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May 13, 1998

Janice Fort  
Surface Transportation Board  
Recordation Office  
1925 K Street  
Suite 70  
Washington D.C. 20423

RECORDATION NO. 21403 FILED

MAY 14 '98

10-26 AM

MAY 14 10 26 AM '98

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

Dear Janice,

Enclosed is an original plus 1 copy. These documents are Lease Agreement Order No. OL-09512 dated 12/11/96, Addenda 1 and 2 to said Lease Agreement, Lease Schedule No. 1, Letter Agreement dated 12/10/96, Letter Agreement dated 4/22/97, Exhibit A to Letter Agreement dated 4/22/97, Addenda A, B, and C to Lease Schedule No. 1, Delivery Order and Lessee Notice and Acknowledgment of Assignment to General Electric Capital Corporation between (Lessee) Otter Tail Valley Railroad Company, Inc. and (Lessor) Amplicon, Inc. and Assignee (General Electric Capital Corporation).

Also, enclosed is a check made payable to: Surface Transportation Board for \$26.00.

After recording the document, please return the acknowledgment copy to my attention. I have enclosed a FED X air bill to return the results to me.

If you have any questions regarding the filing, please feel free to call me at 800-634-9738 ext. 20254.

Thank you for your prompt assistance.

Sincerely,

*Rebecca Heisler*  
Rebecca Heisler  
Administrator

enclosure

MAY 14 '98 10-26 AM

# Amplicon Financial

5 Hutton Centre Drive, Suite 500 • Santa Ana, California 92707 • (714) 751-7551 • (800) 755-5055 • Facsimile (714) 751-7552

May 8, 1998

Ms. Judy Crowder  
LEXIS DOCUMENT SERVICES  
801 Adlai Stevenson Dr.  
Springfield, IL 62703

MAY 12 1998

MAY 14 10 26 AM '98

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

Re: **RECORDATION OF DOCUMENTS**  
**LESSEE: OTTER TAIL VALLEY RAILROAD COMPANY, INC.**

Dear Ms. Crowder:

Pursuant to our conversation the other day enclosed please find documents to be recorded with Surface Transportation Board:

- Lease Agreement Order No. OL-09512 dated December 11, 1996;
- Addenda "1" and "2" to Lease Agreement Order No. OL-09512;
- Lease Schedule No. 01;
- Letter Agreement dated December 10, 1996;
- Letter Agreement dated April 22, 1997;
- Exhibit "A" to Letter Agreement dated April 22, 1997;
- Addenda "A", "B", and "C" to Lease Schedule No. 01;
- Delivery Order;
- Lessee Notice and Acknowledgment of Assignment to General Electric Capital Corporation.

Please note the following parties:

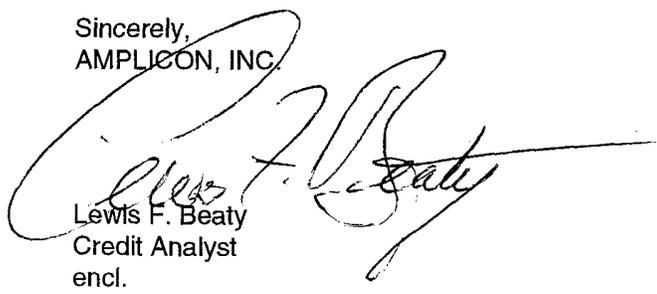
- Lessee: Otter Tail Valley Railroad Company, Inc., 200 North Mill Street, Fergus Falls, MN 56537
- Lessor: Amplicon, Inc., 5 Hutton Centre Drive, Suite 500, Santa Ana, CA 92707
- Assignee: General Electric Capital Corporation, 4 North Park Drive, Suite 500, Hunt Valley, MD 21030.

Equipment Summary: Railroad locomotives and railroad maintenance equipment including, but not limited to the following: (4) EMD GP18 1880HP locomotives, tampers, tie crane and ballast regulator.

Please have this recordation summarized as follows: "Lease Agreement Order No. OL-09512 dated December 11, 1996 between Otter Tail Valley Railroad Company, Inc., as Lessee located at 200 North Mill Street, Fergus Falls, MN 56537, Amplicon, Inc., as Lessor located at 5 Hutton Centre Drive, Suite 500, Santa Ana, CA 92707, and General Electric Capital Corporation, as Assignee of the Lease, located at 4 North Park Drive, Suite 500, Hunt Valley, MD 21030, covering railroad locomotives and maintenance equipment, including but not limited to tampers, tie crane and ballast regulator."

Please direct all correspondence and requests for additional information to my attention. You can contact me at (714) 751-7551, Ext. 504.

Sincerely,  
AMPLICON, INC.

  
Lewis F. Beaty  
Credit Analyst  
encl.



# Amplicon Financial

RECORDATION NO. 21403 FILED

MAY 14 '98

10-26 **LEASE AGREEMENT**

5 HUTTON CENTRE DRIVE, SUITE 500 • SANTA ANA, CALIFORNIA 92707  
714.751-7551 • 800.755-5055 • FACSIMILE 714.751-7557

ORDER NO. OL-09514

<b>LESSEE</b>				
Otter Tail Valley Railroad Company				
<b>STREET</b>	<b>CITY</b>	<b>STATE</b>	<b>COUNTY</b>	<b>ZIP</b>
200 North Mill Street	Fergus Falls	MN	Otter Tail	56537

**1. AGREEMENT/LEASE:** Amplicon, Inc. ("Amplicon") agrees to lease to Lessee the hardware, software and/or other equipment ("Property") described on the Lease Schedule(s) ("Schedule(s)") referencing this Lease Agreement ("Agreement") and Lessee agrees to lease from Amplicon the Property subject to the terms set forth herein and on each Schedule(s) that the parties may from time to time enter into with respect to this Agreement. Each Schedule identified as being a part of this Agreement incorporates the terms of this Agreement and constitutes a separate lease agreement and is referred to herein as the "Lease". The Lease is in force and is binding upon Lessee and Amplicon upon signed acceptance by Amplicon.

**2. UNIFORM COMMERCIAL CODE ACKNOWLEDGMENT:** Lessee acknowledges that it has received and approved any written "Supply Contract" covering the Property purchased from the Supplier for lease and Amplicon has informed or advised Lessee, either previously or by this Lease, of the following: (i) the identity of the Supplier; (ii) that Lessee may have rights under the Supply Contract; and (iii) that Lessee may contact the Supplier for a description of any such rights. This Lease is a "Finance Lease". (The terms "Finance Lease", "Supply Contract" and "Supplier" as used in this Lease have the meanings only as ascribed to them under Division 10 of the California Uniform Commercial Code and have no effect on any tax or accounting treatment of the Lease). This provision survives termination of the Lease.

**3. NO WARRANTIES:** AMPLICON IS NOT THE MANUFACTURER, DEVELOPER, PUBLISHER, DISTRIBUTOR, LICENSOR OR "SUPPLIER" OF THE PROPERTY AND MAKES NO EXPRESS OR IMPLIED WARRANTY OR REPRESENTATION AS TO FITNESS, QUALITY, DESIGN, CONDITION, CAPACITY, SUITABILITY, VALUE, MERCHANTABILITY, OR PERFORMANCE OF THE PROPERTY OR THE MATERIAL OR WORKMANSHIP THEREOF OR AGAINST INTERFERENCE BY LICENSORS OR OTHER THIRD PARTIES, IT BEING AGREED THAT THE PROPERTY IS LEASED "AS IS" AND THAT ALL SUCH RISKS ARE TO BE BORNE BY LESSEE. Lessee selected the Property and represents that all the Property is suitable for Lessee's purposes. Amplicon assigns to Lessee during the term of the Lease any warranty rights it may have received from the Supplier as a result of Amplicon's purchase of the Property. If Lessee has any claims regarding the Property or any other matter arising from Lessee's relationship with the Supplier, Lessee must make them against the Supplier. This provision survives termination of the Lease.

**4. AUTHORIZATION DATE AND LEASE DURATION:** A Schedule commences and rent is due beginning on the date that Lessee certifies in writing to Amplicon that all of the Property has been received and accepted by Lessee as installed, tested and ready for use, and Lessee authorizes Amplicon in writing to disburse payment to the Supplier ("Authorization Date"). Unless and until Lessee provides such written authorization, Amplicon will not disburse payment to Suppliers. The Term of each Schedule is reflected on the Schedule and begins on the first day of the calendar quarter following the Authorization Date. A calendar quarter commences on the first day of January, April, July and October. Lessee has the right to use the Property at the specific locations shown on the Schedule throughout the duration of this Lease in accordance with the provisions of this Lease. The Term extends for an additional twelve month period ("Extension Term") at the rental rate delineated on the Schedule unless Lessee provides to Amplicon written notice of Lessee's election not to extend the Term at least one hundred eighty days prior to the expiration of the Term.

**5. RENTALS:** The rent payable is shown on the Schedule(s). The monthly rent is due to Amplicon, in advance, for each month or portion of a month beginning on the Authorization Date and continuing for each month that this Lease is in effect. Rent for portions of a month are based on a daily rental equal to one-thirtieth of the monthly rent. **ALL RENTS SHALL BE PAID WITHOUT NOTICE OR DEMAND AND WITHOUT ABATEMENT, DEDUCTION OR SETOFF OF ANY AMOUNT WHATSOEVER. THE OPERATION AND USE OF THE PROPERTY IS SOLELY AT THE RISK OF LESSEE AND THE OBLIGATION OF LESSEE TO PAY RENT UNDER THE LEASE SHALL BE ABSOLUTE AND UNCONDITIONAL.** Rents will be paid to Amplicon unless otherwise instructed in writing by Amplicon or its assignee.

TO THE EXTENT PERMITTED BY APPLICABLE LAW, LESSEE HEREBY WAIVES THE FOLLOWING RIGHTS AND REMEDIES CONFERRED UPON LESSEE BY LAW: (I) RIGHT TO CANCEL OR TERMINATE THIS LEASE, (II) RIGHT TO REJECT THE PROPERTY, (III) RIGHT TO REVOKE ACCEPTANCE OF THE PROPERTY, (IV) RIGHT TO RECOVER DAMAGES FROM AMPLICON FOR ANY BREACH OF WARRANTY, (V) RIGHT TO RECOVER ANY GENERAL, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES WHATSOEVER, AND (VI) RIGHT TO SPECIFIC PERFORMANCE, REPLEVIN, DETINUE, SEQUESTRATION, CLAIM AND DELIVERY OR THE LIKE FOR THE PROPERTY SUBJECT TO THIS LEASE.

THIS LEASE AGREEMENT AND THE APPLICABLE SCHEDULE(S) CONTAIN THE ENTIRE AGREEMENT BETWEEN AMPLICON AND LESSEE WITH RESPECT TO THE SUBJECT MATTER HEREOF. THE LEASE CAN ONLY BE MODIFIED IN WRITING, WITH SUCH MODIFICATIONS SIGNED BY A PERSON AUTHORIZED TO SIGN AGREEMENTS ON BEHALF OF LESSEE AND BY AN AUTHORIZED SIGNER OF AMPLICON. NO ORAL OR OTHER WRITTEN AGREEMENTS, REPRESENTATIONS OR PROMISES SHALL BE RELIED UPON BY, OR BE BINDING ON, THE PARTIES UNLESS MADE A PART OF THIS LEASE BY A WRITTEN MODIFICATION SIGNED BY AN AUTHORIZED SIGNER OF LESSEE AND AMPLICON.

LESSEE: [Signature] (Signature) AMPLICON, INC. [Signature] (Signature)

This Lease is subject to acceptance by Amplicon's Finance Committee. By signing below, the signer certifies that he or she has read this Lease Agreement, INCLUDING THE REVERSE SIDE, has had an opportunity to discuss its terms with Amplicon, and is authorized to sign on behalf of Lessee. Until this Lease has been signed by an authorized signer of Amplicon, it will constitute a firm offer by Lessee.

**LESSEE/OFFEROR**  
**OFFER:** Otter Tail Valley Railroad Company  
 By: [Signature]  
 Name: John H. Marino  
 Title: Assistant Secretary  
 Date: 12/11/96

**AMPLICON, INC.**  
**ACCEPTANCE:**  
 By: [Signature]  
 Name: Conrad F. Hohener ~~Barren S. Higuchi~~  
 Title: Assistant Vice President  
 Date: 12/11/96

**6. INDEMNITY:** Lessee assumes liability for, and agrees at its own expense to indemnify and defend Amplicon, its employees, officers, directors and assigns, from and against any and all claims, liabilities, losses, damages, and expenses (including legal expenses) of every kind or nature (including, without limitation, claims based upon strict liability) arising out of the use, condition (including latent and other defects, whether or not discoverable by Lessee or Amplicon), operation or ownership of any items of Property (including, without limitation, any claim for patent, trademark or copyright infringement) or for any interruptions of service, loss of business or consequential damages. These indemnities and assumptions survive the termination of this Lease.

**7. PERFORMANCE OF LESSEE'S OBLIGATIONS BY AMPLICON:** If Lessee fails to perform any of its obligations under this Lease, Amplicon may, at its option, perform them for Lessee without waiving Lessee's default. Any amount paid by Amplicon, and any expense (including reasonable attorneys' fees) or any other liability incurred by Amplicon as a result of its performance of Lessee's obligations will be payable by Lessee to Amplicon upon demand.

**8. FURTHER ASSURANCES AND NOTICES:** Lessee's signing of this Lease constitutes a firm offer. In consideration of Amplicon's time and effort in reviewing and acting on the offer, Lessee agrees that its offer is irrevocable for twenty business days after Amplicon's receipt of the offer and of all credit information requested by Amplicon. Amplicon's signing of the Lease, including the Schedule, constitutes acceptance of Lessee's offer. Lessee agrees to sign and provide any documents which Amplicon deems necessary for confirmation, assignment and assurance of performance by Lessee of its obligations under the Lease or for perfection of this Lease and the Property including, but not limited to, the signing and filing of Uniform Commercial Code (UCC) Financing Statements (which Lessee agrees may be signed by Amplicon on Lessee's behalf). Lessee authorizes Amplicon to insert applicable dates as necessary to complete all documentation for the Lease. Prior to Amplicon's acceptance of the Lease and for the duration of the Lease, Lessee agrees to promptly provide Amplicon with all credit information reasonably requested by Amplicon including, but not limited to, comparative audited financial statements for the most current annual and interim reporting periods. Lessee's failure to provide such information to Amplicon is an event of default under the Lease. **All notices to Amplicon must be in writing and sent certified mail return receipt requested to the address shown above or such other address as to which Lessee has been notified in writing.**

**9. DEFAULT:** Whenever any amount due under the Lease is not received by Amplicon or its assignee when due, Lessee shall pay a delinquency charge equal to five percent of the amount then due (or the maximum allowed by law) for the month in which the amount is due and again for each month that the amount remains unpaid. An Event of Default shall occur if: (a) Lessee fails to pay any rent or other payment under the Lease when due and the failure continues for ten days; (b) Lessee fails to perform or observe any of the covenants or obligations in this Lease other than Lessee's rental obligations, and such failure is not cured within ten days after written notice has been provided; (c) Lessee makes an assignment for the benefit of its creditors, files any petition or takes any action under any bankruptcy, reorganization or insolvency laws; (d) an involuntary petition is filed under any bankruptcy statute against Lessee or any receiver, trustee or custodian is appointed to take possession of Lessee's properties, unless such petition or appointment is set aside or withdrawn within sixty days of said filing or appointment; (e) Lessee attempts to or does remove, transfer, sell, sublicense, encumber, part with possession, or sublet any of the Property; (f) Lessee attempts to assign or transfer this Lease or its interest under the Lease or moves any of the Property from the location(s) set forth on the Schedule without Amplicon's prior written consent; or (g) Lessee undergoes a sale, buyout, change in control, or change in ownership of any type, form or manner which, as judged solely by Amplicon, results in a material deterioration in Lessee's credit worthiness.

**10. REMEDIES:** Upon an Event of Default, Amplicon may exercise at its sole option any one or more of the remedies permitted by law, including but not limited to the following: (a) through legal action, enforce performance by Lessee of the applicable covenants and obligations of this Lease or recover damages for the breach of those covenants or obligations; (b) terminate the Lease and Lessee's rights under the Lease; (c) by notice in writing to Lessee, recover all amounts due on or before the date Amplicon declared this Lease to be in default, plus, as liquidated damages for the loss of a bargain and not as a penalty, accelerate and declare to be immediately due and payable all rentals and other sums payable under the Lease without any presentment, demand, protest or further notice (all of which are hereby expressly waived by Lessee), at which time the same shall become immediately due and payable; and (d) take immediate possession of the Property, or any part of the Property, from Lessee free from claims by Lessee. In the case of Software, it is agreed that Lessee's unauthorized use, disclosure, or transfer of the Software will cause Amplicon significant damages which, at the time the parties enter the Lease, are impossible to quantify or predict. Therefore, if Lessee is found to be using (in any manner) all or any portion of the Software after the termination of this Lease, or after an Event of Default under the Lease, or if Supplier terminates a license of Lessee's right to use the Software for an alleged breach of the use, disclosure, or transfer restrictions imposed on Lessee, the parties hereby agree that liquidated damages shall be payable immediately by Lessee to Amplicon in an amount which is equal to two times the amount paid by Amplicon for the Software. The exercise of any of the foregoing remedies by Amplicon will not constitute a termination of this Lease unless Amplicon so notifies Lessee in writing. If Amplicon repossesses the Property, Amplicon may rent or sell the Property in such a manner and at such times as Amplicon may determine and without notice to Lessee. In the event Amplicon rents the Property, any rentals received by Amplicon for the remaining Term(s) of the Schedule shall be applied to the payment of: (i) all costs and expenses (including reasonable attorneys' fees) incurred by Amplicon in enforcing its remedies under this Lease, and (ii) the rentals for the remainder of the Term(s) and all other sums then remaining unpaid under this Lease. All rentals received by Amplicon for the period commencing after the remaining Term(s) shall be retained by Amplicon. Lessee will remain liable to Amplicon to the extent that the aggregate amount of the sums referred to in clauses (i) and (ii) above exceed the aggregate rentals received by Amplicon under such agreements for the remaining Term(s) applicable to the Property covered by such agreements. In the event that Amplicon sells the Property, the proceeds will be applied to the sum of: (1) all costs and expenses (including reasonable attorneys' fees) incurred by Amplicon in enforcing its remedies under this Lease and in disposing of the Property, (2) the rentals accrued under this Lease, but unpaid up to the time of such disposition, (3) any and all other sums other than rentals then owing to Amplicon by Lessee under the Lease, and (4) the stipulated value as would be determined in the event of a Casualty Occurrence (as defined in the terms and conditions to the Schedule) on the date of the Property's disposition. The remaining balance of such proceeds, if any, will be applied first to reimburse Lessee for any sums previously paid by Lessee as liquidated damages (as set forth in (c) above), and any remaining amounts will be retained by Amplicon. Lessee will remain liable to Amplicon to the extent that the aggregate amount of the sums referred to in clauses (1) through (4) above exceeds the proceeds received by Amplicon in connection with the disposition of the Property. Amplicon's remedies under this Lease shall not be deemed exclusive. Waiver of any default or breach of this Lease shall not be construed as a waiver of subsequent or continuing defaults or breaches.

**11. DISPUTE RESOLUTION: THE PARTIES AGREE THAT ALL DISPUTES, WHETHER BASED IN TORT OR CONTRACT, RELATING TO OR ARISING OUT OF THIS LEASE (COLLECTIVELY, "LEASE DISPUTES") WILL BE SUBMITTED TO THE ORANGE COUNTY, CALIFORNIA OFFICE OF ENDISPUTE, INC., DBA JA-M/S/ENDISPUTE ("JAMS") FOR A TRIAL OF ALL ISSUES OF LAW AND FACT CONDUCTED BY A RETIRED JUDGE OR JUSTICE FROM THE PANEL OF JAMS, APPOINTED PURSUANT TO A GENERAL REFERENCE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638(1) (OR ANY AMENDMENT, ADDITION OR SUCCESSOR SECTION THERETO) UNLESS AMPLICON OR ITS ASSIGNEE SELECTS AN ALTERNATIVE FORUM. IF THE PARTIES ARE UNABLE TO AGREE ON A MEMBER OF THE JAMS PANEL, THEN ONE SHALL BE APPOINTED BY THE PRESIDING JUDGE OF THE CALIFORNIA SUPERIOR COURT FOR THE COUNTY OF ORANGE. IN THE EVENT THAT JAMS IN THE COUNTY OF ORANGE CEASES TO EXIST, THEN THE PARTIES AGREE THAT ALL LEASE DISPUTES WILL BE FILED AND CONDUCTED IN THE CALIFORNIA SUPERIOR COURT FOR THE COUNTY OF ORANGE, UNLESS AMPLICON OR ITS ASSIGNEE SELECTS AN ALTERNATIVE FORUM. LESSEE AGREES TO SUBMIT TO THE PERSONAL JURISDICTION OF THE CALIFORNIA SUPERIOR COURT FOR ALL LEASE DISPUTES. LESSEE WAIVES ITS RIGHTS TO A JURY TRIAL IN ANY ACTION ARISING OUT OF OR RELATING TO THIS LEASE.** If any party to this Lease brings any action to enforce any of the terms, or to recover for any breach, then the prevailing party is entitled to recover from the other party reasonable attorneys' fees and costs, including all JAMS-related costs and costs of collection (including judgment enforcement and collection costs).

**12. MISCELLANEOUS:** All agreements, representations and warranties contained in this Lease, or in any document or certificate delivered pursuant to or in connection with this Lease, shall expressly survive the termination of this Lease. If any provision of this Lease is determined by competent authority to be unenforceable, such determination shall not invalidate the remaining provisions of the Lease. To the extent permitted by applicable law, Lessee waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect. This Lease has been entered into and shall be performed in California and, therefore, **THIS LEASE SHALL BE CONSTRUED IN ACCORDANCE WITH AND SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA (EXCLUSIVE OF PRINCIPLES OF CONFLICT OF LAWS).** Time is of the essence of this Lease and each provision thereof.

**ADDENDUM "1"**  
**WITH RESPECT TO**  
**LEASE AGREEMENT ORDER NO. OL-09514**

This Addendum is supplemental to and made a part of Lease Agreement Order No. OL-09514 dated 12/11/96 (the "Agreement") and other related documents under the Agreement. The parties to the Agreement include Otter Tail Valley Railroad Company, Inc. ("Lessee") and Amplicon, Inc. ("Amplicon").

Capitalized terms used in this Addendum without definition shall have the meanings set forth in the Agreement, unless specifically modified. This Addendum is to be construed as supplemental to, and part of, the Agreement.

**SECTION 4. AUTHORIZATION DATE AND LEASE DURATION:**

In line four (4) delete the words, ". . .at the specific locations shown" and replace with the following: ", , ,at any RailAmerica, Inc. facility or subsidiary".

**SECTION 5. RENTALS:**

On line one (1) change the words ". . .in advance," to ". . .in arrears,".

**SECTION 9. DEFAULT:**

In line one (1) change ". . .five percent" to ". . .three percent".

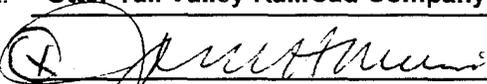
**SECTION 10. REMEDIES:**

In line twenty-one (21) and twenty-two (22) delete ". . ., and any remaining amounts will be retained by Amplicon" and replace with ".".

In all other respects, the terms and conditions of the Agreement, as originally written, shall remain in full force and effect. The Agreement, as amended herein, sets forth the entire and final understanding between the parties with respect hereto. The terms of this Addendum have been negotiated and jointly drafted by Amplicon and Lessee and, therefore, the language of the Addendum shall not be construed in favor or against either party. The undersigned represent that they have the authority to enter into the Agreement, and that the same shall be legally binding and enforceable on the respective principals.

IN WITNESS WHEREOF the parties hereto, by their authorized signatories, have executed this Addendum at the date set forth below their respective signatures.

LESSEE: Otter Tail Valley Railroad Company, Inc.

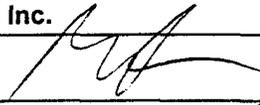
BY: 

NAME: John H. Marino

TITLE: Assistant Secretary

DATE: 12/11/96

Amplicon, Inc.

BY: 

NAME: Michael J. Purcell  
Conrad F. Hohener Darren S. Higuchi

TITLE: Assistant  
Vice President

DATE: 12/11/96

ADDENDUM "2"  
TO  
LEASE AGREEMENT ORDER NO. OL-09514

12/11/96

This Addendum is supplemental to and made a part of Lease Agreement Order No. OL-09514, dated ~~04/10/97~~ (the "Agreement") and other related documents under the Agreement. The parties to the Lease include Otter Tail Valley Railroad Company, Inc. ("Lessee") and Amplicon, Inc. ("Amplicon").

Capitalized terms used in this Addendum without definition shall have the meanings set forth in the Agreement, unless specifically modified. This Addendum is to be construed as supplemental to, and a part of, the Agreement.

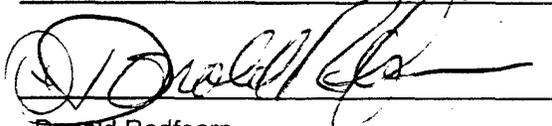
Lessee and Amplicon acknowledge and agree that the Agreement is hereby amended as follows:

**It is hereby agreed and acknowledged that any reference (on any of the documents relating to the above referenced Agreement) to the Lessee as "Otter Tail Valley Railroad Company" or any other name other than the exact current legal name, shall hereinafter refer to the actual Lessee as "Otter Tail Valley Railroad Company, Inc."**

In all other respects, the terms and conditions of the Agreement, as originally written, shall remain in full force and effect. The Agreement, as amended herein, sets forth the entire and final understanding between the parties with respect hereto. The terms of this Addendum have been negotiated and jointly drafted by Amplicon and Lessee and, therefore, the language of the Addendum shall not be construed in favor or against either party. The undersigned represent that they have the authority to enter into the Agreement, and that the same shall be legally binding and enforceable on the respective principals.

IN WITNESS WHEREOF the parties hereto, by their authorized signatories, have executed this Addendum at the date set forth below their respective signatures.

LESSEE: Otter Tail Valley Railroad Company, Inc.

BY: 

NAME: Donald Redfean

TITLE: Secretary

DATE: 6-20-97

Amplicon, Inc.

BY: 

NAME: Mr. Conrad F. Hohener MICHAEL J. PURCELL

TITLE: Asst Vice President

DATE: 07/02/97

# Amplicon Financial

5 HUTTON CENTRE DRIVE, SUITE 500 • SANTA ANA, CALIFORNIA 92707  
714.751-7551 • 800.755-5055 • FACSIMILE 714.751-7557

# LEASE SCHEDULE

NO. 01

<b>LESSEE</b> Otter Tail Valley Railroad Company				<b>CONTACT</b> John H. Marino	
<b>STREET</b> 200 North Mill Street				<b>PHONE NO.</b> 407-994-6015	
<b>CITY</b> Fergus Falls	<b>STATE</b> MN	<b>COUNTY</b> Otter Tail	<b>ZIP</b> 56537	<b>FACSIMILE NO.</b> 407-994-4629	

**This Schedule is issued with respect to the Lease Agreement Order No.** OL-09514 **dated** 12/11/96.

All of the terms of the Lease Agreement are incorporated into this Schedule as if fully reflected on the Schedule. The terms of this Schedule and the Lease Agreement combine to form an individual Lease with an independent Term.

Any Deposit under this Schedule shall be returned to Lessee (without interest thereon) if Amplicon does not accept this Schedule. Upon acceptance of this Lease by Amplicon any such Deposit shall be treated as a Transaction Fee earned by Amplicon and unless otherwise specified herein shall not be applied to any rentals or other payments due under the Lease.

Term (months) : Sixty (60)

Deposit : \$

Monthly Rent : \$ 4,150.00

Property :

<u>Quantity</u>	<u>Property Description</u>	<u>Serial #</u>
-----------------	-----------------------------	-----------------

Property to consist of various new and used railroad equipment to be more fully described on Exhibit "A" attached hereto and made a part hereof at a later date.

**LESSEE HAS THE RIGHT TO QUIETLY ENJOY THE USE OF THE PROPERTY WITHOUT INTERFERENCE BY AMPLICON OR ITS ASSIGNEE PROVIDED LESSEE IS IN COMPLIANCE WITH THE TERMS OF THIS LEASE.**

**AT THE EXPIRATION OF THE TERM AND AFTER THE FINAL RENTAL PAYMENT HAS BEEN PAID BY LESSEE, PLUS ALL ACCRUED BUT UNPAID LATE CHARGES, INTEREST, TAXES, PENALTIES AND/OR ANY OTHER SUMS DUE AND OWING UNDER THE LEASE, AND NO EVENT OF DEFAULT, AS THE SAME IS MORE FULLY DESCRIBED IN THE LEASE AGREEMENT HAS OCCURED OR IS CONTINUING, ONE FINAL PAYMENT OF U.S. DOLLARS ONE (\$1.00), SHALL BECOME DUE, OWING AND PAYABLE BY LESSEE TO AMPLICON FOR WHICH AMPLICON WILL PASS ITS TITLE IN THE PROPERTY TO LESSEE.**

**THE INDIVIDUAL SIGNING BELOW CERTIFIES THAT HE OR SHE HAS READ THIS SCHEDULE (INCLUDING THE TERMS ON THE REVERSE SIDE) AND THE LEASE AGREEMENT, AND IS AUTHORIZED TO SIGN THIS SCHEDULE ON BEHALF OF LESSEE.**

THIS SCHEDULE ALONG WITH THE LEASE AGREEMENT CONTAIN THE ENTIRE AGREEMENT BETWEEN AMPLICON AND LESSEE WITH RESPECT TO THE SUBJECT MATTER HEREOF. THIS AGREEMENT CAN ONLY BE MODIFIED IN WRITING, WITH SUCH MODIFICATIONS SIGNED BY A PERSON AUTHORIZED TO SIGN AGREEMENTS ON BEHALF OF LESSEE AND BY AN AUTHORIZED SIGNER OF AMPLICON. NO ORAL OR OTHER WRITTEN AGREEMENTS, REPRESENTATIONS OR PROMISES SHALL BE RELIED UPON OR BE BINDING ON THE PARTIES UNLESS MADE A PART OF THIS LEASE BY A WRITTEN MODIFICATION SIGNED BY AN AUTHORIZED SIGNER OF BOTH LESSEE AND AMPLICON.

**LESSEE/OFFEROR**

**OFFER:**

Otter Tail Valley Railroad Company

Signature: \_\_\_\_\_

Name: John H. Marino

Title: Assistant Secretary

Date: 12/11/96

**AMPLICON, INC.**

**ACCEPTANCE:**

Signature: \_\_\_\_\_

Name: Conrad E. Hohener Barren S. Higuchi

Title: Assistant Michael J. Purcell  
Vice President

Date: 12/11/96

**TERMS AND CONDITIONS  
APPLICABLE TO THIS LEASE SCHEDULE**

**A. RIGHT TO INSPECT THE PROPERTY:** Amplicon may during reasonable business hours enter upon any premises where the Property is located to confirm compliance with the terms of the Lease.

**B. TAXES ON THE PROPERTY:** All fees, assessments and taxes (except those based upon the net income of Amplicon) which may now or hereafter become due or are imposed upon the ownership, sale, possession and/or use of the Property are to be paid by Lessee. While Lessee will be responsible for payment of all personal property taxes, Amplicon will file all personal property tax returns. Amplicon is not responsible for contesting any valuation of, or tax imposed on, the Property (but may do so strictly as an accommodation to Lessee) and will not be liable or accountable to Lessee therefor. Amplicon retains any and all federal and state tax credits or benefits relating to the Property.

**C. USE, OPERATION AND MAINTENANCE OF THE PROPERTY:** Lessee at its own expense, will provide a suitable place for the operation of the Property, and keep in force for the duration of the Lease the best standard Supplier's maintenance agreement(s) which will cause the Supplier(s) to make all the necessary repairs, adjustments, and replacements in accordance with such maintenance agreement(s) and entitle Lessee (through Amplicon, if necessary) to obtain available enhancements, updates, upgrades and changes.

**D. ADDITIONS AND MODIFICATIONS TO THE PROPERTY:** All additions and modifications to the Property become a part of the Property and are owned by Amplicon. Software, as described on any Schedule(s), includes all updates, revisions, upgrades, new versions, enhancements, modifications, derivative works, maintenance fixes, translations, adaptations, and copies of the foregoing or of the original version of the Software whether obtained from the Supplier, licensor or from any source whatsoever, and references in this Lease to Software will be interpreted as references to any and all of the foregoing. All additions and modifications to the Property must be free and clear of any liens or rights of other parties.

**E. INSURING THE PROPERTY:** While the Property is in transit and for the duration of the Lease, Lessee at its own expense shall maintain (i) comprehensive public liability insurance (naming Amplicon or its assigns as additional insured) for bodily injury and property damage resulting from the maintenance, use or transport of the Property and (ii) property and casualty insurance (naming Amplicon and/or its assigns as sole loss payee) covering all risks of loss or damage to the Property from any cause whatsoever including, without limitation, fire and theft. All insurance will be from an insurer(s) and in a form and amount satisfactory to Amplicon. Lessee shall deliver to Amplicon the original policies or certificates of such insurance (and each renewal or replacement thereof) and evidence of the payment of the premiums for such insurance policies. All policies will provide that no cancellation or material modification of such insurance shall be effective without thirty days prior written notice to Amplicon.

**F. RISK OF LOSS TO THE PROPERTY:** While the Property is in transit and throughout the duration of the Lease, Lessee assumes all responsibility for loss or damage or other Casualty Occurrence, as defined herein, to the Property and shall hold Amplicon harmless. A Casualty Occurrence occurs if, for any reason whatsoever, any of the Property is lost, stolen, requisitioned, taken, confiscated, destroyed or irreparably damaged by any cause whatsoever. In the case of Software, the erasure, inoperability or other incapacity of the Software triggered by a preprogrammed termination or limiting design or routine embedded in the Software is also deemed a Casualty Occurrence. In the event of a Casualty Occurrence as to any Property, Lessee will immediately inform Amplicon in writing. On the next succeeding rental payment date, Lessee will (i) either replace the Property with like-kind Property, free and clear of any liens or rights of other parties, acceptable to Amplicon or Amplicon's assignee and continue to pay all rentals without interruption as they come due, or (ii) pay to Amplicon all past due rentals and other amounts then late or due and an amount equal to the stipulated value as determined by the Casualty Schedule annexed to the Lease ("Stipulated Value"). When Lessee makes this payment to Amplicon, the rentals cease to accrue and the Lease with respect to that Schedule ends. Insurance proceeds received by Amplicon as a result of a Casualty Occurrence will be applied to reduce Lessee's obligation to pay the Stipulated Value.

**G. OWNERSHIP OF THE PROPERTY:** Amplicon at all times retains ownership, title and/or control over Lessee's right to use the Property in accordance with the terms of the Lease. Lessee shall protect and defend, at its own expense, Amplicon's title and/or rights in the Property against all claims and liens and keep the Property free and clear of all such claims and liens. The Property is and shall remain personal property of Amplicon. To the extent Software subject to this Lease may also be the subject of a license agreement between the Supplier and Lessee, Lessee acknowledges that the license to use the Software is being provided to Lessee solely because of payments made by Amplicon to the Supplier and, accordingly, Lessee agrees that Amplicon has an interest in the license. Lessee agrees that if it or any of its affiliates receives anything of value from the Supplier (including without limitation, a trade-in, substitution, discount or upgrade allowance) other than Lessee's rights to use the Software reflected on the Schedule for the duration of this Lease, Lessee will advise Amplicon and pay to Amplicon an amount equal to such additional value obtained by Lessee. Lessee agrees that it will not surrender, transfer or modify the license agreement without first obtaining the written consent of Amplicon.

**H. RETURN OF PROPERTY:** If Lessee elects to return the Property as provided for in the Lease, Lessee will discontinue the use of the Property, pay to Amplicon an inspection, refurbishment and restocking fee equal to three percent of the Property's original cost, and immediately, at its own expense, ship the Property, with all manuals, cables, cartons and packing materials as originally furnished by Supplier, to a location within the United States in accordance with the Property return instructions provided by Amplicon. In the case of Software, Lessee will destroy all intangible Software items, and deliver to Amplicon all tangible items constituting Software. At Amplicon's request, Lessee will also certify in a written form acceptable to Amplicon that: (i) all the tangible Software has been delivered to Amplicon; (ii) all intangible records have been destroyed; (iii) Lessee has not retained the Software in any form; (iv) Lessee will not use the Software after termination and (v) Lessee has not received from Supplier(s) anything of value relating to or in exchange for Lessee's use, rental or possession of the Software during the duration of the Lease (including a trade-in, substitution or upgrade allowance). Until Lessee has complied with all of the requirements of this Section, rent payment obligations will continue from month to month at the rental rate delineated on the Schedule.

**I. ASSIGNMENT OF LEASE AND/OR PROPERTY: AMPLICON MAY ASSIGN ANY OF ITS RIGHTS IN THE LEASE AND/OR THE PROPERTY TO AN ASSIGNEE ("ASSIGNEE"). LESSEE HEREBY CONSENTS TO SUCH ASSIGNMENT AND FURTHER AGREES AS FOLLOWS: (1) ASSIGNEE DOES NOT ASSUME ANY OF THE OBLIGATIONS OF AMPLICON UNDER THE LEASE; (2) TO PAY ALL ASSIGNED MONIES DUE UNDER THE LEASE UNCONDITIONALLY WITHOUT OFFSET AND LESSEE FURTHER AGREES THAT SUCH MONIES SHALL BE PAYABLE NOTWITHSTANDING ANY DEFENSE OR COUNTERCLAIM WHATSOEVER WHETHER BY REASON OF BREACH OF THE LEASE, THE EXERCISE OF ANY RIGHT HEREUNDER, OR OTHERWISE, WHICH LESSEE MAY NOW OR HEREAFTER HAVE AGAINST AMPLICON (LESSEE RESERVES ITS RIGHT TO HAVE RECOURSE DIRECTLY AGAINST AMPLICON ON ACCOUNT OF ANY SUCH DEFENSE OR COUNTERCLAIM); (3) TO PROVIDE AMPLICON WITH A COPY OF ANY NOTICES SENT BY LESSEE TO ASSIGNEE UNDER THE LEASE; (4) THAT SUBJECT TO AND WITHOUT IMPAIRMENT OF LESSEE'S LEASE-HOLD RIGHTS IN AND TO THE PROPERTY COVERED UNDER THE LEASE, LESSEE SHALL HOLD SAID PROPERTY AND THE POSSESSION THEREOF FOR THE ASSIGNEE TO THE EXTENT OF THE ASSIGNEE'S RIGHTS THEREIN, AND (5) SUCH ASSIGNMENT DOES NOT CHANGE LESSEE'S OBLIGATIONS UNDER THIS LEASE OR INCREASE THE BURDEN AND RISKS IMPOSED ON LESSEE. WITHOUT THE PRIOR WRITTEN CONSENT OF AMPLICON, LESSEE SHALL NOT ASSIGN THIS LEASE OR ITS INTEREST IN THE LEASE IN ANY FORM OR MANNER INCLUDING, BUT NOT LIMITED TO, AN ASSIGNMENT DUE TO A SALE, MERGER, LIQUIDATION, SUB-LEASE, LEVERAGED BUYOUT, CHANGE OF OWNERSHIP OR CHANGE-IN-CONTROL.**

# Amplicon Financial

5 Hurton Centre Drive, Suite 500 • Santa Ana, California 92707 • (714) 751-7551 • (800) 755-5055 • Facsimile (714) 751-7557

December 10, 1996

**Otter Tail Valley Railroad Company, Inc.**  
200 North Mill Street  
Fergus Falls, Minnesota 56537

Ladies and Gentlemen:

Reference is made to that Lease Agreement Order No. 09514, dated 12/11/96, by and between Otter Tail Valley Railroad Company, Inc., as Lessee, and Amplicon, Inc. ("Amplicon") (the "Agreement"), and to Lease Schedule 01 and all related subsidiary documents under the Agreement (the "Lease"). Notwithstanding anything to the contrary contained therein, and to the limited extent hereof, this Letter Agreement amends and supersedes the said Lease and is hereby incorporated by reference therein.

Capitalized terms used in this Letter Agreement without definition shall have the meanings set forth in the Agreement, unless the context hereof otherwise specifically requires. This Letter Agreement is to be construed as supplemental to, and part of, the Agreement.

It is agreed and acknowledged that the Property cost is \$400,000.00. As a result, the following changes are made to:

<u>LEASE SCHEDULE 01</u>	<u>AS STATED</u>	<u>AS REVISED</u>
MONTHLY RENT	\$4,150.00	\$8,300.00
TRANSACTION FEE		\$2,000.00
<u>DELIVERY ORDER</u>	<u>AS STATED*</u>	<u>AS REVISED</u>
MONTHLY RENT plus applicable sales/use tax	\$4,150.00	\$8,300.00

In all other respects, the terms and conditions of the Lease, as originally written, shall remain in full force and effect. The Lease, as amended herein, sets forth the entire and final understanding between the parties with respect hereto. The terms of this Letter Agreement have been negotiated and jointly drafted by Amplicon and Lessee and, therefore, the language of the Letter Agreement shall not be construed in favor or against either party. The undersigned represent that they have the authority to enter into this Lease, and that the same shall be legally binding and enforceable on the respective principals. Please acknowledge your acceptance of same by your authorized signature below and return the original of this Letter Agreement to Amplicon, Inc. within five (5) days from the date hereof.

ACKNOWLEDGED AND ACCEPTED ON THIS

10th DAY OF December, 19 96

Otter Tail Valley Railroad Company, Inc.

BY:

NAME:

TITLE:

John H. Marino

Assistant Secretary

Very truly yours,  
Amplicon, Inc.

  
MICHAEL J. PURCELL  
Conrad F. Hehener Darren S. Higuchi  
Vice President Assistant Vice President

# Amplicon Financial

5 Hutton Centre Drive, Suite 500 • Santa Ana, California 92707 • (714) 751-7551 • (800) 755-5055 • Facsimile (714) 751-7557  
 April 22, 1997

**Otter Tail Valley Railroad Company, Inc.**  
 200 North Mill Street  
 Fergus Falls, MN 56537

Ladies/Gentlemen:

**12/11/96**

Reference is made to that Lease Agreement Order No. OL-09514, dated ~~01/10/97~~, by and between Otter Tail Valley Railroad Company, Inc., as Lessee, and Amplicon, Inc., (the "Agreement"), and to Lease Schedule No. 01 and all related subsidiary documents under the Agreement (collectively the "Lease"). Notwithstanding anything to the contrary contained therein, and to the limited extent hereof, this Letter Agreement amends and supersedes the said Lease and is hereby incorporated by reference therein.

Capitalized terms used in this Letter Agreement without definition shall have the meanings set forth in the Lease, unless the context hereof otherwise specifically requires. This Letter Agreement is to be construed as supplemental to, and part of, the Lease.

Lessee and Amplicon acknowledge that pursuant to the Agreement delineated in Amplicon's letter of December 9, 1996 ("Acceptance Letter"), the parties agreed that the monthly rental for the Lease Term would be adjusted upward or downward in proportion to changes in like-term maturing U.S. Treasury Bills from a Base Rate of 5.92%.

The parties now hereby agree for mutual consideration and mutual promises of performance to not adjust the Lease Term rental rate as originally agreed. The parties further acknowledge and agree that all Terms and Conditions as delineated in the documents outlined in Amplicon's Acceptance Letter of December 9, 1996, are hereby confirmed, acknowledged and agreed to by both parties.

It is further agreed and acknowledged that the final Property cost is \$350,000.00. As a result, the following changes are made to:

<u>LEASE SCHEDULE NO. 01</u>	<u>AS STATED</u>	<u>AS REVISED</u>	<u>AS FURTHER REVISED</u>
MONTHLY RENT	\$4,150.00	\$8,300.00	\$7,262.50
TRANSACTION FEE		\$2,000.00	\$2,000.00
<u>DELIVERY ORDER</u>	<u>AS STATED</u>	<u>AS REVISED</u>	<u>AS FURTHER REVISED</u>
TOTAL MONTHLY RENT*	\$4,150.00	\$8,300.00	\$7,262.50
SALES TAX			\$ 56.65
* PLUS APPLICABLE SALES/USE TAX			

The Property description is hereby revised as reflected in the attached Exhibit "A". The original Property description of the Lease is hereby deleted and replaced with the description in Exhibit "A" attached hereto and made a part hereof.

In all other respects, the terms and conditions of the Lease, as originally written, shall remain in full force and effect. The Lease, as amended herein, sets forth the entire and final understanding between the parties with respect hereto. The terms of this Letter Agreement have been negotiated and jointly drafted by Amplicon, Inc. and Lessee and, therefore, the language of the Letter Agreement shall not be construed in favor or against either party. The undersigned represent that they have the authority to enter into this Lease, and that the same shall be legally binding and enforceable on the respective principals. Please acknowledge your acceptance of same by your authorized signature below and return the original of this Letter Agreement to Amplicon, Inc. within five (5) days from the date hereof.

Very truly yours,  
 Amplicon, Inc.

ACKNOWLEDGED AND ACCEPTED ON THIS  
 DAY OF June, 19 97

Otter Tail Valley Railroad Company, Inc.

BY:   
 NAME: Donald Redfeam  
 TITLE: Secretary

  
Michael J. Puccio  
 M/ Conrad F. Hohener Darren S. Higuchi  
 M/ Vice President Assistant Vice President

**EXHIBIT "A" (LEASE SCHEDULE NO. 01 TO LEASE AGREEMENT ORDER NO. OL-09514)  
TO LETTER AGREEMENT DATED 04/22/97  
WHEREIN**

Otter Tail Valley Railroad Company, Inc. is the Lessee

Lessee's Address: 200 North Mill Street, Fergus Falls, MN 56537  
Property Location: Same

**QTY.      DESCRIPTION**

Supplier: Gibbs Railway Equipment, Inc.  
Invoice No: 00222

04      EMD GP18 1800HP LOCOMOTIVES, S/N(S): 27773, 27781, 27784, 27786

Supplier: Contractor's Surplus  
Invoice No: 0441

01      CARSON TAMPER MODEL JRA, S/N: 2379093

Supplier: Contractor's Surplus  
Invoice No: 1326

01      TIE CRANE, MODEL 12-2 RAIL TONGS, S/N: 455

Supplier: Minnesota Motor Company  
Invoice No: 05/10/95

01      1995 BUICK REGAL, VIN: 2G4WB52L6S1408269

Supplier: Nelson Lincoln, Mercury, Mazda

01      1994 FORD E150 PICKUP, 4x4, MANUAL, WHITE EXTERIOR, VIN: 1FTEF1443RLB13205

Supplier: Nelson Lincoln, Mercury, Mazda

01      1997 FORD F250, RLC, MANUAL, WHITE EXTERIOR, VIN: 3FTHF26F6UMA16927

Supplier: Klutts Equipment, Inc.  
Invoice No: 06/15/93

01      FAIRMONT TAMPER MARK I, CANRON TORSION BEAM TAMPER; S/N: 1073725

01      KERSHAW BALLAST REGULATOR, MODEL 25-1-12, S/N: 3D-143340

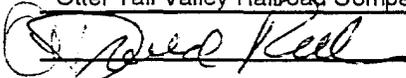
Plus all replacement parts, substitutions, additions, attachments, modifications, updates, upgrades, revisions, new versions, enhancements, accessories and the proceeds thereof.

This Exhibit "A" replaces and supersedes Exhibit "A" previously executed by Lessee on June 20, 1997.

LESSEE:

Otter Tail Valley Railroad Company, Inc.

BY:

  
\_\_\_\_\_

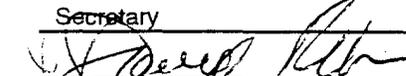
NAME:

Donald Redfearn

TITLE:

Secretary

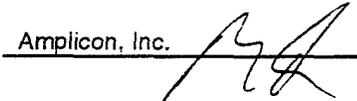
DATE:

  
\_\_\_\_\_

7-3-97

Amplicon, Inc.

BY:

  
\_\_\_\_\_

NAME:

Conrad F. Hohener MICHAEL J. PURCELL

TITLE: Asst Vice President

DATE:

08/20/97

**ADDENDUM "A"**  
**WITH RESPECT TO**  
**LEASE AGREEMENT ORDER NO. OL-09514**  
**AND LEASE SCHEDULE NO. 01**

This Addendum is supplemental to and made a part of Lease Agreement Order No. OL-09514 dated 12/11/96 (the "Agreement"), Lease Schedule No. 01 dated 12/11/96 and other related documents under the Agreement and Lease Schedule (collectively the "Lease"). The parties to the Lease include Otter Tail Valley Railroad Company, Inc. ("Lessee") and Amplicon, Inc. ("Amplicon").

Capitalized terms used in this Addendum without definition shall have the meanings set forth in the Lease, unless specifically modified. This Addendum is to be construed as supplemental to, and a part of, the Lease.

Lessee and Amplicon acknowledge and agree that the Lease is hereby amended with respect to Lease Schedule No. 01 as follows:

In the fourth (4th) paragraph which starts with the words: "AT THE EXPIRATION. . ." add the following sentence to the end of this paragraph: "PROVIDED THERE ARE NO CONTINUING EVENTS OF DEFAULT OR EXISTING DEFICIENCIES AS DEFINED IN THE LEASE DOCUMENTATION, ANYTIME AFTER THE TWELFTH (12TH) MONTH OF THE TERM, LESSEE MAY TERMINATE THIS SCHEDULE UPON SIXTY (60) DAYS PRIOR WRITTEN NOTICE TO AMPLICON AND ITS ASSIGNEE(S), IF ANY. THE LESSEE WILL PAY TO AMPLICON AN AMOUNT EQUAL TO THE PRESENT VALUE OF THE REMAINING RENTALS DISCOUNTED BY FIVE PERCENT (5%), IF PAID DURING MONTHS THIRTEEN (13) THROUGH THIRTY-SIX (36), SIX PERCENT (6%) IF PAID DURING MONTHS THIRTY-SEVEN (37) THROUGH FORTY-EIGHT (48) AND SIX AND ONE-HALF PERCENT (6.5%) IF PAID DURING MONTHS FORTY-NINE (49) AND LATER."

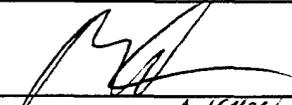
In all other respects, the terms and conditions of the Lease, as originally written, shall remain in full force and effect. The Lease, as amended herein, sets forth the entire and final understanding between the parties with respect hereto. The terms of this Addendum have been negotiated and jointly drafted by Amplicon and Lessee and, therefore, the language of the Addendum shall not be construed in favor or against either party. The undersigned represent that they have the authority to enter into the Lease, and that the same shall be legally binding and enforceable on the respective principals.

IN WITNESS WHEREOF the parties hereto, by their authorized signatories, have executed this Addendum at the date set forth below their respective signatures.

LESSEE: Otter Tail Valley Railroad Company, Inc.

Amplicon, Inc.

BY:   
NAME: John H. Marino  
TITLE: Assistant Secretary  
DATE: 12/10/96

BY:   
NAME: Michael J. Purcell ~~Conrad F. Hohener~~ Darren S. Higuchi  
TITLE: Assistant Vice President  
DATE: 12/11/96 12/11/96

ADDENDUM "B"  
TO  
LEASE AGREEMENT ORDER NO. OL-09514  
WITH RESPECT TO LEASE SCHEDULE NO. 01

This Addendum is supplemental to and made a part of this Lease Agreement Order No. OL-09514 dated 12/11/96 (the "Agreement"), Lease Schedule No. 01 dated 12/11/96, and other related documents under the Lease and Schedule (together forming the "Lease"). The parties to the Lease include Otter Tail Valley Railroad Company, Inc. ("Lessee") and Amplicon, Inc. ("Amplicon").

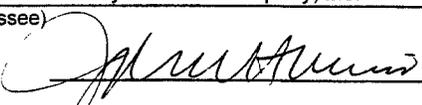
Capitalized terms used in this Addendum without definition shall have the meanings set forth in the Lease, unless specifically modified. This Addendum is to be construed as supplemental to, and part of, the Lease.

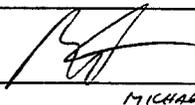
Lessee and Amplicon acknowledge and agree that the Lease is hereby amended with respect to the above-referenced Lease Schedule as follows:

- a) Section 9 of the Agreement is amended as follows: The first sentence is deleted and the following is substituted in its stead: "Past due installments of rent (or any portion thereof) which are not paid within 10 days after their due date shall be subject to a one time delinquency charge of 5% of the amount then due, but not exceeding the lawful maximum, if any. Any rent or other amount not paid to Lessor when due hereunder shall bear interest, both before and after judgment or termination hereof, at the lesser of 18% per annum of the maximum rate allowed by law."
- b) Section 10 REMEDIES of the Lease is modified by adding "(discounted at 6%)," after "Lease" in the fifth line of the first sentence.
- c) Section 11 DISPUTE RESOLUTION is amended to delete the arbitration provision and to substitute the following in its place: "LESSEE HEREBY UNCONDITIONALLY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF, DIRECTLY OR INDIRECTLY, THIS LEASE, ANY OF THE RELATED DOCUMENTS, ANY DEALINGS BETWEEN LESSEE AND AMPLICON RELATING TO THE SUBJECT MATTER OF THIS TRANSACTION OR ANY RELATED TRANSACTIONS, AND/OR THE RELATIONSHIP THAT IS BEING ESTABLISHED BETWEEN LESSEE AND AMPLICON. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT (INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS). THIS WAIVER IS IRREVOCABLE MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS THIS LEASE, ANY RELATED DOCUMENTS, OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THIS TRANSACTION OR ANY RELATED TRANSACTION. IN THE EVENT OF LITIGATION, THIS LEASE MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT."

In all other respects, the terms and conditions of the Lease, as originally set forth, shall remain in full force and effect. The Lease sets forth the entire and final understanding between the parties with respect hereto. The terms of this Addendum have been negotiated and jointly drafted by Amplicon and Lessee and, therefore, the language of the Addendum shall not be construed in favor or against either party. The undersigned represent that they have the authority to enter into this Lease, and that the same shall be legally binding and enforceable on the respective principals.

IN WITNESS WHEREOF the parties hereto, by their authorized signatories, have executed this Addendum at the date set forth below their respective signatures.

ACCEPTED BY:  
Otter Tail Valley Railroad Company, Inc.  
(Lessee)  
BY:   
NAME: John H. Marino  
TITLE: Assistant Secretary  
DATE: 12/11/96

ACCEPTED BY:  
Amplicon, Inc.  
BY:   
NAME: <sup>Mr.</sup> Conrad F. Hohener <sup>Michael J. Purcell</sup> ~~Darren S. Higuchi~~  
TITLE: Assistant Vice President  
DATE: 12/11/96

**ADDENDUM "C"**  
**WITH RESPECT TO**  
**LEASE AGREEMENT ORDER NO. OL-09514**  
**AND LEASE SCHEDULE NO. 01**

This Addendum is supplemental to and made a part of Lease Agreement Order No. OL-09514, dated 12/11/96 (the "Agreement"), Lease Schedule No. 01, dated 12/11/96 and other related documents under the Agreement and Lease Schedule (collectively the "Lease"). The parties to the Lease include Otter Tail Valley Railroad Company, Inc. ("Lessee") and Amplicon, Inc. ("Amplicon").

Capitalized terms used in this Addendum without definition shall have the meanings set forth in the Lease, unless specifically modified. This Addendum is to be construed as supplemental to, and a part of, the Lease.

Lessee and Amplicon acknowledge and agree that the Lease is hereby amended with respect to Lease Schedule No. 01, as follows:

1. In addition to the other provisions of the Lease, Lessee agrees to perform and otherwise comply with all of the following:

(a) **Use and Maintenance:** Lessee shall use the Property only in the manner for which it was designed and intended. **[The Property shall be used by Lessee to transport railcars to and from any destination in the continental United States, on Lessee's own tracks, or on tracks on which Lessee has trackage rights, to the extent consistent with its prudent and lawful business purposes.]** Lessee agrees that, at its own cost and expense, it will at all times during the Term, (I) maintain, improve, service and repair the Property (including any parts installed on or replacements made to the Property and considered an accession thereto as herein below provided) which is subject to the Lease, and comply with its own preventative maintenance program with respect to Property of this type (pursuant to which the Property is inspected at designated periods and/or upon the occurrence of certain designated events, with repairs (if needed) made as determined by such inspections), any requirements pertaining to warranties of the manufacturer, reconditioned or other supplier (the "Supplier"), or insurance policies maintained by Lessee, and in all other respects in material compliance with the Supplier's bulletins, directives and manuals, so the Property will remain (A) in good operating order and condition (ordinary wear and tear, from proper use alone, excepted), (B) eligible for railroad interchange in accordance with all applicable Interchange Rules (as defined in paragraph (b) below), and otherwise in compliance with this Section, (C) in compliance with all of the insurance policies (if any) obtained and maintained by Lessee, and (D) in compliance in all respects with prevailing industry standards with respect to use of Equipment of this type by Class 1 railroads; and (ii) maintain all records, logs and other materials required by the Association of America Railroads, the Federal Railroad Administration, the Surface Transportation Board or the United States Department of Transportation, or any other governmental authority having jurisdiction over the Property or Lessee or Lessor (with respect to the Property), to be maintained in respect of such Property. In no event shall the Property be maintained with less care than the maintenance employed by Lessee for similar Property owned by or operated for or by Lessee. **[Without limiting the generality of any other provision of the Lease, Lessee agrees to be solely liable for, and to pay when due, all tariffs, switching fees and demurrage charges, when and if any or all of the same shall become due and payable in connection with the Property any time prior to the return of the Property in accordance with the provisions of the Lease.]**

In addition, if any parts or accessories forming part of the Property shall from time to time become worn out, lost, destroyed, damaged beyond repair or otherwise permanently rendered unfit for use, Lessee, at its own expense, will within a reasonable time replace such parts or accessories, or cause the same to be replaced, by replacement parts or accessories, or cause the same to be replaced, by replacement parts or accessories (which may be used parts or accessories) which are free and clear of all liens, encumbrances or rights of others and have a value and utility at lease equal to the parts or accessories replaced. Lessee shall not make any material alterations to the Property without the prior written consent of Lessor. All Property, accessories, parts and replacements for or which are added to or become attached to the Property which are essential to the operation of the Property; are installed in the course of ordinary maintenance of the Property; are required to cause Lessee to

## ADDENDUM "C"

Page two of five

comply with any of the provisions of the Lease (including, without limitation, any of the provisions hereof); or which cannot be detached from the Property without materially interfering with the operation of the Property or adversely affecting the value and utility which the Property would have had without the addition thereof, shall in each such case immediately become the Property of Lessor (and good and marketable title thereto shall be conveyed to Lessor, free and clear of all liens), and shall be deemed incorporated in the Property subject to the terms of the Lease as of the originally leased hereunder.

(b) Compliance with Laws: Lessee agrees, for the benefit of Lessor, to comply with all orders, statutes, rules, regulations, directives and other laws and requirements of the United States of America, and any and all jurisdictions in which its operations involving any of the Property may extend, with the Interchange Rules and with all rules of the United States Department of Transportation, the Surface Transportation Board, the Federal Energy Regulatory Commission, the Federal Railroad Administration, the United States Environmental Protection Agency and any other legislative, executive, administrative, regulatory or judicial body, agency or commission (whether Federal, State, local or otherwise) exercising any power or jurisdiction over the Property or any of the parties to the Lease or the related documents, to the extent that the foregoing affect the title, operation, possession or use of, or any other undertaking with respect to, the Property or are necessary to comply with applicable health, safety or environmental standards (all of the foregoing, the "Applicable Standards"), the enforcement of which would adversely affect Lessor or Lessor's title to, or ownership of, or residual interest in, the Property. For the purposes hereof, "Interchange Rules" means all codes, rules, regulations, interpretations, laws and orders governing the hire, use, condition, repair and all other matters pertaining to the interchange of freight traffic reasonably interpreted within the rail industry as being applicable to the Property, as adopted and in effect from time to time by the Association of American Railroads, or any successor, and in the event that such Applicable Standards require any alteration, replacement or addition of or to any part of the Property, Lessee will conform therewith at its own expense. Lessee will 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 Lessor) any and all reports (other than income tax returns) to be filed by Lessor with any Federal, state or other regulatory authority by reason of Lessor's rights, title and interests in the Property or the leasing thereof to Lessee.

(c) Identification Numbers: Lessee will cause the Property to be kept numbered with the identification number set forth in Annex A attached hereto, or in the case of any Property not there listed, such identification number as shall be set forth in any amendment or supplement thereto extending the Lease to cover such Property, and will keep and maintain such identification number plainly, distinctly, permanently and conspicuously marked on each side of the Property. Lessee will not place the Property in operation until such identification number shall have been marked on both sides of the Property and will replace promptly any such identification number which may be removed, obliterated, defaced or destroyed. Lessee will not change the identification number of the Property unless and until (in each case, at Lessee's expense) (i) a statement of new number or numbers to be substituted therefor shall have been received by Lessor and filed, recorded and deposited by Lessor in all public offices where the Lease (or any memorandum thereof) shall have been filed, recorded or deposited and (ii) Lessor shall have received an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect Lessor's interest in the Property, and no filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of Lessor in the Property.

2. In addition to the other Casualty Occurrences described in Section F of the Schedule, the following shall also constitute a Casualty Occurrence for the purposes of Section F of the Schedule:

Title to the Property shall be requisitioned or taken by any governmental authority under the power of eminent domain or otherwise, or the use of the Property shall be requisitioned or taken for a stated period, or such use has continued for a period, in excess of the lesser of the then remaining Term of the Lease or, in the case of a requisition or taking by any other governmental authority, six (6) months, or the use of the Property in the normal course of interstate rail transportation shall have been prohibited as a result of any applicable law or other action by a United States governmental authority for a continuous period in excess of the lesser of the then remaining Term of the Lease or six (6) months, or Lessee is unable to return the Property at the end of the Term of the Lease

## **ADDENDUM "C"**

**Page three of five**

because such unit has been return the Property at the end of the Term or the Lease because such unit has been requisitioned or taken by any governmental authority

3. Section H of the Schedule is deleted and the following substituted in lieu thereof:

At the expiration, cancellation or earlier termination of the Lease (including any renewal term; and so long as Lessee has not exercised any purchase option, if available), or upon Lessor's demand in connection with any Event of Default. Lessee shall, at its own expense, return the Property to Lessor on such date, (a) in the same condition as when delivered to Lessee hereunder, ordinary wear and tear resulting from proper use thereof alone excepted, (b) free and clear of all liens, encumbrances or rights of others whatsoever, (c) in the condition required by Section 1 above, (d) fully complying with all Applicable Standards, including, without limitation, the standards then in effect under the Interchange Rules for unrestricted service and Federal Railroad Administration Specifications, if applicable, and/or the applicable rules of any governmental agency or other organization with jurisdiction, (e) empty, clean and free of rust that would adversely affect the structural integrity of the Property, accumulations or deposits from the commodities including, without limitation, any Hazardous Substances (as defined in Section 13 of the Lease Agreement), (f) free of any marking other than markings pursuant to Section 1 above, and (g) having attached or affixed thereto any parts, alterations or additions and replacements considered an accession thereto as provided in Section 1 above. For the purpose of delivering possession of the Property as above required, Lessee shall at Lessor's request, and at Lessee's own cost, expense and risk: (i) cause the Property to be stored on such storage tracks at Lessee's facility or otherwise as Lessee reasonably may designate for up to one hundred-eighty (180) days of such return date at the risk of Lessee, and without charge for rent or storage until the Property has been sold, leased or otherwise disposed of or repossessed by Lessor and/or (ii) forthwith return the Property to any location specified by Lessor.

The assembling, delivery, storage and transporting of the Property as hereinbefore provided shall be at the expense of Lessee and are of the essence of the Lease, and upon application to any court of equity having jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so to assemble, deliver, store and transport the Property. During any storage period, Lessee will permit Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or user of the Property to inspect the same. All amounts earned in respect of the Property after the date of expiration or earlier cancellation or termination of the Lease shall belong to Lessor and, if received by Lessee, shall be promptly turned over to Lessor. In the event that any Property shall suffer a Casualty Occurrence after the cancellation, expiration or other termination of the Term, but prior to the return or storage thereof in the manner and condition required by this Section, Lessee shall pay to Lessor the Stipulated Loss Value thereof and all such other amounts, as and to the extent provided in Section F of the Schedule. The provisions of the Lease that provide that all or part of Lessee's obligations terminate upon the return of the Property to Lessor shall, whether or not expressly so stated, mean upon such return or storage under this Section. Lessor shall cause the Property to be inspected by an inspector selected by Lessor (subject to Lessee's reasonable approval) at least sixty (60) days prior to the scheduled return or storage of the Property, and Lessor promptly shall provide Lessee with said inspector's written report identifying those repairs necessary to put the Property in the condition required by the Lease. In the event that the Property is not in the condition required by the Lease, Lessee shall pay the reasonable costs of such inspection. Lessee may complete such repairs prior to the return or storage of the Property. if Lessee does not so repair, Lessee agrees to pay the cost of such repairs and further agrees to pay Lessor rent for the period of the time reasonably necessary to accomplish such repairs based on a daily pro-rated amount of the previous rent. Rent shall accrue at a daily pro-rated amount of the previous rent, for each day that Lessee does not return the Property as required, but such payment of rent does not intend the term of the Lease, and shall constitute liquidated damages and not a penalty (and are payable to Lessor in lieu of other monetary compensation to Lessor for such temporary unavailability).

4. The following is added to the end of Section 8 of the Agreement:

Without limiting the generality of the foregoing, at Lessee's sole cost and expense, Lessor will cause the Lease (or if directed by Lessor, a memorandum thereof) to be filed with the Surface Transportation Board pursuant to 49 U.S.C. Section 11301 prior to the delivery and acceptance under the Lease of the Property; and Lessee will

**ADDENDUM "C"**

**Page four of five**

(l) from time to time do and perform any other act and execute, acknowledge, deliver, file, register, record (and refill, reregister, deposit and redeposit or rerecord whenever required) any and all continuation statements and further instruments reasonably requested in writing by Lessor for the purpose of proper protection, to Lessor's satisfaction, of Lessor's interests in the Property, or for the purpose of carrying out the intention of the Lease; and (ii) promptly furnish to Lessor purpose or carrying out the intention or the Lease, and (ii) promptly furnish to Lessor evidence of all such filing, registering, depositing or recording.

5. The following new Section 13 is added to the Agreement:

13. **ADDITIONAL REPRESENTATIONS, WARRANTIES AND COVENANTS RELATING TO ENVIRONMENTAL LAW:**

(a) **Definitions:** As used herein, the following terms shall have the following meanings:

(1) "Adverse Environmental Condition" shall mean (i) the existence or the continuation of the existence, of an Environmental Contamination (including, without limitation, a sudden or non-sudden accidental or non-accidental Environmental Contamination), of, or exposure to, any substance, chemical, material, pollutant Hazardous Substance, odor or audible noise or other release or emission in, into or onto the environment (including without limitation, the air, ground, water or any surface) at, in, by, from or related to any of the Property, (ii) the environmental aspects of the transportation, storage, treatment or disposal of materials in connection with the operation of any Property, or (iii) the violation, or alleged violation, of any Environmental Law, permits or licenses of, by or from any governmental authority, agency or court relating to environmental matters connected with any of the Property.

(2) "Environmental Claim" shall mean any accusation, allegation, notice of violation, claim, demand, abatement or other order or direction (conditional or otherwise) by any governmental authority or any person for personal injury (including sickness, disease or death), tangible or intangible property damage, damage to the environment or other adverse effects on the environment, or the fines, penalties or restrictions, resulting from or based upon any Adverse Environmental Condition.

(3) "Environmental contamination" shall mean any actual or threatened release, spill, emission, leaking, pumping, injection, presence, deposit, abandonment, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment, or into or out of any of the Property, including, without limitation, the movement of any Hazardous Substance or other substance through or in the air, soil, surface water, groundwater or property.

(4) "Environmental Law" shall mean any present or future federal, foreign, state or local law, ordinance, order, rule or regulation and all judicial, administrative and regulatory decrees, judgments and orders, pertaining to health, industrial hygiene, the use, disposal or transportation of Hazardous Substances, Environmental Contamination, or pertaining to the protection of the environment, including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") (42 U.S.C. 9601 et seq.), the Hazardous Material Transportation Act (49 U.S.C. 1801 et seq.), the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. 6901 et seq.), the Clean Air Act (42 U.S.C. 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. 2601 et seq.), the Occupational Safety and Health Act (19 U.S.C. 651 et seq.), and the Hazardous and Solid Waste Amendments (42 U.S.C. 2801 et seq.), as these laws have been or may be amended or supplemented, and any successor thereto, and any analogous foreign, state or local statutes, and the rules, regulations and orders promulgated pursuant thereto.

(5) "Environmental Loss" shall mean any loss, cost, damage, liability, deficiency, fine, penalty or expense (including, without limitation, reasonable attorneys' fees, engineering and other professional or expert fees), investigation, removal, cleanup and remedial costs (voluntarily or involuntarily incurred) and damages to, loss of the use of or decrease in value of any of the Property arising out of or related to any Adverse Environmental Condition.

**ADDENDUM "C"**

**Page five of five**

(6) "Hazardous Substances" shall mean and include hazardous substances as defined in CERCLA; oil of any kind, petroleum products and their by-products, including, but not limited to, sludge or residue; asbestos containing materials; polychlorinated biphenyls; any and all other hazardous or toxic substances; hazardous wastes, as defined in CERCLA; those substances listed in the United States Department of Transportation Table (49 C.F.R. 172.101); radioactive materials, and all other pollutants, contaminants and other substances regulated or controlled by the Environmental Laws and any other substance that requires special handling in its collection, storage, treatment or disposal under the Environmental Laws.

(b) **Return:** In addition to any other return requirements provided in the Lease, Lessee agrees that if required to return the Property or any item thereof to Lessor, Lessee agrees that if required to return the Property of any item thereof to Lessor, Lessee shall return such Property free from all Hazardous Substances and otherwise fully in compliance with an Environmental Laws.

(c) **Indemnity:** In addition to any other indemnity provided in the Lease or elsewhere, Lessee shall fully and promptly pay, perform, discharge, defend, indemnify and hold harmless Lessor and each assignee or other transferee of any of Lessor's rights, title or interests in the Lease or the Property, from and against, any Environmental Claim or Environmental Loss resulting from acts or circumstances arising prior to the later of the expiration of the Term or, if applicable, the return of the Property.

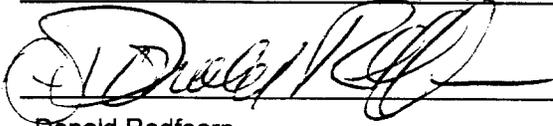
(d) **Notice:** In addition to any other notice requirements provided for in the Lease or elsewhere, Lessee agrees to provide Lessor with written notice promptly after having actual knowledge (i) of any rescission of any license, permit, order or approval referenced in clause (3) of paragraph (c) above, and (ii) of the Property becoming subject to, or causing or threatening to cause, any Environmental Contamination in violation of applicable law.

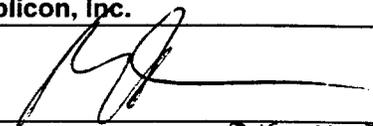
(e) **Survival:** The provisions of this Section 13 shall survive any cancellation, expiration or termination of the Lease.

Except as expressly modified hereby, all terms and provisions of the Lease shall remain in full force and effect. This Addendum is not binding or effective with respect to the Lease or Property until executed on behalf of Lessor and Lessee by authorized representatives of Lessor and Lessee, respectively.

In all other respects, the terms and conditions of the Lease, as originally written, shall remain in full force and effect. The Lease, as amended herein, sets forth the entire and final understanding between the parties with respect hereto. The terms of this Addendum have been negotiated and jointly drafted by Amplicon and Lessee and, therefore, the language of the Addendum shall not be construed in favor or against either party. The undersigned represent that they have the authority to enter into the Lease, and that the same shall be legally binding and enforceable on the respective principals.

IN WITNESS WHEREOF the parties hereto, by their authorized signatories, have executed this Addendum at the date set forth below their respective signatures.

LESSEE: Otter Tail Valley Railroad Company, Inc.  
BY:   
NAME: Donald Redfearn  
TITLE: Secretary  
DATE: 6-20-97

Amplicon, Inc.  
BY:   
NAME: Michael J. Puvion  
~~Conrad F. Hohener~~ Barren S. Higuchi  
TITLE: Assistant Vice President  
DATE: 07/02/97



5 HUTTON CENTRE DRIVE, SUITE 500 • SANTA ANA, CALIFORNIA 92707  
 714.751-7551 • 800.755-5055 • FACSIMILE 714.751-7557

# DELIVERY ORDER

LEASE AGREEMENT ORDER NO.	OL-09514
LEASE SCHEDULE NO.	01

<b>LESSEE</b> Otter Tail Valley Railroad Company	<b>LOCATION OF PROPERTY</b> Same						
<b>STREET</b> 200 North Mill Street	<b>STREET</b>						
<b>CITY</b> Fergus Falls	<b>STATE</b> MN	<b>COUNTY</b> Otter Tail	<b>ZIP</b> 56537	<b>CITY</b>	<b>STATE</b>	<b>COUNTY</b>	<b>ZIP</b>
<b>ATTENTION</b> John H. Marino				<b>ATTENTION</b>			
<b>TITLE</b> Assistant Secretary		<b>PHONE NO.</b> (407) 994-6015		<b>TITLE</b>		<b>PHONE NO.</b>	

## PROPERTY

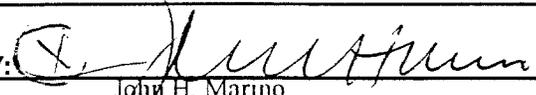
ITEM	QUANTITY	DESCRIPTION	<input type="checkbox"/> P.O.#	<input type="checkbox"/> S.N.#
		Various new and used railraod equipment to be more fully described on Exhibit "A" at a later date.		
<b>MONTHLY RENT</b> \$4.150.00 Plus Applicable Sales/Use Tax		<b>MANDATORY BALLOON</b> N/A	<b>TERM IN MONTHS</b> Sixty (60)	<b>AUTHORIZATION DATE</b> 12/11/96

## ACCEPTANCE CERTIFICATE

Lessee certifies that effective the Authorization Date herein, the Property, set forth above, pursuant to the Lease Schedule and Lease Agreement Order No. referenced above, is received and accepted by us as installed, tested and ready for use, Lessor is authorized to pay the supplier(s), and billing pursuant to the Lease Agreement Order is appropriate.

### ACCEPTED BY:

\_\_\_\_\_  
 Otter Tail Valley Railroad Company

BY:   
 John H. Marino  
 TITLE: Assistant Secretary

December 9, 1996

Otter Tail Valley Railroad Company, Inc.  
200 North Mill Street  
Fergus Falls, Minnesota 56537

RE: Lease Agreement Order No. OL-09514 dated 12/11/96 (the "Agreement") by and between Amplicon, Inc. ("Amplicon"), and, Otter Tail Valley Railroad Company, Inc. as Lessee, and Lease Schedule No.(s) 01 (collectively, the "Lease")

Dear Ladies and Gentlemen:

Amplicon is hereby notifying you of the assignment of the base lease term rental payments as described below and, in connection therewith and pursuant to Section I of the Lease Schedule, the assignment of the above-referenced rights but not obligations of the above-referenced Lease to General Electric Capital Corporation ("GE Capital"). All capitalized terms used herein which are not otherwise defined shall have the respective meanings given to them in the Lease. By affixing your signature below, you hereby confirm:

1. The above-referenced Agreement and Schedule, and all related agreements to the Lease (copies of which are attached hereto) are the only agreements between you and Amplicon with respect to the leased property as described therein (the "Property"), and there are no setoffs, counterclaims or defenses that may be asserted against GE Capital;
2. There are fifty-two (52) assigned base lease term monthly payments of rent due under the Lease, each in the amount of \$7,262.50, (collectively, the "Assigned Rentals"). Such assignment is effective as of September 1, 1997. Beginning with such date, Lessee is hereby directed to send all Assigned Rentals, casualty and/or stipulated loss values due and payable under the Lease to GE Capital. Payments of such amounts by you are absolute obligations and shall not be subject to any abatement, reduction, set-off, defenses, counterclaim, interruption, deferment or recoupment for any reason whatsoever, and such payments shall be and continue to be payable in all events; and
3. Amplicon has granted to GE Capital a security interest in the Property. Amplicon, however, at all times retains title to the Property and retains certain other rights and interests under the Lease (the "Retained Rights") which survive Lessee's final payment to GE Capital of the Assigned Rentals, and such rights and interests of Amplicon are not extinguished by virtue of the assignment between Amplicon and GE Capital. Lessee, by its signature below, acknowledges and agrees to the foregoing.

**GENERAL ELECTRIC CAPITAL CORPORATION**

4 North Park Drive, Suite 500  
Hunt Valley, MD 21030

**Attn: Manager Credit Operations**

All notices given by you under the Lease shall be sent via certified mail to both GE Capital at the above address and to Amplicon, Inc. at 5 Hutton Centre Dr., Ste. 500, Santa Ana, CA 92707.

Lessee hereby represents and agrees as follows: (i) the Lease is in full force and effect, and no Event of Default (as defined in the Agreement) or event which with notice or lapse of time or both would become an Event of Default has occurred and is continuing, (ii) the execution and delivery of the Lease by Lessee and the performance of its obligations thereunder was duly authorized by all necessary corporate action of Lessee, and the Lease constitutes a valid, binding agreement of Lessee, enforceable in accordance with its terms; (iii) the Agreement and Schedule No. 01 together represent the sole agreement between Amplicon and Lessee respecting the Property and the rentals and other payments due for the Property under the Lease, and Lessee has entered into no other agreement, whether written or oral, with Amplicon with respect to the Property; (iv) Lessee has not made any prepayments of any Assigned Rentals or other payments due under the Lease; (v) Lessee has not placed or allowed to be placed any lien, claim, or encumbrance on the Property; (vi) Amplicon has not improperly interfered with Lessee's quiet enjoyment of the Property; (vii) Lessee's obligation to make all payments as set forth in the Lease is unconditional and Lessee will make all of said payments, including any termination or casualty payments, in accordance with the

instructions herein set forth unless otherwise notified in writing by GE Capital and without any right of setoff, defense or counterclaim, notwithstanding any past, present or future claim which Lessee has or may have against Amplicon, any defect in the Property being leased, any damage or loss to all or any portion of the Property, or any other cause or reason whatsoever; (viii) the number of Assigned Rentals remaining under the Lease and the amount of those payments is set forth in paragraph 2, above; (ix) the provisions of the Lease may not be amended, modified or waived without the prior written consent of GE Capital and Amplicon; (x) all of the Property has been delivered and installed and has been found to be acceptable and satisfactory to Lessee; (xi) the Lessee's representations and warranties set forth in the Agreement are true and correct on the date hereof and are hereby reaffirmed for the benefit of GE Capital and Lessee acknowledges that if any representation or warranty made by Lessee in connection with the Lease shall be false or misleading in any material respect it shall be any event of default under the Lease; (xii) GE Capital shall enjoy all of Amplicon's rights (except for Amplicon's Retained Rights) and privileges under the Lease; (xiii) the original executed copy of each Schedule which has been delivered to GE Capital by Amplicon is the only "Original"; (xiv) Lessee agrees to provide GE Capital with annual audited financial statements within 90 days of the close of each fiscal year and upon GE Capital's request, with quarterly financial statements in a form reasonably acceptable to GE Capital; (xv) Lessee shall continue to pay directly or reimburse Amplicon for all taxes due under Section B of the Lease Schedule (xvi) Lessee has procured insurance coverage and acknowledges that Lessee's breach of any of its insurance obligations under Section E of the Lease Schedule shall be an event of default under the Lease (xvii) Lessee's obligations under the Lease which expressly survive termination of the Lease shall remain in full force after termination thereof;

This acknowledgment is executed for the purpose of inducing GE Capital to finance the Lease. The parties hereto agree that this acknowledgment may be executed in three counterparts, each of which shall be deemed an original for all purposes, but all of which together shall constitute one and the same instrument. Please promptly return two fully executed counterparts of this acknowledgment to Lessor.

WITNESS the due execution hereof as of the 10th day of December, 19 96

**ACKNOWLEDGED AND AGREED:**

Otter Tail Valley Railroad Company, Inc.  
(Lessee)

BY: [Signature]  
NAME: John H. Marino  
TITLE: Assistant Secretary  
DATE: 12/10/96

Amplicon, Inc.

BY: [Signature]  
NAME: Conrad F. Hohener <sup>Michael J. Purcell</sup> ~~Darren S. Higuchi~~  
TITLE: Assistant Vice President  
DATE: 12/11/96

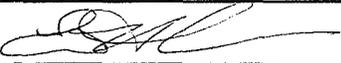
General Electric Capital Corporation  
(Assignee)

BY: [Signature]  
NAME: Erik Holm  
TITLE: Credit Analyst

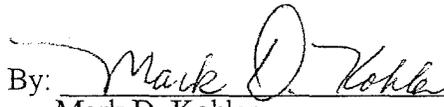
Baltimore, MD  
Nancy E. Pegram  
Commissioned as: Nancy E. Horack commission expires: 8/20/98  
OTTER1.008 (Notary)

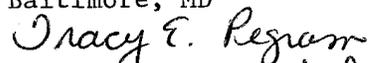
## COUNSEL CERTIFICATE OF INCUMBENCY AND AUTHORITY

I, Mark D. Kohler, do hereby certify that I am the Region Counsel of General Electric Capital Corporation ("GE Capital"), a New York corporation; that the person whose name, title and signature appear below is duly elected (or appointed), qualified and acting employee of said Corporation and hold on the date of this Certificate and on the date of execution of the Lease or Loan documents the offices set opposite the respective name; that the signature appearing opposite their respective name is the genuine signature of such employee; that such employee is duly authorized for and on behalf of said Corporation to execute and deliver any lease ("Lease") or loan ("Loan") agreement between various lessees and borrowers and GE Capital and all agreements, documents, and instruments in connection therewith including without limitation, documents for the assignment of such Lease or Loan and that the execution and delivery of any such Lease or Loan agreement, and all agreements, documents, and instruments in connection therewith on behalf of GE Capital is not prohibited by or in any manner restricted by the terms of GE Capital's Certificate in Incorporation or its by-laws.

<u>NAME OF EMPLOYEE</u>	<u>TITLE OF EMPLOYEE</u>	<u>SIGNATURE OF EMPLOYEE</u>
Erik N. Anderson	Credit Analyst	

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of October, 1997.

By:   
Mark D. Kohler  
Region Counsel  
General Electric Capital Corporation

Baltimore, MD  
  
Commissioned as: Tracy E. Houck  
(Notary)  
My commission expires: 8/20/98