and nothing contained in this Lease shall authorize Lessee or any other person to operate any of the Cars so as to incur or impose any liability or obligation for or on behalf of Lessor.

Lessor shall not be liable for any loss of or damage to any commodities loaded or shipped in the Cars. Lessee agrees to assume responsibility for, to indemnify Lessor against, and to hold Lessor harmless from, any claim in respect or such loss or damage and to assume responsibility for any damage caused to any Car by such commodities.

10. Taxes. Lessee shall be liable at all times, and shall pay or reimburse Lessor for payments of (i) all taxes, duties or imposts assessed or levied on the Cars or this Lease by a foreign country and/or any governmental subdivision thereof, (ii) all taxes or governmental charges assessed or levied upon its interest as Lessee of Cars, and (iii) all federal, state or other governmental property taxes assessed or levied against the Cars.

11. Termination. Lessee shall at the termination of this Lease with respect to any Cars, and without regard to the reason for such termination, forthwith return such Cars to Lessor in the same condition in which the Cars were furnished by Lessor, ordinary wear and tear excepted. Upon the termination of this Lease with respect to any or all Cars, Lessee shall, at its sole cost and expense, forthwith surrender possession of such Cars to Lessor at any open interchange on Lessee's railroad line specified by Lessor. Lessee shall provide free storage for a period of up to 90 days for Cars as to which this Lease is terminated.

12. Sublease and Assignment. Lessee may not, by operation of law or otherwise, assign, transfer, pledge, hypothecate or otherwise dispose of this Lease or any interest herein, or sublet any of the Cars, without Lessor's prior written consent; provided, however, that Lessor will not unreasonably withhold its consent if Lessee desires to sublet the Cars if, but only if: (i) Lessee agrees in writing to indemnify and hold harmless Lessor from and against all costs, damages and liabilities of any nature whatsoever arising out of, relating to, or incurred in connection with the sublease or any act or omission of the sublessee, (ii) the proposed sublessee is of sound financial condition (as reasonably determined by Lessor), (iii) the Cars will be used only in the United States, and (iv) Lessee remains primarily liable to Lessor for all of its responsibilities and obligations under this Lease. This Lease is freely assignable by Lessor, and upon delivery to Lessee of notice of any assignment, the term "Lessor" as used herein shall refer to such assignee, and The David J. Joseph Company shall be relieved of all of its liabilities and obligations under this Lease.

13. Default. If Lessee or Lessor shall fail to make any payment required hereunder within five (5) days after the same shall have become due or shall breach any representation or warranty contained herein or shall default or fail for a period of ten (10) days in the due observance or performance of any covenant, condition or agreement required to be observed or performed on its part hereunder, or a proceeding shall have been commenced by or against Lessee or Lessor under any bankruptcy laws, Federal or State, or other laws for the appointment of a receiver, assignee or trustee of Lessee or Lessor or their property, or Lessee or Lessor shall make a general assignment for the benefit of creditors, then and in any of said events Lessor or Lessee, as the case may be, may, in addition to all other rights and remedies provided at law or in equity, upon written notice to such effect, terminate this Lease in its entirety or with respect to any group of Cars with respect to which

said default has occurred and thereafter recover any and all damages sustained by reason of Lessee's or Lessor's default. The obligation to pay rental then or thereafter due or any other sum or sums due and unpaid or any damages suffered by reason of Lessee's or Lessor's default hereunder shall survive the termination of the Lease and the retaking of the Cars.

14. Definitions. For all purposes of this Lease the following terms shall have the following meanings:

"Interchange Rules" - All codes, rules, interpretations, laws or orders governing hire, use, condition, repair and all other matters pertaining to the interchange of freight traffic reasonably interpreted as being applicable to the Cars, adopted and in effect from time to time by the Association of American Railroads and any other organization, association, agency, or governmental authority, including the Interstate Commerce Commission and the United States Department of Transportation, which may from time to time be responsible for or have authority to impose such codes, rules, interpretations, laws or orders.

15. Representations. Lessee or Lessor respectively covenant, warrant and represent that all of the following matters shall be true and correct at all times that any Car is subject to this Lease:

(a) Each party is a corporation duly organized and validly existing in good standing under the laws of the state of its incorporation and has the corporate power, authority and is duly authorized and qualified to do business wherever it transacts business and such qualification is required, and has corporate power to and has taken all corporate action necessary to enter into this Lease and carry out its obligations hereunder.

(b) This Lease has been duly executed on behalf of each party and constitutes the legal, valid and binding obligation of the respective parties enforceable in accordance with its term.

(c) No governmental, administrative or judicial authorization, permission, consent or approval is necessary on the part of either party in connection with this Lease or any action contemplated on its part hereunder, nor will the execution or performance of this Lease violate any law, judgment order or regulation, or any indenture or agreement binding upon either party; and

(d) Neither party knows of any requirements for recording, filing or depositing this Lease other than pursuant to 49 U.S.C. §11303, which is necessary to preserve or protect the title of Lessor or its assignee or mortgagee in the United States of America.

Upon request of Lessor or its assignee or mortgagee at any time or times, Lessee shall deliver to Lessor an opinion of its counsel addressed to

Lessor or its assignee or mortgagee, in form and substance satisfactory to Lessor or its assigns or mortgagee, which opinion shall confirm the matters set forth in this Paragraph 15 (a) through (d).

16. Miscellaneous.

(a) This Lease shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns to the extent permitted herein.

(b) Any notice required or permitted to be given by one party to another hereunder shall be properly given when made in writing, deposited in the United States Mail, registered or certified, postage prepaid, addressed to:

Lessor at:           The David J. Joseph Company  
                          300 Pike Street  
                          Cincinnati, Ohio 45202  
                          Attention: Michael A. Teruggi

Lessee at:            Peoria and Pekin Union Railway  
                          101 Wesley Road  
                          Creve Coeur, Illinois 61611  
                          Attention: President and General  
  Manager

or such other address as either party may from time to time designate by such notice in writing to the other.

(c) Lessee shall keep the Cars free from any and all encumbrances or liens, which may be a cloud upon or otherwise affect Lessor's title, which arise out of any suit involving Lessee, or any act or omission of Lessee, or failure of Lessee or Lessee's agents to comply with the provisions of this Lease, and Lessee shall promptly discharge any such lien, encumbrance, or legal process. Lessee shall take all action requested by Lessor to confirm the interest in the Cars of Lessor and that Lessee has no interest in the Cars other than as lessee hereunder.

(d) Subject to the terms and provisions of this Lease, Lessee shall be entitled to the peaceful and quiet possession of the Cars.

(e) During the continuance of this Lease, Lessor shall have the right, at its own cost and expense, to inspect the Cars at any reasonable time on tracks wherever the Cars may be. Lessee shall, upon request of Lessor, furnish to Lessor two (2) copies of a current inventory of all Cars in service, which inventory shall specify the location of each Car and shall set forth any and all defects in such Cars which are known to Lessee.

(f) This Lease is contingent upon execution by Lessee no later than March 31, 1988. Lessor shall have the right to examine Lessee's financial records and other pertinent information which may affect this Lease. After such examination, Lessor may notify Lessee in writing of any dissatisfaction and this Lease shall be null and void by virtue of such notice. This right to so notify Lessee shall terminate ten (10) business days after the date of the signing of this Lease by Lessee.

(g) The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Ohio; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. §11303 and such additional rights arising out of the filing, recording or depositing hereof and of any assignment hereof or out of the marking on the Cars as shall be conferred by the laws of the several jurisdictions in which this Lease or any assignment hereof shall be filed, recorded or deposited or in which any Car may be located.

(h) Time is of the essence of this Lease.

(i) Notwithstanding anything contained in this Lease to the contrary, Lessor shall not be liable for its failure to perform any obligations of Lessor herein contained by reason of labor disturbances (including strikes and lockouts), war, riots or civil commotion, acts of God, fires, floods, explosions, storms, accidents, governmental regulations or interference, or any cause whatsoever beyond Lessor's reasonable control.

(j) To the extent there exists any conflict between the terms and provisions of this Lease and the terms and provisions of the Interchange Rules, this Lease shall control to the full extent permitted by law.

IN WITNESS WHEREOF, Lessor and Lessee have duly executed this Lease as of the day and year first above written.

WITNESS:

THE DAVID J. JOSEPH COMPANY

By: *Diana Toller*  
By: *Kathy L. Reinhart*

By: *James R. Breth*  
Title: *Chairman*

WITNESS:

PEORIA AND PEKIN UNION RAILWAY

By: *Paul O. Fehrenstein*  
By: \_\_\_\_\_

By: *[Signature]*  
Title: *President - General Mgr*

STATE OF OHIO )  
                          ) SS:  
COUNTY OF HAMILTON )

The foregoing instrument was acknowledged before me this 8<sup>th</sup> day of March, 1988 by JAMES R. Breth, the Chairman of The David J. Joseph Company, a Delaware corporation, on behalf of the corporation.

*Carolyn A. Trainor*  
Notary Public  
**CAROLYN A. TRAINOR**  
Notary Public, State of Ohio  
My Commission Expires March 8, 1988

STATE OF Illinois )  
                          ) SS:  
COUNTY OF Logan )

The foregoing instrument was acknowledged before me this 6<sup>th</sup> day of April, 1988 by C. C. Hellums, the President of Peoria and Pekin Union Railway, an Illinois corporation, on behalf of the corporation.

*Catherine B. Ripper*  
Notary Public

EXHIBIT A

PPU 100007 - 70 Ton FB Gon

PPU 100008 - 100 Ton RB Gon

PPU 100009 - 70 Ton RB Gon