

**BALL JANIK LLP**

A T T O R N E Y S

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November 18, 1997

Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, DC 20423

RECORDATION NO. 21008 FILED  
NOV 18 '97 2-45 PM

Dear Secretary Williams:

I have enclosed two originals of the document described below, to be recorded pursuant to 49 U.S.C. § 11301.

The document is Interim Equipment Schedule No. 1, a primary document, dated as of November 6, 1997. We request that this document be given the next available recordation number.

The names and addresses of the parties to Interim Equipment Schedule No. 1 are:

Lessor:

LaSalle National Leasing Corporation  
502 Washington Avenue, Suite 800  
Towson, MD 21204

Lessee:

Arizona & California Railroad Company Limited Partnership  
7525 SE 24th Street, Suite 350  
Mercer Island, WA 98040

A description of the equipment covered by Interim Equipment Schedule No. 1 consists of three GP-10 diesel locomotives numbered PSAP 1001 (formerly MSRC 1050), PSAP 1002 (formerly MSRC 1075), and PSAP 1003 (formerly MSRC 1008), and one GP-35 diesel locomotive numbered ARZC 3503 (formerly numbered SP 6356).

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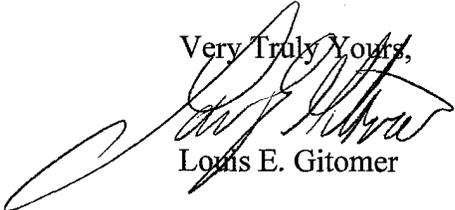
Honorable Vernon A. Williams  
November 18, 1997  
Page 2

A fee of \$24.00 is enclosed. Please return one original to:

Louis E. Gitomer  
Of Counsel  
Ball Janik LLP  
Suite 225  
1455 F Street, N.W.  
Washington, DC 20005

A short summary of the document to appear in the index follows: Interim Equipment Schedule No. 1 LaSalle National Leasing Corporation, 502 Washington Avenue, Suite 800, Towson, MD 21204, Arizona & California Railroad Company Limited Partnership, 7525 SE 24th Street, Suite 350, Mercer Island, WA 98040, covering three GP-10 diesel locomotives numbered PSAP 1001 (formerly MSRC 1050), PSAP 1002 (formerly MSRC 1075), and PSAP 1003 (formerly MSRC 1008), and one GP-35 diesel locomotive numbered ARZC 3503 (formerly numbered SP 6356).

Very Truly Yours,



Louis E. Gitomer

Enclosures

# LASALLE NATIONAL LEASING CORPORATION

RECORDATION NO. 21008 FILED

NOV 18 '97 2-45 PM

## INTERIM EQUIPMENT SCHEDULE NO. 1

executed pursuant to that certain Equipment Lease Agreement dated as of November 6, 1997 (the "Lease"; which is incorporated herein by reference). [This Schedule, incorporating the Lease, constitutes a separate instrument of lease.]

1. EQUIPMENT. The Equipment leased hereunder shall be as set forth in the schedule attached hereto.

TOTAL INVOICE COST: \$434,956.06

2. TERM. Upon and after the date of execution hereof, the Equipment shall be subject to the terms and conditions provided herein and in the Lease.

An interim term of lease (the "Interim Term") with respect to said Equipment shall commence on the date hereof and shall extend thereafter until the first to occur of December 31, 1997, or the date on which a Final Equipment Schedule describing said Equipment is executed by Lessee. Upon the execution of such a Final Equipment Schedule, the interim term of lease shall terminate and the full term of lease as provided therein shall commence. Lessee shall execute a Final Equipment Schedule describing said Equipment within the specified period. Should Lessee fail to execute a Final Equipment Schedule within the specified period, the Total Invoice Cost, plus any accrued and unpaid rent shall be due and immediately payable to Lessor.

3. RENT. The daily interim rent for said Equipment during the Interim Term shall be computed as the product of the Total Invoice Cost specified above and the Prime Rate plus fifty (50) basis points, divided by three hundred sixty (360) days; provided, however, that on the first day of each calendar month during the interim term of lease the Prime Rate shall be adjusted, upward or downward, by the change (if any) in the Prime Rate from that which was in effect on the date of execution or at the last previous adjustment date hereunder, as applicable. As used herein, "Prime Rate" shall mean the highest rate of interest published in The Wall Street Journal as the prime rate of interest, in effect on the date of execution hereof. Rent payments shall be made, in arrears, on the last day of the month, for each calendar month during the Interim Term. The rent payment for the balance of the month in which delivery is made shall be made on the last day of that month.

4. LESSEE'S CONFIRMATION. Lessee hereby confirms and warrants to Lessor that the Equipment: (a) was duly delivered to Lessee at the location specified in Section 5 hereof; (b) has been received, inspected and determined to be in compliance with all applicable specifications and that the Equipment is hereby accepted for all purposes of the Lease; and (c) is a part of the "Equipment" referred to in the Lease and is taken subject to all terms and conditions therein and herein

RECORDED  
NOV 18 1997

STATE OF MARYLAND )  
 ) ss.  
COUNTY OF Baltimore )

**REGINA M. MCMANUS  
NOTARY PUBLIC  
BALTIMORE COUNTY**

On this 17<sup>th</sup> day of November, 1997 before me appeared Constance W. Lancaster the person who signed this instrument, who acknowledged that (s)he is the Vice President of LASALLE NATIONAL LEASING CORPORATION and that, being duly authorized, (s)he signed such instrument as a free act on behalf of said corporation.

[Seal]

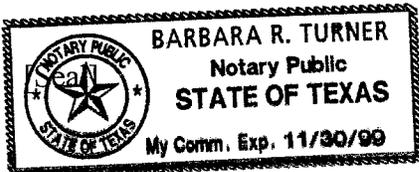
Regina M. McManus  
Notary Public

My commission expires:

10/29, 2000

STATE OF TEXAS )  
 ) ss.  
COUNTY OF TARRANT )

On this 14<sup>th</sup> day of November, 1997 before me appeared David L. Parkinson, the person who signed this instrument, who acknowledged that (s)he is the President of ARIZONA & CALIFORNIA RAILROAD COMPANY LIMITED PARTNERSHIP and that, being duly authorized, (s)he signed such instrument as a free act on behalf of said corporation.



Barbara R. Turner  
Notary Public

My commission expires:

11/30, 99

# LASALLE NATIONAL LEASING CORPORATION

## SCHEDULE OF EQUIPMENT

Lessee: ARIZONA & CALIFORNIA RAILROAD COMPANY, LIMITED PARTNERSHIP

Approved By: \_\_\_\_\_  
 (Lessee to initial each page)

Attached to Bill of Sale dated  
 November 6, 19 97  
 and/or

Equipment located at:  
 501 N. 2nd Street  
 Street No.

Interim Equipment Schedule No. 1

Elma Grays Harbor WA 98541  
 City County State Zip

Manufacturer and/or Vendor Name & Invoice No.	Description	Invoice Cost
	1 - General Motors Electro-Motive Division (EMD) Model GP10 Diesel Locomotives Road Number: MSRC1050(to be renumbered to PSAP1001)	\$123,092.59
	1 - General Motors Electro-Motive Division (EMD) Model GP10 Diesel Locomotives Road Number: MSRC1075 (to be renumbered to PSAP1002)	\$114,382.09
	1 - General Motors Electro-Motive Division (EMD) Model GP10 Diesel Locomotives Road Number: MSRC1008 (to be renumbered to PSAP1003)	\$125,481.38
	1 - General Motors Electro-motive Division (EMD) Model GP35 Diesel Locomotive Road Number: SP6356 (to be renumbered ARZC3503)	\$72,000.00
	<b>TOTAL</b>	<b>\$434,956.06</b>
	<b>SCHEDULE TOTAL</b>	<b>\$434,956.06</b>