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June 6, 1988

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

1 5685
REGISTRATION NO. Filed 1988

Ms. Noretta R. McGee, Secretary
Interstate Commerce Commission
12th Street & Constitution Avenue, N.W.
Washington, D.C. 20423
INTERSTATE COMMERCE COMMISSION

JUN 9 1988-3 24 PM

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 Railroad Equipment Lease, a primary document, dated as of April 5, 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: Soo Line Railroad Company
P.O. Box 530, Soo Line Building
Minneapolis, Minnesota 55440

Ms. Noretta R. McGee, Secretary
June 6, 1988
Page 2

A description of the equipment covered by the document follows:

218 Pullman built 100 ton lowside gondola cars identified by numbers MILW 81000 through MILW 81194, inclusive, and MILW 92100 through MILW 92124, inclusive, and MILW 92130 through MILW 92166, inclusive, and MILW 92167 through MILW 92178, inclusive.

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:

Railroad Equipment Lease between The David J. Joseph Company, 300 Pike Street, Cincinnati, Ohio 45202 and Soo Line Railroad Company, P.O. Box 530, Soo Line Building, Minneapolis, Minnesota 55440 dated as of April 5, 1988 and covering 218 Pullman built 100 ton lowside gondola cars.

Please call me if you should have any questions.

Yours truly,



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

PFS/lsc
Enclosures

LIABILITY INSURANCE PROGRAM

<u>Layer</u>	<u>Insurer</u>	<u>Participation</u>
\$ 5,000,000 SIR	Soo Line	\$ 5,000,000
\$ 5,000,000 Excess of \$5,000,000	Lloyds & British Companies	4,000,000
	California Union	1,000,000
\$15,000,000 Excess of \$10,000,000	Lloyds & British Companies	9,000,000
	California Union	4,500,000
	Lexington Insurance Company	1,500,000
\$25,000,000 Excess of \$25,000,000	TRAC	25,000,000
\$50,000,000 Excess of \$50,000,000	RAIL	50,000,000
	TOTAL	<u>\$100,000,000</u>

1
REGISTRATION NO. 5685
JUN 1988

CERTIFICATE OF NOTARY PUBLIC

JUN 9 1988-3 44 PM

INTERSTATE COMMERCE COMMISSION

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 Railroad Equipment Lease dated as of April 5, 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 5685
REGISTRATION NO. _____ FILED 1400

JUN 9 1988 -3 24 PM

INTERSTATE COMMERCE COMMISSION

RAILROAD EQUIPMENT LEASE
(Net)

By and Between

THE DAVID J. JOSEPH COMPANY

and

SOO LINE RAILROAD COMPANY

Dated as of:

April 5, 1988

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THIS RAILROAD EQUIPMENT LEASE (the "Lease") is entered into as of this 5 day of April, 1988, by and between The David J. Joseph Company, a Delaware corporation (hereinafter referred to as "Lessor") and Soo Line Railroad Company, a Minnesota corporation (hereinafter referred to as "Lessee").

WHEREAS, Lessee desires to lease from Lessor and Lessor desires to lease to Lessee all of the items of equipment specified in Exhibit A attached hereto (hereinafter collectively referred to as the "Units" and singularly referred to as "Unit") on the terms and conditions stated herein.

NOW, THEREFORE, in consideration of the mutual premises, covenants and agreements set forth herein, the parties hereby agree as follows:

1. Lease of Units. Lessor hereby leases to Lessee and Lessee hereby rents from Lessor the Units, to have and to hold the same unto Lessee for the period commencing on January 1, 1988 (the "Commencement Date"); and ending on the last day of the sixtieth (60th) month following the Commencement Date (the "Termination Date"). The period of time commencing on the Commencement Date and ending on the Termination Date shall sometimes hereinafter be referred to as the "Term".

2. Base Rental. Lessee agrees to pay to Lessor, at Lessor's offices located at 300 Pike Street, Cincinnati, Ohio 45202, or to such other persons or at such other places as the Lessor may direct from time to time by written notice to Lessee, in coin or currency which at the time of payment is legal tender for payment of public and private debts in the United States of America,

the amount of rent specified in Exhibit B attached hereto (the "Base Rental") during the Term of this Lease. The Base Rental provided for herein and then in effect, shall be due and payable in four (4) equal monthly installments due and payable on the fifteenth (15th) day of each of February, May, August and November during the Term of this Lease, without demand or setoff. Each installment of Base Rental shall be in an amount equal to the sum of (i) Base Rental for the calendar month immediately preceding the month of payment, (ii) Base Rental for the month of payment, and (iii) Base Rental for the calendar month immediately succeeding the month of payment. The Lessee shall also pay, as additional rent, all such other sums of money as shall become due and payable by Lessee to Lessor under this Lease (the Base Rental and any additional rent due hereunder are sometimes hereinafter referred to as "Gross Rental"). All past due installments of Gross Rental shall bear interest at the rate of twelve percent (12%) per annum from date due until paid.

3. Delivery and Acceptance of Units. All of the Units are currently in the possession of Lessee pursuant to that certain Lease of Railroad Equipment between Lessee (as successor in interest to Chicago, Milwaukee, St. Paul and Pacific Railroad Company) and Schoenfeld Investment Corporation. Prior to the date hereof, Lessee caused its authorized inspectors or representatives to inspect the Units, and each such Unit was found to (i) be in good operating order and repair; (ii) conform to the requirements of the Interchange Rules of the Association of American Railroads; and (iii) be satisfactory to Lessee with respect to all matters set

forth in Section 5 hereof. All of such Units shall be deemed to have been delivered to and accepted by the Lessee under this Lease and shall be subject hereafter to all of the terms and conditions of this Lease, and the terms and provisions of this Section 3 shall be absolutely binding upon Lessee.

4. Maintenance and Repairs. Lessee, at its sole expense, shall (or shall cause others to) (i) keep and maintain the Units leased hereunder in good 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 Units using in kind parts, new, used or rebuilt, which conform to the design of the Units and meet all applicable specifications and requirements of the Association of American Railroads; and (iii) provide all labor, materials, lubricants, parts and other supplies or items consumed by or required, in connection with the use of the Units. In addition to repairs and maintenance required pursuant to this Section 4, Lessee shall repair, replace, clean, oil, test, stencil and otherwise maintain the Units as required by the Interchange Rules of the Association of American Railroads, 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 of the Association of American Railroads.

Any and all additions to any Unit, and any and all parts installed on or replacements made to any Unit shall be considered accessions to such Unit 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 Unit. The Lessee may make alterations or modifications in any Unit so long as it does not affect the value of such Unit adversely.

5. Disclaimer of Warranties. LESSOR, NOT BEING THE MANUFACTURER OF THE UNITS, NOR THE MANUFACTURER'S AGENT, HEREBY EXPRESSLY DISCLAIMS AND MAKES TO LESSEE NO WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO: THE FITNESS FOR USE, DESIGN OR CONDITION OF THE UNITS; THE QUALITY OR CAPACITY OF THE UNITS; THE WORKMANSHIP IN THE UNITS; THAT THE UNITS WILL SATISFY THE REQUIREMENTS OF ANY LAW, RULE, SPECIFICATION OR CONTRACT PERTAINING THERETO; AND ANY GUARANTEE OR WARRANTY AGAINST PATENT INFRINGEMENT OR LATENT DEFECTS, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN LESSOR AND LESSEE, ARE TO BE BORNE BY LESSEE. LESSOR IS NOT RESPONSIBLE OR LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGE TO OR LOSSES RESULTING FROM THE INSTALLATION, OPERATION OR USE OF THE UNITS OR ANY UNIT. Lessor hereby acknowledges that any manufacturers' and/or sellers' warranties are for the benefit of both Lessor and Lessee. Lessee's acceptance of the Units pursuant to Section 3 hereof is conclusive evidence as between Lessor and Lessee, that each Unit described herein is in all of the foregoing respects satisfactory to the Lessee and the Lessee will not assert any claim of any nature whatsoever against Lessor based on all or any one of the foregoing matters.

6. Use of Units. Lessee agrees, for the benefit of Lessor, to comply in all respects with all laws of the jurisdictions in which operations involving any Unit subject to this Lease may extend, with the Interchange Rules and the Codes of Car Hire and Car Service Rules of the Association of American Railroads, if applicable, and with all rules and regulations of the Interstate Commerce Commission, the Department of Transportation, and any other legislative, executive, administrative, judicial or governmental body or officer exercising any power or jurisdiction over any such Unit, to the extent such laws and rules affect the operations or use of such Unit; and Lessee shall and does hereby indemnify and hold harmless Lessor from and against any and all liability that may arise from any infringement or violation of any such laws or rules by Lessee, its agents, employees, or any other person. In the event that such laws or rules require the alteration, change, modification or enhancement of any nature whatsoever to the Units or any Unit, Lessee agrees to make such alterations, changes, modifications and enhancements at its own expense and to use, maintain and operate such Units in full compliance with such laws and rules so long as such Units are subject to this Lease; provided, however, that Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the sole opinion of Lessor, adversely affect the rights of Lessor in the Units and hereunder. If Lessor and Lessee determine that the cost of any required alteration, change, modification or enhancement will exceed the Casualty Value of the affected Unit then, at Lessor's

option to be elected by written notice to Lessee within fifteen (15) days of the aforesaid joint determination, either (i) Lessee will, within ten (10) days of receipt of notice of Lessor's election, pay the Casualty Value to Lessor and obtain title to the affected Unit, or (ii) the affected Unit shall be deleted from this Lease and delivered to Lessor, and Lessor shall retain title thereto; and in any event, Base Rental will continue to accrue with respect to the Units affected until the Lessor and Lessee have made the aforesaid joint determination, at which time Base Rental will no longer be payable with respect to the affected Units.

7. Filings. Lessee agrees to prepare and deliver to Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of, and furnish a copy to, Lessor) any and all reports required to be filed by Lessor, or requested by Lessor to be filed, with any federal, state or other regulatory authority by reason of the ownership by Lessor of the Units, the security title of Lessor to the Units or the leasing of the Units to Lessee; provided, however, that Lessor shall be responsible for filing this Lease with the Interstate Commerce Commission pursuant to 49 U.S.C. §11303.

Lessee will cause each Unit to be kept numbered with its identifying number as set forth in Exhibit A hereto and all other markings and stencilling required by the Interchange Rules and the Codes of Car Hire and Car Service Rules of the Association of American Railroads, as the same may be amended from time to time. Each Unit will be plainly, distinctly, permanently and conspicuously

marked on each side of each Unit, in letters not less than one inch in height, with the following words: "Owned by The David J. Joseph Company", or other appropriate words designated by Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law or reasonably requested in order to protect the title of Lessor to the Units and the rights of Lessor under this Lease, such marks to be placed on each Unit by Lessee at Lessor's expense. Lessee will not place any of the Units in operation or exercise any control or dominion over the same until such words have been so marked on both sides thereof and will replace promptly, at Lessee's expense, any such words which may be removed, defaced or destroyed. Lessee will not change, or permit to be changed, the numbers on any Unit, except in accordance with a statement of new numbers to be submitted therefor which previously shall have been filed with Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease will have been filed, recorded or deposited.

Each Unit may be lettered in an appropriate manner for convenience of identification of the interests of Lessee therein. Except as above provided, Lessee will not allow the name of any person, association or corporation to be placed on any of the Units as a designation which might be interpreted as a claim of ownership thereof.

8. Taxes and Other Assessments. Lessee shall be responsible for, and shall indemnify and hold Lessor harmless from, all taxes (including, without limitation, sales, use, excise,

personal property, ad valorem, stamp, documentary and other taxes, and excluding only any franchise taxes imposed upon Lessor or any federal, state or local taxes imposed upon or measured by net income of Lessor, in consequence of the receipt of payments provided for herein), license fees, assessments, charges, fines, penalties, currently or hereafter levied or imposed by any state, local, federal or foreign authority (all such expenses, taxes, license fees, assessments, charges, fines, penalties, being hereinafter called "Assessments") upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title, all of which Assessments Lessee assumes and agrees to pay on demand as additional rent hereunder in addition to the other payments to be made by and provided for herein. Lessee will also pay promptly all Assessments which may be imposed upon the Units or for the use or operation thereof or on the earnings arising therefrom (except as provided above) or on Lessor solely by reason of the ownership thereof. Lessor will, promptly upon learning of any Assessments made against Units in Lessor's name notify Lessee of same. Lessee may in good faith and through appropriate administrative or legal proceedings contest the amount or validity of such Assessments at its sole expense; whether such Assessment is made in the name of Lessor or Lessee. Lessee further agrees that it will keep at all times all and every part of the Units free and clear of all Assessments which might in any way affect the title of Lessor to any Unit or result in a lien upon any Unit. In the event that during the continuance of this Lease any reports with respect

to Assessments involving the Units are required to be made, Lessee will either make such reports in such manner as to show the interest of Lessor in the Units or notify Lessor of such requirement and make such reports in a manner that shall be satisfactory to Lessor. Lessee shall, whenever requested by Lessor, submit to Lessor copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to Lessor of Lessee's performance of its duties under this Section 8. Lessee shall also furnish promptly on request all data as Lessor shall reasonably require to permit Lessor's compliance with the requirements of taxing jurisdictions.

To the extent that Lessee is prohibited by law from acting in its own name with respect to the matters set forth in this Section 8, and only to such extent, Lessor hereby authorizes Lessee to act in Lessor's name and on its behalf; provided, however, that Lessee shall indemnify and hold Lessor harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection with, as a result of, or incident to, any action by Lessee pursuant to this authorization.

In the event that, during the continuance of this Lease, the Lessee shall become liable for the payment or reimbursement of any Assessments pursuant to this Section 8, such liability shall continue, notwithstanding the termination of this Lease, until all such impositions are paid or reimbursed by Lessee.

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, or return of the Units or any Unit, regardless of where, how and by whom operated, except to the extent caused by the negligence or willful misconduct of Lessor, its employees or agents. The indemnities and assumptions of liabilities and obligations herein provided for shall continue in full force and effect notwithstanding the expiration or other termination of this Lease. Lessee is not an agent, partner or joint venturer of or with Lessor and nothing contained in this Lease shall authorize Lessee or any other person 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 Units. Lessee agrees to assume responsibility for, to indemnify Lessor against, and to hold Lessor harmless from, any claim in respect of such loss or damage and to assume responsibility for any damage caused to any Unit by such commodities, except to the extent such damage is caused by the negligence or willful misconduct of Lessor, its employees or agents.

10. Lessor's Performance of Lessee's Obligations. If Lessee shall fail to duly and promptly perform any of its obligations under this Lease with respect to the Units, Lessor shall

have the option, but not the obligation, to perform any act or make any payment which Lessor deems necessary for the maintenance and preservation of the Units and Lessor's title thereto, including payments for satisfaction of liens, repairs, taxes, levies and insurance and all sums so paid or incurred by Lessor, and any reasonable legal and accounting fees incurred by Lessor in connection therewith shall be additional rent under this Lease payable by Lessee to Lessor on demand. The performance of any act or payment by Lessor as aforesaid shall not be deemed a waiver or release of any obligation or default on the part of the Lessee.

11. Insurance. The Lessee will, at all times prior to the return of the Units pursuant to the terms hereof and at the Lessee's own expense, cause the following insurance to be carried and maintained: (a) "All Risk" property insurance in respect of the Units at all times; provided, that the Lessee may self-insure such Units to the extent that the Lessee customarily self-insures equipment owned or leased by it similar to the Units, but only to the extent such self-insurance is consistent with prudent industry practice for the railroad industry and (b) excess liability insurance with respect to third-party personal injury, death and property damage excluding only such risks as are consistent with prudent industry practice in the railroad industry. Lessee will carry liability insurance in such amounts and for such risks and with such insurance companies as are consistent with prudent industry practice for the railroad industry. In any event, such coverage will not be less comprehensive in amount and coverage than

amounts and coverages customarily maintained by the Lessee with respect to similar equipment owned or leased by the Lessee. Attached hereto as Exhibit E is a summary of the types and amounts of insurance currently maintained by Lessee. Lessor acknowledges that the types and amounts of insurance maintained by Lessee are subject to change; provided, however, that Lessee shall, prior to or within five (5) days after any such change in the excess liability insurance, send written notice to Lessor of such change, which written notice shall describe the change made by Lessee.

12. Risk of Loss. Lessee assumes all risk of loss, damage, theft, condemnation or destruction of the Units. Except as provided in this Section 12, no such loss, damage, theft, condemnation or destruction of the Units, or any Unit, 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 Unit shall be or become worn out, lost, stolen, destroyed or damaged to the extent it is uneconomical to repair the same, from ordinary use, neglect, abuse, fire, the elements or any other cause whatsoever, or taken or requisitioned by condemnation or otherwise for a period in excess of 180 days (such occurrences being hereinafter called "Casualty Occurrences") during the Term of this Lease, Lessee shall, promptly after it shall have been determined that such Unit 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 any applicable rules or regulations of the Association of American Railroads, notify Lessor

in writing of such Casualty Occurrence. In the event any of the Units suffer a Casualty Occurrence, Lessee, at Lessor's option, shall either (i) deliver the affected Units to Lessor, in which case Lessor shall retain title to the affected Units and the same shall either be deleted from this Lease upon such delivery or replaced with like equipment in good repair, condition and working order; or (ii) pay to Lessor an amount equal to the accrued rental for such Units to the date of payment plus a sum equal to the Hazard Value of such Units as set forth on Exhibit C, in which case Lessee shall obtain title to the affected Units and such Units shall thereafter be deleted from this Lease. Any recovery received by Lessor from insurance or otherwise for such Casualty Occurrence shall belong solely to Lessor. Lessor shall have a right of first refusal to purchase from Lessee any Units which Lessee obtains title to pursuant to Section 6 or this Section 12 at such price as Lessee is offered for such Units by a third party. Lessee shall give Lessor written notice of its intent to sell such Units and any third party offer and Lessor shall then have a period of ten (10) days within which to pay Lessee for such Units. Lessee may not sell any of such Units to a third party unless and until Lessee first offers to sell such Units to Lessor and Lessor fails to pay Lessee for such Units within said ten (10) day period.

13. Reports. On or before March 1 of each year during the Term of this Lease, Lessee will furnish to Lessor, in such number of counterparts or copies as may reasonably be requested by Lessor, a Lessee's certificate, as of the preceding December 31, (i) showing

the amount, description and numbers of Units then leased hereunder and the amount, description and numbers of all Units that may have suffered a Casualty Occurrence during the preceding twelve (12) months (or since the Commencement Date in the case of the first such Lessee's certificate), and such other information regarding the condition and state of repair of the Units as Lessor may reasonably request, (ii) stating that, in the case of all Units repaired or repainted during the period covered thereby, the markings required by Section 7 hereof have been preserved or replaced, and (iii) containing all other information in the possession of Lessee that is required to be filed by Lessor with any division of the Association of American Railroads, the Interstate Commerce Commission, the Department of Transportation, or, any other federal, state, administrative, legislative, judicial or governmental body having jurisdiction in the matter. Lessor shall have the right, by its authorized representative, to inspect the Units and the records of Lessee with respect thereto at such times as shall reasonably be necessary to confirm to Lessor the existence and proper maintenance of the Units during the continuance of this Lease, such inspection to be at Lessor's risk and the execution of the Release attached hereto as Exhibit D by Lessor's employees or agents performing the inspection shall be a condition precedent to access to Lessee's premises by such employees or agents. Lessee shall also deliver to Lessor, quarterly financial statements, including a Balance Sheet, an Income Statement, a Statement of Retained Earnings and a Statement of Changes in Financial Position, all of which shall have

been prepared in accordance with generally accepted accounting principles consistently applied and shall be delivered to Lessor within sixty (60) days of the end of each fiscal quarter of Lessee. In addition, Lessee shall report to Lessor any Event of Default or event which with the passage of time or giving of notice, or both, will become an Event of Default immediately upon learning of the same, and Lessee shall state in such report what actions Lessee is taking or proposes to take to prevent or cure any Event of Default.

14. Lessee Default. Lessee shall be in default under this Lease upon the happening of any of the following events or conditions (hereinafter referred to as "Events of Default") during the term of this Lease:

(a) If Lessee fails to pay any sum required to be paid hereunder on or before the due date and such failure continues for a period of fifteen (15) consecutive days after written notice of such failure;

(b) If Lessee fails to observe or perform any of the covenants, conditions and agreements on the part of Lessee to be observed or performed and contained herein (other than the payment of any sums required to be paid hereunder and other than the obligation to procure and maintain any insurance coverage required by this Lease) or any schedule or any supplement or rider hereto, and such default shall continue for thirty (30) days after receipt by Lessee of written notice of such default;

(c) If Lessee consents to the appointment of a receiver, trustee or liquidator of itself or of a substantial part

of its property, or shall admit in writing its inability to pay its debts generally as they become due, or shall make a general assignment for the benefit of creditors, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy law now or hereafter in effect) or any answer admitting the material allegations of a petition filed against Lessee in any such proceedings, or Lessee shall by voluntary petition, answer or consent, seek relief under the provisions of any now existing or future bankruptcy or other similar law providing for the reorganization or winding up of a business, or providing for an agreement, composition, extension or adjustment with its creditors;

(d) If an order, judgment or decree shall be entered by any court of competent jurisdiction appointing, without the consent of Lessee, a receiver, trustee or liquidator of Lessee or of any substantial part of its property, or sequestering any substantial part of the property of Lessee, or granting any other relief in respect of Lessee under the federal bankruptcy laws, and any other such order, judgment or decree of appointment or sequestration shall remain in force undismissed, unstayed or unvacated for a period of sixty (60) days after the date of entry thereof;

(e) If a petition against Lessee in a proceeding under the federal bankruptcy laws or other similar insolvency laws (as now or hereafter in effect) shall be filed and shall not be withdrawn or dismissed within sixty (60) days thereafter, or if,

under the provisions of any law providing for reorganization or winding up of corporations which may apply to Lessee, any court of competent jurisdiction shall assume jurisdiction, custody or control of Lessee or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of sixty (60) days;

(f) If Lessee shall make or permit any unauthorized assignment or transfer of this Lease, the Units or any interest therein; or

(g) If any representation or warranty of Lessee contained in this Lease shall prove to be untrue or incorrect.

15. Lessor's Remedies. (a) Upon the occurrence of any one or more of the Events of Default specified in Section 14 above, and at any time thereafter (unless such Event of Default shall have been waived in writing by Lessor), Lessor may without any further notice exercise any one or more of the following remedies:

(i) Declare all unpaid Gross Rental under this Lease to be immediately due and payable;

(ii) Terminate this Lease as to any or all Units;

(iii) Take possession of the Units and for this purpose enter upon any premises of Lessee and remove the Units, without any liability or suit, action or other proceeding by Lessee;

(iv) Cause Lessee at its expense to promptly return the Units to Lessor in accordance with the terms and provisions of Section 16 hereof;

(v) Use, hold, sell, lease or otherwise dispose of the Units or any Unit on the premises of Lessee or any other location without affecting the obligations of Lessee as provided in in this Lease;

(vi) Sell or lease the Units or any Unit at public auction or by private sale or lease at such time or times and upon such terms as Lessor may determine, free and clear of any rights of Lessee and, if notice thereof is required by law, any notice in writing of any such sale or lease by Lessor to Lessee not less than ten (10) days prior to the date thereof shall constitute reasonable notice thereof to Lessee;

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

(viii) Exercise any other right accruing to Lessor any applicable law.

(b) If any Unit is sold, leased or otherwise disposed of pursuant to this Section 15, Lessee shall be liable to Lessor for and Lessor may recover from Lessee, as liquidated damages for the breach of this Lease, and not as a penalty, the amount by which the proceeds of such lease, sale, or other disposition is less than the sum of: (i) All due, unpaid and accrued Gross Rental for such Unit as of the date of the Event of Default; (ii) The actual value of such Unit as of the date of default by Lessee as determined by an

independent appraiser to be appointed by Lessor; (iii) An amount equal to accrued taxes and other amounts payable hereunder by Lessee with respect to such Unit; and (iv) All costs, expenses, losses and damages incurred or sustained by Lessor by reason of such default including, without limitation, appraisal fees. If prior to the date of termination or repossession pursuant to this Section 15, any Unit has suffered as Casualty Occurrence, Lessee shall remain liable to Lessor for the Hazard Value of such Unit, plus all due, unpaid and accrued Gross Rental up to and through the date the Hazard Value is paid by Lessee to Lessor.

(c) No right to remedy conferred on or reserved to Lessor by this Lease shall be exclusive of any other right or remedy herein or by law provided. All rights and remedies of Lessor conferred on Lessor by this Lease or by law shall be cumulative and in addition to every other right and remedy available to Lessor. No failure on the part of Lessor to exercise and no delay in exercising any right or remedy hereunder shall operate as a waiver thereof unless specifically waived by Lessor in writing; nor shall any single or partial exercise by the Lessor of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy.

(d) Lessee, for and in consideration of and as an inducement to Lessor to enter into this Lease hereby voluntarily and knowingly waives, to the extent permitted by law, any and all rights to notice and/or hearing prior to any retaking of possession or replevy of the Equipment by Lessor, its agents or assigns. Lessor

may require Lessee to deliver the Units to Lessor pursuant to the provisions of Section 16 hereof.

(e) In the event that Lessor shall bring any action, proceeding, or suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such action, proceeding or suit Lessor may recover reasonable expenses. In the event that Lessor has incurred any expenses in the enforcement of any of its rights hereunder without having brought any action, proceeding or suit to so enforce any such right, then Lessor may recover from Lessee any reasonable expenses so incurred.

(f) Promptly after Lessee has notice of any event that has occurred and is continuing which would constitute an Event of Default but for the requirement that notice be given or a time elapsed or both, Lessee shall give written notice thereof to Lessor.

16. Return of Units. At the expiration of this Lease, or at the direction of Lessor pursuant to Section 15 of this Lease, Lessee shall assemble the Units and place them on storage tracks of Lessee. Lessee shall be allowed thirty (30) days following the expiration or earlier termination of this Lease to assemble and deliver all of the Units to such storage tracks as herein provided, and Base Rental shall continue to be payable with respect to each Unit until such Unit has been assembled and delivered to a storage track pursuant hereto. The first day following the thirty (30) day period, and for each day thereafter, Lessee shall pay to Lessor the amount of \$12.50 per Unit per day for each Unit which has not been placed on the storage tracks pursuant to this Section 16.

Each Unit assembled and delivered to storage tracks shall be in the same or better operating order as when originally delivered to Lessee, reasonable wear and tear excepted, and suitable to carry the commodities for which originally intended and suitable for interchange in accordance with Association of American Railroad rules. Lessee shall, at its own cost and expense, forthwith remove any markings which indicate that Lessee has any interest in the Units.

Lessee will permit Lessor to store such Units on such storage tracks at the risk of Lessor until such Units have been sold, leased or otherwise disposed of by Lessor, provided, however, that Lessor shall not be entitled to store such Units on such tracks for more than 90 days after the day upon which all of the Units have been so assembled and delivered for storage. Lessor shall pay to Lessee the amount of \$3.00 per Unit per day for each Unit stored beyond such 90 day period. Lessee will permit Lessor or any person designated by Lessor, including the authorized representatives of any prospective purchaser, lessee or other user of any of the Units, to inspect the Units at their own risk and expense on the tracks designated for storage; provided such representative or purchaser signs the Release attached hereto as Exhibit D.

During such 90 day period and at the direction of Lessor, Lessee shall at its own costs and expense, deliver possession of the Units to Lessor, or to any person designated by Lessor, at any junction point on Lessee's line designated by Lessor, with Lessor supplying to Lessee complete shipping instructions with final destination and consignee.

The assembly, delivery, storage and transporting of the Units as herein provided are of the essence of this Lease, and, upon application to any court of equity having jurisdiction, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee set forth in this Section 16.

Without in any way limiting the obligation of Lessee under the provisions of this Section 16, Lessee hereby irrevocably appoints Lessor as the agent and attorney of Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any of the Units to Lessor, to demand and take possession of such Units in the name and on behalf of Lessee from whomsoever shall be at the time in possession of such Units. In connection therewith, Lessee will supply Lessor with such documents as Lessor may reasonably request.

17. Notices. Any notice required or permitted to be given by either party hereto to the other shall be in writing and shall be deemed given when delivered by United States Certified or Registered Mail, Return Receipt Requested, postage prepaid, addressed as follows:

TO LESSOR: The David J. Joseph Company
300 Pike Street
Cincinnati, Ohio 45202
Attention: Michael Teruggi

TO LESSEE: Soo Line Railroad Company
P.O. Box 530
Soo Line Building
Minneapolis, Minnesota 55440
Attention: Vice President-Equipment Management

or at such other place as the parties hereto may from time to time designate by notice, each to the other. If the term "Lessee" as

used in this Lease refers to more than one person or entity, any notice, consent, approval, request, bill, demand or statement given as aforesaid to any one of such persons or entities shall be deemed to have been duly given to Lessee.

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

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

(b) This Lease may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument.

(c) 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 Units 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 Unit may be located.

(d) No recourse shall be had in any respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer, past, present or future of the Lessor.

(e) 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 Units, without Lessor's prior written consent (which consent shall not be unreasonably withheld). 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.

(f) Nothing contained herein shall give or convey to Lessee any right, title or interest in and to the Units leased hereunder except as a lessee thereof, and the Units are and shall at all times be and remain the sole and exclusive property of Lessor.

(g) Any cancellation or termination of this Lease by Lessor, pursuant to the terms and provisions hereof, or any schedule, supplement, rider or amendment hereto, or any termination of the Term by lapse of time, shall not release Lessee from any then outstanding obligations and/or duties to Lessor hereunder, except to the extent set forth in a writing signed by Lessor.

(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) It is expressly understood and agreed by the parties hereto that this instrument constitutes a lease of the Units only, and that no joint venture or partnership is being created.

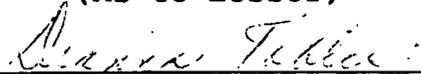
(k) To the extent there exists any conflict between the terms and provisions of this Lease and the terms and provisions of the Interchange Rules or the Codes of Car Hire and Car Service Rules of the Association of American Railroads, this Lease shall control.

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

Signed and acknowledged
in the presence of:



(As to Lessor)



(As to Lessor)

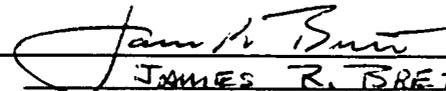
LESSOR:

THE DAVID J. JOSEPH COMPANY

BY:

Name:

Title:



JAMES R. BRETH

Chairman

Signed and acknowledged
in the presence of:

Mary Ann [Signature]
(As to Lessee)
David J. [Signature]
(As to Lessee)

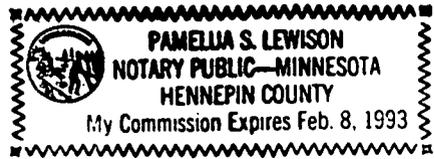
LESSEE:
SOO LINE RAILROAD COMPANY
BY: [Signature]
Name:
Title: EXECUTIVE VICE PRESIDENT OPERATIONS

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The foregoing instrument was acknowledged before me this
13th day of May, 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, State of Ohio
My Commission Expires March 8, 1993
Carolyn A. Trainor
Notary Public

STATE OF Minnesota)
) SS:
COUNTY OF Hennepin)



The foregoing instrument was acknowledged before me this
11 day of May, 1988, by Earl J. Currie,
the Executive Vice President-Operations of Soo Line Railroad Company, a
Minnesota corporation, on behalf of the corporation.

Pamela S. Lewison
Notary Public

This instrument prepared by:
Philip F. Schultz, Esq.
Taft, Stettinius & Hollister
1800 First National Bank Center
Cincinnati, Ohio 45202
(513) 381-2838

EXHIBIT A

DESCRIPTION OF UNITS

Two hundred eighteen (218) Pullman built gondola railcars, which railcars are fifty-two (52) feet six (6) inches long and four (4) feet six (6) inches high with one hundred (100) ton riveted sides (each a "Unit" and collectively the "Units").

Each Unit will be plainly and distinctly marked on each side with the words "Owned by The David J. Joseph Company" in letters not less than one (1) inch in height. In addition, the Units will be numbered and marked as follows:

MILW 81000-81194	-	195
MILW 92100-92124	-	25
MILW 92130-92166	-	37
MILW 92167-92178	-	<u>12</u>
		269

EXHIBIT B

BASE RENTAL

The Base Rental payable to Lessor by Lessee pursuant to Section 2 hereof shall be Ten Dollars (\$10.00) per Unit per day for each day during the Term of this Lease.

EXHIBIT C

HAZARD VALUE

"Hazard Value" shall mean an amount calculated as follows:

A. Hazard Value Calculation and Payment

1) Terms

- Base Value \$16,000.00
- Reduction Factor \$110.00 per month

2) Calculation

- a) Add up the number of months the Unit was in service during the Lease Term including the month in which the Unit was destroyed.
- b) Multiply the months of use times the Reduction Factor and subtract the result from the Base Value.
- c) The result is the Hazard Value for that month in which the Unit was destroyed.

3) Payment

Base Rental payments are made on a destroyed Unit until the Hazard Value is paid for the destroyed Unit at the time of the normal monthly Base Rental payment.

4) Sample Calculation (1 Unit)

- a) The Unit is destroyed in the tenth (10th) month of the Lease Term.
- b) 10 months x \$110.00 Reduction Factor =
\$1,100.00 Total Reduction Factor.
- c) \$16,000 Base Value
 1,100 Total Reduction Factor
 \$14,900 Hazard Value Payment
- d) If the Hazard Value is paid at the time the month 11 Base Rental is due, no Base Rental for the destroyed Unit would be due. If the full Hazard Value is not paid, then the Lessee is obligated to make normal monthly Base Rental payments on the Unit until the Hazard Value is paid.

EXHIBIT D

AGREEMENT

THIS IS A LEGAL DOCUMENT WHICH AFFECTS YOUR LEGAL RIGHTS.
READ IT CAREFULLY BEFORE YOU SIGN IT. IF YOU DO NOT
UNDERSTAND IT, YOU SHOULD CONSULT AN ATTORNEY.

DEFINITIONS:

The following definitions are used in this document:

"agreement" means this document

"injury" means any injury or harm to person or property,
including injury or harm which results in death

"Owner" means Soo Line Railroad Company, Tri-State Land
Company, and their employees and agents

"Owner's property" means land, buildings, facilities,
equipment, and any other property owned or used by Soo Line
Railroad Company or Tri-State Land Company

"Soo Companies" means the following companies and their
employees and agents: Soo Line Corporation (and its sub-
sidiaries), Soo Line Railroad Company (and its subsidiaries),
Tri-State Land Company, Tri-State Management Company,
Milwaukee Motor Transportation Company, and Hiawatha Transfer
Company

"your heirs" means your family, any other heirs you may have,
and any person responsible for administering any of your
property during your life or after your death

PERMIT:

Owner gives you permission to enter and be on Owner's
property at _____ for the purpose
of _____. The permission granted
to you in this agreement is limited to the following period of
time: starting at _____ .m. on _____, 19____, and
ending at _____ .m. on _____, 19____. You may not
transfer or assign this permission to anyone else.

RELEASE:

In return, you and your heirs release Owner and the Soo
Companies from any responsibility or legal liability arising from
any injury to you or your property that occurs while you are on
Owner's property, and this is true even if that injury is caused
(in whole or in part) by the negligence of Owner or the Soo
Companies. You also acknowledge that you knowingly assume all
risk of injury to you or your property while you are on Owner's

property, and this is true even if that injury is caused (in whole or in part) by the negligence of Owner or the Soo Companies. Finally, you agree that you have read and understood this agreement and that you have had an opportunity to consult with an attorney.

Date: _____, 19__.

SOO LINE RAILROAD COMPANY
and
TRI-STATE LAND COMPANY

type or print your name

By: _____
Their Director of Real Estate

your signature

STATEMENT OF WITNESS:

I know _____, I saw him/her sign this agreement, and I state under penalty of perjury that the signature in the space marked "your signature" is his/her signature.

Date: _____, 19__.

signature of witness

type or print name of witness

EXHIBIT E

SOO LINE CORPORATION
PROPERTY INSURANCE PROGRAM

Self-Insured Retention (SIR)

\$ 5,000,000 As Respects Loss or Damage to Rail or Roadbeds
\$ 2,750,000 As Respects Loss or Damage Caused by Derailment
or Collision
\$ 2,500,000 As Respects All Other Losses

\$10,250,000 Excess of SIR

\$10,250,500 Shoreham Equitable Insurance Ltd.

\$10,000,000 Excess of \$10,250,000 Which is in Turn Excess of SIR

\$ 6,750,000 International Insurance Company
\$ 3,250,000 California Union Insurance Company

LIABILITY INSURANCE PROGRAM

<u>Layer</u>	<u>Insurer</u>	<u>Participation</u>
\$ 5,000,000 SIR	Soo Line	\$ 5,000,000
\$ 5,000,000 Excess of \$5,000,000	Lloyds & British Companies	4,000,000
	California Union	1,000,000
\$15,000,000 Excess of \$10,000,000	Lloyds & British Companies	9,000,000
	California Union	4,500,000
	Lexington Insurance Company	1,500,000
\$25,000,000 Excess of \$25,000,000	TRAC	25,000,000
\$50,000,000 Excess of \$50,000,000	RAIL	50,000,000
	TOTAL	<u>\$100,000,000</u>