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18638
RECORDATION NO. _____ FILED 1425

DEC 30 1994 -2 35 AM

INTERSTATE COMMERCE COMMISSION

6 W. HUBBARD STREET
SUITE 500
CHICAGO, ILLINOIS 60610
312-527-2300
TELECOPIER: 312-527-2023

December 29, 1993

Mr. Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mr. Strickland:

Enclosed for recordation in your office pursuant to the provisions of 49 U.S.C. §11303 are two original counterparts of a Rail Equipment Lease Agreement dated as of December 1993 ("Lease"), a primary document as defined in the Interstate Commerce Commission's Rules for the Recordation of Documents, 49 CFR §1177.

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

Lessor: The First National Bank of Maryland
25 South Charles
Baltimore, Maryland 21201

Lessee: Wisconsin Central Ltd.
6250 North River Road
Suite 9000
Rosemont, Illinois 60017-5062

The railroad equipment covered by the enclosed document is designated with particularity in Schedules A through C to the Lease being transmitted by this letter.

Enclosed is a check payable to the order of the Interstate Commerce Commission covering the recordation fee.

Please return the stamped copy of the enclosed document to Debora J. Choate, Esq., McLachlan, Rissman & Doll, 6 West Hubbard Street, Suite 500, Chicago, Illinois 60610.

A short summary of the enclosed primary document to appear in the Interstate Commerce Commission's files is as follows:

Edward M. Lewis

Deborah J. Choate

RECORDATION NO. 18638 FILED 1425

DEC 30 1994 -2 35 AM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE

Dated as of December 30, 1993

Between

THE FIRST NATIONAL BANK OF MARYLAND

LESSOR

And

WISCONSIN CENTRAL LTD.

LESSEE

(Wisconsin Central No. 12-30-43)
21 Locomotives
200 Coal Cars
50 Flatcars

This Equipment Lease and the Rentals and other sums due and to become due hereunder may be assigned by the Lessor as provided in Section 16 hereof to and made subject to a security interest in favor of a bank or trust company, as security trustee, or a financial institution, as lender. Any party intending to give consideration for any assignment by the Lessor of this Equipment Lease or any of the Lessor's rights hereunder should first determine whether any such prior assignments or security agreements providing for such assignments have been filed and recorded with the office of the Secretary of the Interstate Commerce Commission.

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EQUIPMENT LEASE

THIS EQUIPMENT LEASE dated as of December 30, 1993 is between THE FIRST NATIONAL BANK OF MARYLAND, a national banking association (the "Lessor"), and WISCONSIN CENTRAL LTD., an Illinois corporation (the "Lessee").

RECITALS

A. Lessor has arranged to acquire the Items of Equipment from the Seller for the purpose of leasing the Items of Equipment to Lessee pursuant to this Lease.

B. The capitalized terms used in this Lease shall have the respective meanings indicated in Annex I hereto unless elsewhere defined herein. Where any provision in this Lease refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

C. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Lease, this shall be done in accordance with generally accepted accounting principles at the time in effect, to the extent applicable, except where such principles are inconsistent with the requirements of this Lease.

SECTION 1. LEASE AND DELIVERY OF EQUIPMENT.

1.1 *Intent to Lease and Hire.* The Lessee shall lease and let and the Lessor shall hire to the Lessee each Item of Equipment for the rental and on and subject to the terms and conditions herein set forth.

1.2 *Inspection and Acceptance.* The Lessor will cause each Item of Equipment to be tendered to the Lessee. Upon such tender, the Lessee will cause an inspector designated and authorized by the Lessee to inspect the same, and, if such Item of Equipment is found to be in good order, to accept delivery of such Item of Equipment and to execute and deliver to the Lessor a Certificate of Acceptance (in substantially the form attached hereto as *Exhibit A*) with respect to such Item of Equipment.

1.3 *Certificate of Acceptance.* The Lessee's execution and delivery of a Certificate of Acceptance with respect to each Item of Equipment pursuant to Section 1.2 hereof shall conclusively establish that, as between the Lessor and the Lessee, but without limiting or otherwise affecting the Lessee's or the Lessor's rights, if any, against the Seller such Item of Equipment is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that such Item of Equipment is in good order and condition and conforms to the specifications applicable thereto and to all applicable United States Department of Transportation and Interstate Commerce Commission requirements and specifications, if any.

SECTION 2. RENTAL AND PAYMENT DATES.

2.1 *Rent for Equipment.* The Lessee agrees to pay the Lessor the following rent for each Item of Equipment:

- (a) **Interim Rent.** If a Closing Date occurs prior to January 1, 1994, the Lessee shall pay Interim Rent ("Interim Rent") for each Item of Equipment in a single installment due on January 1, 1994 (the "Base Term Commencement Date") in the amount per day set forth in the Lease Supplement for the period from and including the Closing Date for such Item to and including December 31, 1993.
- (b) **Fixed Rent.** Rent (the "Fixed Rent") shall be payable for the Base Term in 48 consecutive quarterly installments, payable in arrears on March 31, 1994, June 30, 1994, September 30, 1994 and December 31, 1994 and on each Rent Payment Date thereafter in the amounts set forth in the Lease Supplement.
- (c) **Additional Rent.** In addition to the foregoing rental, the Lessee agrees to pay to the Lessor, or to whomsoever shall be entitled thereto, any and all Additional Rent, promptly as the same shall become due and owing, and in the event of any failure on the part of the Lessee to pay any Additional Rent, the Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of Fixed Rent.

2.2 *Business Days.* If any Rent Payment Date is not a Business Day, the rent payment otherwise payable on such date shall be payable on the immediately following Business Day.

2.3 *Place and Manner of Rent Payment.* The payments to be made by the Lessee under this Lease shall be made as follows:

- (a) The installments of Interim Rent and Fixed Rent, the entire amount of any payments of Casualty Value or other payment pursuant to Section 11, any payment of the purchase price of the Equipment pursuant to Section 18, and any payment pursuant to Section 14, shall be paid to the Lessor by check mailed to the address of the Lessor provided for payments in Section 20.1 hereof; provided that in the event the Lessee shall have received notice pursuant to Section 16 that Lessor shall have assigned its rights to receive any of such payments to any Person, then the Lessee shall thereafter make such assigned payments by check mailed to such Person designated in such notice or as otherwise designated from time to time in writing by such Person;
- (b) The amount of any payment owing to the Lessor pursuant to Section 6, shall be made directly to the Lessor by check mailed to the address of the Lessor provided for payments in Section 20.1;
- (c) The amount of any interest due in respect of the late payment of any rentals or other amounts pursuant to Section 20.10 hereof and any amounts advanced pursuant to Section 20.2 and any interest thereon shall be paid to the party and in the manner herein provided to receive said rental or other amount by check mailed as specified to such party as aforesaid or as instructed in writing by such party; and
- (d) All payments other than those above specified shall be made by the Lessee directly to the party to receive the same.

All payments made by the Lessee shall be effective upon receipt.

2.4 *Net Lease.* This Lease is a net lease and the Lessee's obligation to pay all Interim Rent, Additional Rent and Fixed Rent and other amounts payable hereunder shall be absolute and unconditional under any and all circumstances and, without limiting the generality of the foregoing, the Lessee shall not be entitled to any abatement of Rent or reduction thereof or setoff against Rent, including, but not limited to, abatements, reductions or setoffs due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise or against any assignee of the Lessor pursuant to Section 16; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of or requisitioning of the Equipment by condemnation or otherwise, the prohibition of Lessee's use of the Equipment (other than by the Lessor's material breach of the Lessee's right of quiet enjoyment), the interference with such use by any private Person, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Rent and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to and in accordance with the terms of Section 13 or 15 hereof, the Equipment has been returned to the possession of the Lessor (for all purposes of this Lease any Item of Equipment shall not be deemed to have been returned to the Lessor's possession until all of the Lessee's obligations with respect to the return, transportation and storage thereof have been performed). To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Items of Equipment except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final, and the Lessee shall not seek to recover all or any part of such payment from the Lessor or any assignee pursuant to Section 16 for any reason whatsoever.

SECTION 3. TERM OF THE LEASE.

The interim term of this Lease (the "Interim Term") as to each Item of Equipment shall commence on the Closing Date thereof and shall terminate upon the commencement of the Base Term. The base term of this Lease (the "Base Term") as to each Item of Equipment shall begin on the Base Term Commencement Date and shall terminate on December 31, 2005, subject to earlier termination pursuant to Sections 11 and 14. Subject and pursuant to the terms of Section 18 hereof, the Lessee may elect one or two Renewal Terms.

Rail Equipment Lease Agreement dated as of December 1993, by and between The First National Bank of Maryland, lessor, and Wisconsin Central Ltd., lessee, covering rail equipment.

McLachlan, Rissman & Doll

By: Debra J. Choate

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT.

4.1 *Retention of Title.* The Lessor, as between the Lessor and the Lessee, shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to and possession and use thereof by the Lessee.

4.2 *Duty to Number and Mark Equipment.* The Lessee will cause each Item of Equipment to be kept numbered with such road numbers as are set forth in *Schedules A, B and C* hereto, as applicable. If requested by Lessor in writing, the Lessee will promptly cause each Item of Equipment to be marked, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked, by a plate or stencil printed in contrasting colors upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"LEASED FROM A CORPORATION AS FILED WITH THE
INTERSTATE COMMERCE COMMISSION"

or other appropriate markings designated by Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 16. If a legend has been placed on the Equipment at Lessor's request, Lessee will replace promptly any such names and word or words which may be removed, defaced, obliterated or destroyed. The Lessee will not change the road number of any Item of Equipment except in accordance with a statement of new road numbers to be substituted therefor, which statement previously shall have been delivered to the Lessor by the Lessee and filed, recorded or deposited (at Lessee's expense) in all public offices where this Lease shall have been filed, recorded or deposited.

4.3 *Prohibition against Certain Designations.* Except as above provided, the Lessee will not allow the name of any Person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its Affiliates on railroad equipment used by it or its Affiliates of the same or a similar type for convenience of identification of the right of the Lessee or its Affiliates to use the Equipment under this Lease.

SECTION 5. DISCLAIMER OF WARRANTIES; WARRANTY ASSIGNMENTS.

(a) THE LESSEE ACKNOWLEDGES AND AGREES THAT (i) THE EQUIPMENT AND EACH ITEM THEREOF IS OF A SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY AND ACCEPTABLE TO THE LESSEE, (ii) THE LESSEE IS SATISFIED THAT THE EQUIPMENT AND EACH ITEM THEREOF IS SUITABLE FOR ITS PURPOSES, (iii) THE LESSOR IS NOT A MANUFACTURER NOR A DEALER IN PROPERTY OF SUCH KIND, (iv) THE EQUIPMENT AND EACH ITEM THEREOF IS LEASED HEREUNDER SUBJECT TO ALL APPLICABLE LAWS AND GOVERNMENTAL REGULATIONS NOW IN EFFECT OR HEREAFTER ADOPTED AND IN THE STATE AND CONDITION OF EVERY PART THEREOF WHEN THE SAME FIRST BECAME SUBJECT TO THIS LEASE, WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND BY THE LESSOR, AND (v) AS BETWEEN THE LESSOR AND THE LESSEE, THE LESSOR LEASES THE EQUIPMENT AND EACH ITEM THEREOF, AS-IS, WHERE-IS WITHOUT WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AND HEREBY DISCLAIMS ANY REPRESENTATION OR WARRANTY AS TO (A) THE TITLE, CONDITION, FITNESS FOR ANY PARTICULAR PURPOSE, DESIGN, DESCRIPTION, OPERATION OR MERCHANTABILITY THEREOF, (B) THE LESSOR'S TITLE THERETO, (C) THE LESSEE'S QUIET ENJOYMENT THEREOF (EXCEPT THAT THE LESSOR AGREES NOT TO WRONGFULLY INTERFERE WITH THE LESSEE'S QUIET ENJOYMENT THEREOF), (D) THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREOF OR CONFORMITY THEREOF TO SPECIFICATIONS, FREEDOM FROM PATENT, COPYRIGHT OR TRADEMARK INFRINGEMENT, THE ABSENCE OF ANY LATENT OR OTHER DEFECT, WHETHER OR NOT DISCOVERABLE, OR AS TO THE ABSENCE OF ANY OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, OR (E) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. It is agreed that, as between the Indemnified Parties and the Lessee, all risks incident to the matters discussed in the preceding sentence are to be borne by the Lessee. The provisions of this Section 5 have been negotiated by the Lessor and the Lessee and are intended to be a complete exclusion and negation of any representations or warranties of the Indemnified Parties, express or implied, with respect to the Equipment or any Item thereof that may arise pursuant to any law now or hereafter in effect, or otherwise.

(b) The parties acknowledge that this is a "sale-leaseback" transaction, and that Seller has heretofore acquired title to the Equipment from the manufacturer, a supplier or another seller. Lessor agrees to assign to the Lessee, without representation or warranty of any kind as to legality or validity to the Lessee, at Lessee's request and so long as no Event of Default should have occurred and be continuing under this Lease, all rights which Lessor may have with respect to the Equipment against the Seller or any manufacturer or supplier, including, without limitation, all claims under any indemnities or warranties, whether for condition of goods, patent or otherwise, and any other rights arising under any purchase orders or agreements pertaining to the Equipment. If at any time a Default or Event of Default

shall have occurred and be continuing, notwithstanding any assignment of claims or rights pursuant to the foregoing sentence, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights, and provided, further, that the Lessor has, at any other time, the right, but not the obligation, to proceed on its own behalf and at its own expense, against the Seller or any manufacturer or supplier. Lessor shall, at the Lessee's request and at Lessee's expense, cooperate in the enforcement of any indemnities or warranties or the prosecution of any claims by the Lessee against the Seller or any manufacturer or supplier under this paragraph (b).

(c) The Lessor shall have no responsibility or liability to the Lessee or any other Person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Item of Equipment or by any inadequacy thereof or deficiency or defect therein or by any other circumstance in connection therewith; (ii) the use, operation or performance of any Item of Equipment or any risks relating thereto; (iii) any interruption of service, use, loss of business or anticipated profits or consequential damages; (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Item of Equipment; or (v) any incidental or consequential damages. The Lessee's delivery of the Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that all Items of Equipment described therein are in all the foregoing respect satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

SECTION 6. LESSEE INDEMNITIES.

6.1 *General Indemnity.* (a) The Lessee hereby agrees to assume liability for, and does hereby agree to indemnify, protect, save and keep harmless each Indemnified Party (on an After-Tax Basis) from and against any and all loss or damage to the Equipment, usual wear and tear excepted (taking into account the provisions of Sections 7, 8 and 11), and any and all liabilities, obligations, losses, damages, penalties, claims (including claims by any employee of the Lessee or any of its contractors), actions, suits and related costs, expenses and disbursements, including reasonable legal fees and expenses, of whatsoever kind and nature (for purposes of this Section 6 collectively called "Expenses"), imposed on, asserted against or incurred by any Indemnified Party, in any way relating to or arising out of (i) the Operative Agreements, (ii) the manufacture, modification, acquisition, purchase, rejection, documenting, registration, reregistration, repair, storage, return, construction, installation, ownership, delivery, lease, possession, use, operation or condition of the Equipment or any Item or part thereof (including, without limitation, latent and other defects, whether or not discoverable by the Indemnified Party or the Lessee, and any claim for patent, trademark or copyright infringement and all liabilities, obligations, losses, damages and claims in any way relating to or arising out of injury to Persons, properties or the environment or strict liability in tort or violations of any regulatory law or requirement), or (iii) the sale or return or other disposition of the Equipment or any Item thereof pursuant to Section 11, 14 or 18, except only that the Lessee shall not be required to indemnify any Indemnified Party pursuant to this Section 6.1 for: (A)

any Taxes, it being agreed that the indemnity for Taxes is intended to be provided by Section 6.2, (B) Expenses resulting from the willful misconduct, gross negligence or material default in the performance by such Indemnified Party under any Operative Agreement, and (C) transaction costs to be paid by such Indemnified Party pursuant to Section 2 of the Agreement to Sell and Lease, if any. Except to the extent attributable to the failure of the Lessee fully to discharge its obligations under this Lease, the indemnities contained in this Section 6.1 with respect to the matters described in clauses (i) and (ii) above shall apply only to acts (or failures to act) or events or conditions or Expenses which exist or existed on or prior to, or are attributable to the period prior to, the termination of this Lease, or which arise in connection with the Lessee's assembling, delivering, storing or transporting of the Equipment as provided in Section 13 or 15, as the case may be. If any Indemnified Party shall have knowledge of any claim or liability hereby indemnified against, it shall give prompt written notice thereof to the Lessee; *provided, however*, that the failure of such Indemnified Party to give such notice shall not relieve the Lessee of any of its obligations hereunder. So long as no Default or Event of Default has occurred and is continuing, the Lessee may, at its expense, in good faith and by appropriate legal proceedings, contest or defend an asserted claim or liability for which it is indemnifying under this Section 6.1 so long as, in the reasonable opinion of the Indemnified Party, such defense is being diligently conducted by Persons reasonably satisfactory to the affected Indemnified Parties. Any dispute or claim or action in the name of the Lessor shall not be settled or otherwise finalized without the Lessor's prior written consent, which consent shall not be unreasonably withheld.

(b) All amounts payable by the Lessee pursuant to this Section 6.1 shall be payable directly to the parties entitled to indemnification. All the indemnities contained in this Section 6.1 shall continue in full force and effect notwithstanding the expiration or other termination of this Lease and are expressly made for the benefit of, and shall be enforceable by, each Indemnified Party. The Lessee's obligations under this Section 6.1 shall be that of primary obligor irrespective of whether the Indemnified Party shall also be indemnified with respect to the same matter under any other agreement by any other Person.

(c) The indemnities and assumptions of liabilities set forth in this Section 6.1 do not guarantee a residual value of the Equipment or any Item thereof.

(d) Upon the payment in full of any indemnities as contained in this Section 6.1 by the Lessee, and provided that no Default or Event of Default shall have occurred and be continuing, the Lessee shall be subrogated to any right of such Indemnified Party (except where the Lessee is also indemnifying a Person against whom the Indemnified Party has rights in respect of the matter against which indemnity has been given). Any payments received by such Indemnified Party from any Person (except the Lessee) as a result of any matter with respect to which such Indemnified Party has been paid in full pursuant to the indemnity provided for by the Lessee pursuant to this Section 6.1 shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made to and retained by such Indemnified Party; *provided* that (i) such sum shall not be

payable before such time as the Lessee shall have made all payments (including indemnity payments pursuant to this Section 6.1) then due pursuant to any of the Operative Agreements and (ii) no Default or Event of Default shall have occurred and be continuing.

6.2 General Tax Indemnity. (a) All payments to be made by the Lessee hereunder will be free of all withholdings of any nature (including withholding taxes, monetary transfer fees or similar taxes and charges, but not including any such taxes or charges excluded from indemnification hereunder). The Lessee agrees to pay, and indemnify and hold each Indemnified Party harmless, on an After-Tax Basis, from any and all fees (including, without limitation, license, filing, recording, documentation and registration fees) and all taxes (including, without limitation, franchise taxes), assessments, rates and charges, excises, permit fees, inspection fees, levies, imposts, duties, charges or withholdings of any nature whatsoever, including, without limitation, sales, gross receipts, transfer, property, stamp, use or similar taxes, together with any penalties, fines or interest thereon (herein called "taxes or other impositions") imposed against any Indemnified Party, the Lessee, the Equipment or any Item or part thereof by any Federal, state or local government or taxing authority in the United States or by any foreign country or subdivision thereof, or by any international organization, upon or with respect to the Equipment or any Item or part thereof, or upon the repair, abandonment, storage, rejection, condition, modification, maintenance, storage, subleasing, transfer of title, registration, transfer of registration, purchase, ownership, substitution, sale, delivery, leasing, possession, use, operation, return or other disposition thereof, or upon the rentals, the receipt of earnings arising therefrom, or upon or with respect to this Lease or upon the Rent or other sums payable by the Lessee hereunder or with respect to the other Operative Agreements, any payment made pursuant to any such agreement, or the property, the income or other proceeds received with respect to the transactions contemplated by the Operative Agreements (all such fees, taxes, assessments, rates and charges, excises, levies, imposts, duties, charges and withholding, and all penalties, additions to tax and interest imposed in connection therewith being hereinafter called "Taxes"); *provided, however*, that the foregoing indemnity shall not apply to any income, franchise and capital taxes measured by gross or net income (including any minimum or alternative minimum income taxes and any income taxes on or measured by items of tax preference), gross receipts, capital or net worth (including, without limitation, any such taxes collected by withholding), other than taxes in the nature of or in lieu of sales, use or a similar type of taxes (hereinafter referred to as "Income Taxes") imposed by (A) the United States Federal government, or (B) any state, local or other taxing jurisdiction in which the affected Indemnified Party maintains an office or place of business or in which the Indemnified Party is subject to taxes by reason of activities wholly unrelated to the transactions contemplated by the Operative Agreements.

(b) In the event any reports with regard to Taxes (other than Income Taxes) are required to be made with respect to the Equipment or any Items thereof, the Lessee will, where permitted to do so under applicable rules or regulations, make and timely file such reports in such a manner as to show the interest of the Lessor and

any other Indemnified Party therein as shall be reasonably satisfactory to each thereof or, where not so permitted, will, as soon as the Lessee has knowledge thereof, notify the Lessor and any other Indemnified Party of such requirement and will assist in preparation of such reports by the Lessor or any other Indemnified Party in such manner as shall be reasonably satisfactory to each thereof. Each Indemnified Party shall respond promptly to any reasonable request by the Lessee for information within such Person's control with respect to the preparation or filing of any report. Unless otherwise required by law, the Lessee shall include the Equipment in the *ad valorem* tax returns to be filed by the Lessee in the applicable states or localities and, unless otherwise required by law, no Indemnified Party shall include the Equipment in any *ad valorem* or other similar tax returns filed by it in such states or localities.

(c) Notwithstanding anything to the contrary in Section 6.2(a), the actions or omissions of any Indemnified Party shall not, in any way, impair the right of any other Indemnified Party to indemnification for Taxes which, but for such actions or omissions, would be indemnifiable hereunder or under the Tax Indemnity Agreement.

(d) Payment shall be made by the Lessee no later than the date on which the Indemnified Party must pay such Taxes.

(e) All amounts payable by the Lessee pursuant to this Section 6.2 shall be payable directly to the Indemnified Party except to the extent paid to a governmental agency or taxing authority. All the indemnities contained in this Section 6.2 are expressly made for the benefit of, and shall be enforceable by, the Lessee and each Indemnified Party. The Lessee's obligations under this Section 6.2 shall be that of primary obligor irrespective of whether the Indemnified Party shall also be indemnified with respect to the same matter under some other agreement by another Person.

(f) If any claim is made against any Indemnified Party, by commencement of proceedings against the Indemnified Party or otherwise, for any Taxes as to which the Lessee would have an indemnity obligation pursuant to this Section 6.2, such Indemnified Party shall promptly notify the Lessee of such claim in writing; *provided, however,* that the failure of such Indemnified Party to give such notice shall not relieve the Lessee of any of its obligations hereunder except to the extent of actual prejudice resulting from such failure. So long as no Default or Event of Default has occurred and is continuing, the Lessee may, at its expense, in good faith and by appropriate legal proceedings, contest or defend an asserted claim or liability for which it is indemnifying under this Section 6.2 so long as (i) in the reasonable opinion of the Indemnified Party, such defense is being diligently conducted by Persons reasonably satisfactory to the affected Indemnified Parties and (ii) in the event the Lessor has assigned all or part of its right, title and interest to the Equipment in a transaction described in Section 16 hereof, the Lessor's assignee consents to the Lessee's conduct and control of the contest or defense of the asserted claim or liability; *provided, however,* the Lessee may only control such contest if appropriate reserves have been made by the Lessee on its books and records in respect of such claim or liability and the nonpayment of such claim or liability does not, in the reasonable opinion of the

Lessor or any assignee under Section 16, jeopardize a seizure or forfeiture of the Equipment, or adversely affect the title, property or rights of the Lessor or any such assignee in the Equipment or under any Operative Document.

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including, without limitation, the rules of the United States Department of Transportation (including the rules and regulations of the Federal Railroad Administration) and the Interstate Commerce Commission as the same may be in effect from time to time) with respect to the use and maintenance of each Item of Equipment subject to this Lease. Notwithstanding the provisions of Section 8(b) and (c) below, in case any equipment or appliance is required to be altered, added, replaced or modified on any Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, additions, replacements and/or modifications at its own expense and title thereto shall be immediately vested in the Lessor; *provided, however*, that Lessee may, in good faith and by appropriate legal proceedings, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not in the opinion of the Lessor or any assignee under Section 16 adversely affect the property rights, or interests of the Lessor or any such assignee in the Equipment or under any Operative Agreement.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

(a) The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Equipment shall not be used in any manner which is in violation of, or more hazardous than permitted by, the insurance maintained under Section 11. The Lessee agrees that it will not discriminate against any Item of Equipment (as compared to other similar equipment owned or leased by Lessee) with respect to its use, operation or maintenance in contemplation of the expiration or termination of this Lease.

(b) The Lessee shall, at its own cost and expense, maintain and keep the Equipment, each Item thereof, and the component parts thereof in good operating condition and repair (1) in accordance with prudent railroad industry maintenance practices, (2) in a manner consistent with maintenance practices used by the Lessee in respect of equipment owned or leased by the Lessee similar in nature to the Equipment, and (3) in compliance, in all material respects, with all applicable laws and regulations, including any applicable Interchange Rules; *provided*, that the Lessee shall comply in all respects with all applicable laws and regulations, including any applicable Interchange Rules, where noncompliance gives rise to fines, liens or criminal sanctions or impairs the function, value or utility of any Item of the Equipment or where such laws or regulations are related to safety matters. In any event, the Lessee agrees, at its own cost and expense, to maintain and keep the

Equipment in the condition received by the Lessee from the Lessor, ordinary wear and tear excepted, and suitable for the commercial use as originally designed and intended and prudent industry practice. The Lessee shall also perform all inspections of the Equipment and maintain all records, logs and other materials required by the Department of Transportation or any other governmental authority having jurisdiction over the Equipment or the Lessee to be maintained in respect of the Equipment.

(c) Except as otherwise required by the provisions of Section 7 hereof and except as permitted pursuant to the third sentence of this paragraph, the Lessee shall not modify any Item of Equipment unless (i) such modifications, additions or improvements shall comply with all of the requirements set forth in Rev. Proc. 79-48 (and any rule, regulation or pronouncement of the Internal Revenue Service amending, supplementing, modifying or replacing Rev. Proc. 79-48) for advance ruling purposes (and Lessee agrees to provide upon Lessor's request reasonable evidence of such compliance), and (ii) the Lessee shall have obtained the prior written authority and approval of the Lessor and any assignee pursuant to Section 16, which authority and approval shall not be unreasonably withheld. Any parts installed or replacements made by the Lessee upon any Item of Equipment pursuant to Section 7 hereof or pursuant to its obligations to maintain and keep the Equipment in good order, condition and repair under this Section 8 or which meet the requirements of clause (i) of the preceding sentence (except for severable improvements permitted by Rev. Proc. 79-48) shall in each case be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor without cost or expense to the Lessor. The Lessee shall make no other additions or improvements to any Item of Equipment unless the same are readily removable without causing material damage to such Item of Equipment or otherwise adversely affecting the value and/or utility of the Item. Title to any such readily removable additions or improvements shall remain with the Lessee. If the Lessee shall at its cost cause such readily removable additions or improvements to be made to any Item of Equipment the Lessee may, or at the request of the Lessor, the Lessee shall, prior to the return of such Item of Equipment to the Lessor hereunder, remove the same at its own expense without causing material damage to such Item of Equipment; *provided* that the Lessor may, by delivery of written notice to the Lessee prior to any such removal, elect to purchase any such readily removable additions for a price equal to the greater of the Lessee's original cost less applicable depreciation or the Fair Market Value thereof. Title to any readily removable addition or improvement which has not been so removed by the Lessee from an Item of Equipment when such Item is returned to the Lessor pursuant to this Lease, shall be immediately vested in the Lessor without cost or expense to the Lessor.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to any Item of Equipment, title thereto or any interest therein except Permitted Encumbrances and Liens which result from the Lessor's own acts or from claims against the Lessor not to be paid or indemnified against by the Lessee hereunder. The Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge any such Lien (and any claim which if unpaid might constitute or become such a Lien) not excepted above if the same shall arise at any time with respect to any Item of the Equipment, but the Lessee shall not be required to pay or discharge any such Lien so long as it shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor or other rights of any assignee under Section 16 in and to the Equipment and as to which such Lien the Lessee, if appropriate under generally accepted accounting principles, shall have set aside on its books and records adequate reserves.

SECTION 10. FILING.

Prior to the delivery and acceptance of the first Item of Equipment hereunder, the Lessee will (a) cause this Lease to be duly filed, registered or recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. § 11303, (b) cause this Lease to be deposited with the Registrar General of Canada pursuant to Section 90 of the Railway Act of Canada and cause notice of such deposit to be given in *The Canada Gazette* in accordance with said Section 90, and (c) file, register or record this Lease, and all financing and continuation statements and similar instruments, in such other places within the United States as the Lessor may reasonably request and will furnish the Lessor proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, re-register or re-record whenever required) any and all amendments or supplements to this Lease, or otherwise with respect to or including any other Operative Agreement, in connection with any assignment pursuant to Section 16 or otherwise, any financing statements or similar instruments, and any and all further instruments required by law or reasonably requested by the Lessor, for the purpose of protecting the Lessor's title to any Item of Equipment to the satisfaction of the Lessor's counsel or for the purpose of carrying out the intention of this Lease, including, without limitation, any such filings and recordings as shall be necessary to evidence any such change in name of the Lessee or the Lessor, or any merger or consolidation thereof. The Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording, re-recording, publication or depositing and re-depositing of any such instruments or incident to the taking of such action.

SECTION 11. INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE.

11.1 Insurance. (a) Lessee will at all times after delivery and acceptance of each Item of Equipment, at its own expense, carry and maintain or cause to be carried and maintained (i) property insurance in respect of the Equipment at the time subject hereto and (ii) public liability insurance with respect to third-party personal and property damage, and the Lessee will continue to carry such insurance in each case with such deductibles, in such amounts and for such risks and with such insurance companies of recognized responsibility and subject to such self-insurance in each case as is consistent with prudent industry practice for railroads similar to Lessee, but in any event not less comprehensive in amounts and against risks customarily insured against by the Lessee in respect of equipment owned or leased by it similar in nature to the Equipment. The Lessee warrants and affirms that it will satisfy all obligations under each such policy necessary to keep such insurance in full force and effect.

(b) Such insurance policies shall: (i) name and insure the Lessor and each assignee under Section 16 and any other Indemnified Party as additional insureds under the comprehensive public liability insurance and under the property insurance with respect to the Equipment, (ii) with respect to property insurance, provide insurer's waiver of its right of subrogation, set-off or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability against Lessor and each assignee under Section 16, (iii) with respect to property insurance, provide that such insurance as to the interest of the Lessor and each assignee under Section 16 shall not be invalidated by any act or neglect, action or inaction of Lessee or any other Person (other than the Lessor and each such assignee), regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Lessee or any other Person (other than Lessor and each such assignee), (iv) with respect to property insurance, provide that all such insurance is without right of contribution from any other insurance which might otherwise be maintained by the Lessor or any such assignee, (v) provide therein or by endorsement that thirty (30) days prior written notice of expiration, cancellation or modification shall be given to the Lessor and each assignee under Section 16, and (vi) provide that there is no recourse against Lessor or any assignee for payment of premium, commissions, direct calls, assessments or advances. Lessee's obligation to maintain the insurance coverage and endorsements specified in clauses (iii) and (vi) is subject to availability of such coverage on commercially reasonable terms; provided, however, such terms shall be deemed to be commercially reasonable if the premium for such insurance coverage does not exceed 110% of the premium for such coverage for the prior year. Lessee shall furnish the Lessor and each assignee under Section 16 with certificates or other satisfactory evidence of maintenance of the insurance so required and shall furnish binders or other formal confirmation reasonably acceptable to the Lessor evidencing renewals thereof as soon as practicable but in no event later than five (5) Business Days prior to such renewal and certificates of insurance within thirty (30) days after such renewal is effected or the application date of the original policy or policies, as the case may be.

(c) Provided no Default or Event of Default shall have occurred and be continuing, the proceeds of any property insurance received by the Lessor or any assignee under Section 16 will be paid to the Lessee either (i) upon a written application signed by the Lessee to reimburse the Lessee for payment of the costs of repairing, restoring, or replacing the Item of Equipment which has been lost, damaged or destroyed (which application shall be accompanied by satisfactory evidence of such cost and the completion of such repair, restoration or replacement) or (ii) if this Lease is terminated with respect to such Item of Equipment because of a Casualty Occurrence, promptly upon payment by the Lessee of the Casualty Value.

(d) On the Lessee's request, provided no Default or Event of Default shall have occurred and be continuing, the Lessor shall assign in mutually satisfactory form and substance to the Lessee the right to recover property insurance proceeds directly from the Lessee's insurers, in lieu of the Lessor, if the Lessee: (i) shall have paid, and the Lessor shall be entitled to retain, the Casualty Value in respect of the subject casualty (in the case of casualty) or (ii) shall have evidenced repair of an Item (and full payment therefor) to the Lessor's satisfaction (in the case of damage to any Item of Equipment).

11.2 Duty of Lessee to Notify Lessor. In the event that during the Term of this Lease, or thereafter while any Item of Equipment is in the possession of the Lessee pursuant to Section 13 or 15 hereof, (i) any Item of Equipment shall be or become lost or stolen for more than thirty (30) days, (ii) any Item of Equipment shall be or become destroyed, (iii) any Item of Equipment shall be or become, in the reasonable opinion of the Lessee, irreparably damaged, (iv) any Item of Equipment shall be or become, in the reasonable opinion of the Lessee, worn to the extent that repair would be impractical, (v) title to any Item of Equipment shall be requisitioned or taken by any governmental authority under the power of eminent domain or otherwise, (vi) the use of any Item of Equipment 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 a United States governmental authority, two (2) years, or any other governmental authority, six (6) months, (vii) the use of any Item of Equipment in the normal course of interstate rail transportation shall have been prohibited as a result of any rule, regulation, order 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, (viii) the Lessee is unable to return any Item of Equipment at the end of the Term of the Lease because such Item has been requisitioned or taken by any governmental authority, or (ix) in the good faith determination of the Lessee, any Item of Equipment has been subject to governmentally-mandated modifications which are uneconomic (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully and in any event within thirty (30) days after it has knowledge of such Casualty Occurrence inform the Lessor and any assignee thereof pursuant to Section 16 in regard thereto and shall pay the Casualty Value of such Item in accordance with the terms of Section 11.3 hereof.

11.3 Sum Payable for Casualty Loss. The Lessee, on the Base Term Commencement Date or next succeeding Rent Payment Date or the last day of any storage period pursuant to Section 13 or 15 hereof, as the case may be, following its notice to the Lessor and each assignee thereof pursuant to Section 16 that a Casualty Occurrence has taken place with respect to any Item of Equipment (or if such notice is not given or is not timely given, then following the Casualty Occurrence; or if such event becomes a Casualty Occurrence by reason of the continuation of any such occurrence on the last day of the Term of the Lease, then on such last day of the Term of the Lease), shall pay to the Lessor (i) any Rent or other sum due on or prior to such date then remaining unpaid, and (ii) a sum equal to the Casualty Value of such Item of Equipment as of the date of such payment. Notwithstanding the foregoing, in the event of any Casualty Occurrence, the Lessee may, at its option and expense, replace the Item of Equipment which has undergone a Casualty Occurrence with a like item of equipment acceptable to the Lessor and in good repair, condition and working order and of equivalent value, which equipment shall become the property of the Lessor free and clear of all liens (other than Permitted Encumbrances). The Lessee shall execute a new Lease Supplement and other documents considered appropriate by the Lessor to evidence any such replacement equipment. Upon the vesting of title in the substituted equipment in Lessor in accordance with the terms of this Section 11.3, this Lease shall terminate as to the Item of Equipment which has suffered a Casualty Occurrence and the Lessee shall take title to such Item of Equipment "AS IS, WHERE IS" WITHOUT WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY MATTER WHATSOEVER.

11.4 Rent Termination. Upon (and not until) payment of all sums required to be paid pursuant to Section 11.3 hereof in respect of any Item or Items of Equipment, the obligation to pay Rent for such Item or Items of Equipment accruing subsequent to the Casualty Value payment date shall terminate and the Term of this Lease as to such Item or Items of Equipment shall cease to accrue and the Lessee shall take title to such Item or Items "AS IS, WHERE IS", WITHOUT WARRANTY, EXPRESS OR IMPLIED WITH RESPECT TO ANY MATTER WHATSOEVER and shall be responsible for disposing of any such Item or Items of Equipment. In disposing of any such Item of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item of Equipment. The Lessee shall continue to pay Rent for all other Items of Equipment.

11.5 Casualty Value. The Casualty Value of each Item of Equipment shall be an amount determined as of the date the Casualty Value is to be paid as provided in this Section 11 (and not the date of the Casualty Occurrence). Casualty Value for each Item shall be equal to that percentage of the Equipment Cost thereof set forth in *Schedule 2* to the Lease Supplement covering the Equipment as is specified for the applicable payment date.

11.6 Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment from and after the date hereof and continuing until payment of the Casualty Value and all rental installments and other sums due on and prior to the date of payment of such Casualty Value in respect of such Item of Equipment has been made, such Item or the salvage thereof has been disposed of in accordance with the terms hereof, and the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred from the Lessor.

11.7 Eminent Domain. In the event that during the Term of the Lease the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for an indefinite period which has not yet become a Casualty Occurrence or for a stated period which does not constitute a Casualty Occurrence, the Lessee's obligation to pay all installments of Rent and other sums shall continue for the duration of such requisitioning or taking unless and until the same shall become a Casualty Occurrence (in which event the Lessee's obligations shall be subject to this Section 11). So long as no Default or Event of Default shall have occurred and be continuing, the Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession.

SECTION 12. EQUIPMENT REPORTS.

12.1 Duty of Lessee to Furnish. On or before May 1, 1994, and on each May 1 thereafter, the Lessee will furnish to the Lessor and each assignee pursuant to Section 16 an accurate statement, as of the preceding December 31, (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the twelve (12) months ending on such December 31 (or since the date of this Lease, in the case of the first such statement), describing the insurance which is in force with respect to the Equipment and such other information regarding the condition or repair of the Equipment as the Lessor or any such assignee may reasonably request, and (b) stating that, in the case any Equipment is repainted during the period covered by such statement, any markings required by Section 4.2 hereof shall have been preserved or replaced.

12.2 Lessor's Inspection Rights. The Lessor and any assignee pursuant to Section 16 shall have the right, but not the obligation, on prior notice to the Lessee, and during normal business hours, at their respective sole cost, expense and risk except as provided below, by their respective authorized representatives, accompanied by an employee of the Lessee, to inspect the Equipment and the Lessee's records with respect thereto; *provided, however*, that the Lessee shall not be liable, except in the case of gross negligence or willful misconduct of the Lessee or of its employees or agents, for any injury to, or the death of, any Person exercising, either on behalf of the Lessor,

any such assignee or any prospective purchaser or lessee therefrom, the rights of inspection granted under this Section 12.2.

SECTION 13. RETURN OF THE EQUIPMENT UPON EXPIRATION OF TERM.

(a) Within ten (10) days after the expiration of the Term of this Lease with respect to the Items of Equipment then subject to this Lease, the Lessee, at its own risk and expense, shall marshal and deliver possession of such Items of Equipment to the Lessor, at not more than two (2) locations as the Lessor and the Lessee shall agree (or in the absence of such agreement, as the Lessor shall reasonably designate); and permit the Lessor, at the Lessee's risk and expense, to store such items of Equipment at such locations for a period not exceeding 90 days from the date on which all requirements under this Section 13 shall have been fully satisfied with respect to all Items of Equipment and promptly transport the same at any time once to any railroad interchange point on the Lessee's lines as directed by the Lessor by written notice to the Lessee delivered to the Lessee on or prior to the expiration of such 90-day period. All movement and storage of each such Item is to be at the risk and expense of the Lessee. During any such storage period the Lessee will permit the Lessor or any Person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of any such Item, to inspect the same, subject to the provisions of Section 12.2 hereof.

(b) Upon the return of the Equipment, Lessee shall at its own cost and expense have taken all necessary action to assure that each Item of Equipment shall be in the condition required by Sections 7 and 8 hereof, with no broken or missing parts. Lessee shall promptly upon demand pay such reasonable costs as shall be required to restore any Item of Equipment to the aforesaid redelivery condition, including the reimbursement of the Lessor of any such cost it shall incur to effect such restoration. The Lessor and the Lessee each agree, if requested by the other, that a representative thereof will perform jointly with the other an inspection of the Equipment, or an appropriate representative sampling thereof, to insure compliance with the provisions of this Section 13 at such time and location and following such reasonable inspection standards as shall be mutually agreeable to the Lessor and the Lessee. Upon such redelivery of an Item of Equipment, the Lessee agrees to provide to the Lessor originals or legible facsimile copies of all manuals, drawings, diagrams, records, logs and other materials and inspection, modification, overhaul and maintenance records applicable thereto; provided that Lessee agrees to maintain all such materials in the same manner as it maintains the same for similar owned equipment. During any storage period hereunder, the Lessee will, at its expense, effect and maintain insurance on the Equipment pursuant to Section 11. During any such storage period, the Lessee shall maintain the Equipment in such manner as the Lessee normally maintains similar items of equipment owned or leased by it in similar storage circumstances.

(c) The assembling, delivery in the required condition, storage and transporting of the Equipment as hereinbefore provided are of the essence of this

Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver in the required condition, store and transport the Equipment. All amounts earned in respect of the Equipment after the date of expiration of this Lease shall belong to the Lessee so long as the Lessee meets its obligations in the next following sentence. In the event any Item of Equipment is not assembled, delivered in the required condition and stored as hereinabove provided on the date of expiration of this Lease, the Lessee shall pay to the Lessor, for the first thirty (30) days thereafter, an amount equal to the daily equivalent of the Fixed Rent payable over the Term, and for each day thereafter, an amount equal to 120% of such Fixed Rent, in each case for such Item of Equipment, for each such day of non-compliance with the above requirement (provided, however, that payment of such amount by the Lessee to the Lessor shall not constitute a waiver by the Lessor of the Lessee's obligations pursuant to paragraphs (a) and (b) of this Section 13).

SECTION 14. DEFAULT.

14.1 *Events of Default.* Any of the following events shall constitute an Event of Default hereunder:

- (a) Default shall be made in the payment of any part of the Rent or Casualty Value provided in Section 2 or 11 hereof, or of any amount payable pursuant to the Tax Indemnity Agreement, and such default shall continue for five (5) days;
- (b) The Lessee shall default in (i) the maintenance of the insurance coverage required by Section 11 hereof or (ii) the observance or performance of any covenant required to be observed or performed by the Lessee under Section 11 hereof;
- (c) The Lessee shall make or permit any sublease, assignment or transfer of this Lease, or of possession of any Item of the Equipment, not permitted by this Lease;
- (d) Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in any Operative Agreement (other than as described in paragraphs (a), (b) and (c) above), and such default shall continue for thirty (30) days after written notice from the Lessor to the Lessee, specifying the default and demanding the same to be remedied;

- (e) Any representation or warranty made by the Lessee herein or in any Operative Agreement, or in any statement or certificate furnished to the Lessor or any assignee pursuant to Section 16 in connection therewith (other than any such statement or certificate delivered in connection with the Tax Indemnity Agreement) is untrue or incorrect in any material respect as of the date of issuance or making thereof;
- (f) Final judgment or judgments for the payment of money aggregating in excess of \$500,000 shall be outstanding against the Lessee and such judgments have been outstanding for more than thirty (30) days from the date of its entry and have not been discharged in full or stayed;
- (g) The Lessee (i) shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or (ii) shall consent to any such relief or to the appointment of or taking possession by any such official in any voluntary case or other proceeding commenced against it, or (iii) shall make a general assignment for the benefit of creditors, or (iv) shall fail generally to pay its debts as they become due, or (v) shall take any corporate action to authorize any of the foregoing; or
- (h) An involuntary case or other proceeding shall be commenced against the Lessee seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of sixty (60) days.

14.2 Remedies. Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, the Lessor may, at its option, declare this Lease to be in default, and at any time thereafter, so long as the Lessee shall not have remedied all outstanding Events of Default (as to each Item of Equipment, prior to the Lessor becoming contractually obligated to sell or lease such Item of Equipment) the Lessor may do one or more of the following as the Lessor in its sole discretion shall elect, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable laws then in effect:

- (a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof;
- (b) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of the Items of Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use such Items for any purpose whatever;
- (c) Sell any Item of Equipment at public or private sale, as the Lessor may determine, free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such sale or for the proceeds thereof (except to the extent required by paragraph (f) below if the Lessor elects to exercise its rights under said paragraph), in which event the Lessee's obligation to pay Fixed Rent with respect to such Item hereunder due for any periods subsequent to the day of such sale shall terminate (except to the extent that Fixed Rent is to be included in computations under paragraph (e) or (f) below if the Lessor elects to exercise its rights under either of said paragraphs);
- (d) Hold, keep idle or lease to others any Item of Equipment or any part thereof, as the Lessor in its sole discretion may determine, free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such action or inaction or for any proceeds with respect thereto, except that the Lessee' obligation to

pay Fixed Rent with respect to such Item due for any periods subsequent to the date upon which the Lessee shall have been deprived of use of such Item pursuant to this Section 14 shall be reduced (but not below zero for any Fixed Rent installment) by the net proceeds, if any, received by the Lessor from leasing such Item to any Person other than the Lessee;

- (e) Whether or not the Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under paragraph (a), (b) or (d) above with respect to any Item of Equipment, the Lessor, by written notice to the Lessee specifying a payment date which shall be not earlier than ten (10) days after the date of such notice, may demand that the Lessee pay to the Lessor and the Lessee shall pay to the Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Fixed Rent for such Item of Equipment due after the payment date specified in such notice), any unpaid Rent for such Item of Equipment due for periods prior to the payment date specified in such notice plus whichever of the following amounts the Lessor, in its sole discretion, shall specify in such notice: (i) an amount equal to the difference between the present value of all future Fixed Rent for such Item and the present value of the Fair Rental Value (determined as hereafter in this Section 14 provided) of such Item or, if the Lessor has leased such Items to others pursuant to paragraph (d) above, for the period of such lease the rental payable thereunder, in each case for the remainder of the Base Term or the Renewal Term, as the case may be, as of the payment date specified in such notice, such present values, to be computed on the basis of a 6.5% per annum rate of discount from the respective dates upon which such Rent would be paid, or (ii) if the Lessor has not leased such Items to others pursuant to paragraph (d) above, an amount equal to the excess, if any, of the Casualty Value for such Item as of the Rent Payment Date next preceding the payment date specified in such notice or if such payment date occurs on a Rent Payment Date, then computed as of such Rent Payment Date, over the Fair Market Value of such Item (determined as hereafter in this Section 14 provided) as of the payment date specified in such notice;
- (f) If the Lessor shall have sold any Item of Equipment pursuant to paragraph (c) above, the Lessor, in lieu of

exercising its rights under paragraph (e) above with respect to such Item may, if it shall so elect, demand that the Lessee pay to the Lessor and the Lessee shall pay to the Lessor, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Fixed Rent for such Item due on Rent Payment Dates subsequent to the Rent Payment Date next preceding such sale), any unpaid Rent for such Item due for periods up to and including the Rent Payment Date next preceding the date of such sale and if that date is a Rent Payment Date, the Rent due on that date, plus the amount, if any, by which the Casualty Value of such Item computed as of the Rent Payment Date next preceding the date of such sale or if such sale occurs on a Rent Payment Date, then computed as of such Rent Payment Date, exceeds the net proceeds of such sale; and

- (g) Whether or not the Lessor shall have exercised any of its rights under paragraph (a), (b) or (d) above, the Lessor, in lieu of exercising its rights under paragraph (e) above: (i) may retain all Rent and additional sums theretofore paid by the Lessee or received by the Lessor in respect of such Item including any such Rent and additional sums then in the Lessor's possession which, had this Lease not been declared in default, would otherwise be payable to the Lessee hereunder, (ii) may recover from the Lessee all Rent and additional sums accrued and unpaid under any of the terms hereof as of the date of the declaration of default, and (iii) may transfer title to such Item to the Lessee by quit-claim bill of sale and recover from the Lessee as liquidated damages for loss of a bargain, but not as a penalty (in lieu of the Fixed Rent for such Item on Rent Payment Dates subsequent to the date of the declaration of default) an aggregate sum equal to the present value of (A) all Fixed Rent for such Item which would otherwise have accrued hereunder from the date of the declaration of default to the end of the Base Term or then Renewal Term, as the case may be, plus (B) the last Casualty Value payable during the term of this Lease, such present value to be computed on the basis of a 6.5% per annum rate of discount, from the respective dates upon which such Fixed Rent would have been payable hereunder had this Lease not be terminated.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid Rent due hereunder before or during the exercise of any of the foregoing remedies and for all reasonable legal fees and other costs and expenses

incurred by reason of the occurrence of any Default or Event of Default or the exercise of the Lessor's remedies with respect thereto, including without limitation the repayment in full of any costs and expenses necessary to be expended in repairing or modifying any Item in order to cause it to be in compliance with all maintenance and regulatory standards imposed by this Lease.

For purposes of this Section 14.2, the Fair Rental Value and Fair Market Value for any Item of Equipment shall be determined on the basis of an appraisal of an independent appraiser chosen by the Lessor, based upon the criteria for establishing Fair Market Value and Fair Rental Value set forth in Section 18.1 (but including the value which may be obtained from a used equipment dealer), and the cost of any such appraisal shall be borne by the Lessee.

14.3 Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims of any right to assert any offset against the rent payments due hereunder, and agrees to make the rent payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf in connection with the lease of the Equipment.

14.4 Lessor Failure to Exercise Rights. The failure of the Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

14.5 Notice of Event of Default. The Lessee also agrees to furnish to the Lessor and any assignee pursuant to Section 16, promptly upon any responsible officer becoming aware of any condition which constituted or constitutes a Default or an Event of Default under this Lease written notice specifying such condition and the nature and status thereof. For the purposes of this Section 14.5 a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate officer of the Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1 Lessee's Duty to Return. If the Lessor shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

- (a) Forthwith deliver such Items to not more than two (2) storage locations as the Lessor shall reasonably require;
- (b) Permit the Lessor to store such Items for one hundred eighty (180) days after all such Items have been identified and so stored at such locations without charge for insurance, rent or storage, and during such period of storage the Lessee shall continue to maintain all insurance required by Section 11.1 hereof and shall otherwise satisfy its obligations pursuant to Section 13 hereof; and
- (c) Transport such Item one time to railroad interchange points in Chicago, Illinois, or to any railroad interchange point on the lines of a railroad operated by the Lessee, or such other interchange points as the Lessor and the Lessee may agree.

Each such Item will, when placed in storage, be in the condition required by Sections 7 and 8 hereof. Lessee agrees that no Item shall be considered to have been returned under this Section 15 until Lessee has returned such Item in such condition.

15.2 Specific Performance. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Equipment.

15.3 Lessor Appointed Lessee's Agent. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority (which power is coupled with an interest), at any time while the Lessee is obligated to deliver possession of any Items of Equipment to the Lessor, to demand and take possession of such Item in the name and on behalf of the Lessee from whosoever shall be at the time in possession of such Item.

SECTION 16. SALE OF EQUIPMENT; LESSOR ASSIGNMENTS OF LEASE.

16.1 *Right to Assign.* The Lessor may transfer and sell all or part of its right, title and interest in the Equipment to any Person so long as the Lessor shall either (i) concurrently therewith lease the Equipment from such transferee for a term not less than the remaining Term of this Lease, or (ii) arrange for an assumption by such transferee of all of the obligations of the Lessor hereunder with regard to such Equipment so transferred or sold. This Lease and all Rent and all other sums due or to become due hereunder may be assigned by the Lessor and/or by any such transferee to such transferee, and/or to a security trustee or other financial institution; all without the consent of the Lessee, but the Lessee shall be under no obligation to any such transferee or assignee except upon written notice of such transfer and/or assignment and any such transferee and/or assignee shall confirm in writing to the Lessee that so long as no Default or Event of Default shall have occurred and be continuing hereunder, such transferee and/or assignee will not interfere with Lessee's right of quiet enjoyment to the Equipment hereunder. Upon notice to the Lessee of any such assignment or reassignment, the rent and other sums payable by the Lessee which are the subject matter of such assignment shall be paid to or upon the written order of the assignee.

16.2 *Obligation and Right of Assignee.* Except in the event of an assumption pursuant to clause (ii) of the first sentence of Section 16.1, any assignee pursuant to this Section 16 shall not be obligated to perform any duty, covenant or condition required to be performed by the Lessor under any of the terms hereof, but on the contrary, the Lessee and the Lessor each acknowledge and agree that notwithstanding any such assignment each and all of such duties, covenants or conditions required to be performed by the Lessor shall survive any such assignment and shall be and remain the sole liability of the Lessor. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of any such assignee in and to the sums payable by the Lessee under any provision of this Lease shall not be subject to any abatement whatsoever and shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever whether by reason or failure of or defect in the Lessor's title or the failure of the Lessor to afford the right of quiet enjoyment to the Lessee, or any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that the Lessee shall be unconditionally and absolutely obligated to pay such assignee all of the rents and other sums which are the subject matter of the assignment, and (ii) all obligations of the Lessor to the Lessee under this Lease shall be and remain enforceable by the Lessee against, and only against, the Lessor. Notwithstanding any provision of this Lease to the contrary, the Lessee shall have the right to proceed against any assignee for any violation thereby of any rights of the Lessee hereunder.

16.3 *Amendments; Exercise of Rights and Remedies.* In the event the Lessee shall have received written notice of one or more assignments pursuant to Section 16.1, the terms and provisions of such assignments shall govern as to whether (i) the consent or agreement of either the Lessor or one or more such assignees shall be required in order to effect any amendment or modification of, or waive any requirements under, this Lease, and (ii) the Lessor or one or more such assignees, may exercise any right, privilege or remedy of the Lessor provided for in this Lease.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

17.1 *Lessee's Rights to the Equipment; Sublease.* So long as no Default or Event of Default shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease but, without the prior written consent of the Lessor, THE LESSEE OR ANY SUBLESSEE SHALL NOT ASSIGN, TRANSFER OR ENCUMBER ITS LEASEHOLD INTEREST (OTHER THAN TO GRANT A COLLATERAL ASSIGNMENT OF THIS LEASE FOR SECURITY TO LESSEE'S LENDERS) UNDER THIS LEASE OR ANY SUBLEASE IN RESPECT OF THE EQUIPMENT. Notwithstanding the foregoing provision, Lessee may sublease the Equipment or any Item of Equipment, without Lessor's consent, to (i) any Affiliate of Lessee to which §1168 of the Bankruptcy Code would apply, and (ii) any Permitted Sublessee under a Permitted Sublease. A "Permitted Sublease" is a sublease which (a) shall be for a term not extending beyond the Term hereof, (b) shall include maintenance provisions identical to Sections 7 and 8 hereof, (c) shall be made with a sublessee to which §1168 of the Bankruptcy Code shall apply for the benefit of the Lessor and any assignee contemplated in Section 16, and (d) shall expressly provide that the rights of any sublessee (a "Permitted Sublessee") who receives possession by reason of a Permitted Sublease shall be subject and subordinate to each and every term, condition and provision of this Lease, including, without limitation, the Lessor's right of repossession pursuant to Section 14 of this Lease and to terminate such sublease upon such repossession. The Lessee shall provide the Lessor with written notice of any such sublease permitted by this Section 17.1. No sublease shall in any way discharge or diminish any of the Lessee's obligations hereunder, and the Lessee shall remain primarily liable hereunder for the performance of all the terms, conditions and provisions of this Lease to the same extent as if such sublease had not occurred.

17.2 *Use and Possession in Railroad Operations.* So long as no Default or Event of Default shall have occurred and be continuing, the Lessee shall be entitled to the possession of the Equipment and to the use thereof upon the lines of railroad owned or operated by it, or upon lines of railroad over which the Lessee has trackage or other operating rights or over which equipment of the Lessee is regularly operated pursuant to contract or upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through or pooling arrangements, but only upon and subject to all the terms and conditions of this Lease. Notwithstanding the foregoing, the Lessee shall at no time throughout the Term of this Lease use the equipment outside

the continental United States and Canada, or assign or permit the assignment of or permit any sublessee, whether or not a Permitted Sublessee, to assign or permit the assignment of, any Item of Equipment for use in service (including, without limitation, the regular operation or maintenance thereof) outside the continental United States or Canada; provided, however, that any such use in Canada shall be on a temporary basis only and shall not involve the regular operation or maintenance outside the United States of America.

17.3 Merger, Consolidation or Acquisition of Lessee. Nothing in this Section 17 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation into or with which the Lessee shall have become merged or consolidated or which shall have acquired all or substantially all of the property of the Lessee, and the Lessee may merge or consolidate with any other corporation or transfer all or substantially all of its property to any corporation, *provided* that (a) such corporation shall be, effective upon such transfer, a corporation incorporated in any state of the United States or the District of Columbia which shall have all necessary authorizations and approvals to own and operate such assets and to which the provisions of §1168 of the Bankruptcy Code would be applicable upon the commencement of a reorganization proceeding with respect thereto under the Bankruptcy Code and which shall have duly assumed in writing the obligations of the Lessee hereunder and under each other Operative Agreement, (b) immediately prior to and after giving effect to such transaction, no Default or Event of Default will have occurred and be continuing hereunder, (c) immediately after giving effect to such transaction the resulting corporation shall have a financial condition which, in the reasonable judgment of the Lessor and any assignee pursuant to Section 16, will not impair the ability of the surviving entity to perform the obligations of the Lessee hereunder and under the other Operative Agreements, and (d) immediately after giving effect to any such merger, consolidation, sale, lease or other disposition, the tangible net worth of the surviving corporation shall not be less than the tangible net worth of the Lessee immediately prior to such merger, consolidation, sale, lease or other disposition.

SECTION 18. OPTIONS TO RENEW AND PURCHASE.

18.1 Determination of Fair Market Value and Fair Rental Value. Upon the receipt by the Lessor of the Lessee's written notice pursuant to Section 18.2 or Section 18.3 hereof (the "Notice Date"), the Lessor and the Lessee shall promptly consult for the purpose of determining Fair Market Value and Fair Rental Value and any values agreed upon in writing shall constitute such Fair Market Value and Fair Rental Value. If the Lessor and the Lessee fail to agree upon such values within thirty (30) days after Notice Date, then they shall be promptly determined by the Appraisal Procedure. Such Fair Market Value and Fair Rental Value shall be determined on the basis of the value which would be obtained in an arm's length transaction between an informed and willing buyer-user or lessee (other than a used equipment dealer) and an informed and willing seller or lessor under no compulsion to sell, buy or lease. Any such determination shall be made (i) on the assumption that the Equipment is in the condition and state of repair required by this Lease, including the return

conditions specified in Section 13, (ii) as respects Fair Rental Value, on the basis of a lease, having terms and conditions (other than the amount of Rent and without any purchase or renewal options) similar to the terms and conditions of this Lease (assuming a Term equal to the contemplated renewal term), and (iii) giving effect to the removal of any parts which remain the property of the Lessee under the provisions of Section 8 hereof. All costs and expenses of any Appraisal Procedure pursuant to this Section 18 shall be borne by the Lessee and the Lessor, equally.

18.2 Option to Purchase. So long as no Default or Event of Default has occurred and is continuing, the Lessee shall have the right upon no more than twelve (12) and no less than six (6) months prior written notice to the Lessor, to purchase all, but not less than all, of the Items of Equipment in a Lot then subject to this Lease on the date of the expiration of the Base Term, or on the date of expiration of each Renewal Term, if any, for the lesser of (i) 24.46% of the Equipment Cost for such Lot or (ii) the Fair Market Value thereof determined in accordance with this Section 18 as of such expiration date. The Lessee may exercise its option to purchase with respect to one or more Lots of Equipment.

18.3 Option to Renew. So long as no Default or Event of Default shall have occurred and be continuing, the Lessee shall have the right upon no more than twelve (12) and no less than six (6) months prior written notice to the Lessor to renew this Lease with respect to all, but not less than all, of the Items of Equipment in a Lot then subject to this Lease, for two (2) Renewal Terms of one (1) year each, commencing at the expiration of the Base Term or the initial Renewal Term, as applicable. All of the provisions of this Lease shall be applicable during the Renewal Term with respect to any renewed Lot of Equipment except that the Casualty Values for such Equipment shall be determined in accordance with this Section 18 and Fixed Rent for such Equipment shall be the greater of: (a) twenty-five (25) percent of the Fixed Rent during the Base Term for such Equipment, or (b) the Fair Rental Value of such Items of Equipment for such Renewal Term, determined in accordance with this Section 18.

18.4 Casualty Value during Renewal Term. The Casualty Value for any Renewal Term shall be negotiated to the mutual satisfaction of the Lessor and the Lessee, and specified on a supplemental *Schedule 2* to be attached to the Lease Supplement covering the renewed Equipment.

18.5 Delivery of Equipment. Unless the Lessee has elected to exercise its option to purchase Items of Equipment then leased hereunder or to renew this Lease in respect of the Items of Equipment as provided in this Section 18, all of such Items of Equipment shall be returned to the Lessor at the end of the Base Term, or the Renewal Term, as the case may be, in accordance with Section 13 hereof.

SECTION 19. FINANCIAL AND OTHER REPORTS AND RIGHTS OF INSPECTION.

The Lessee agrees that it will furnish directly to the Lessor, in duplicate, the following:

(a) As soon as available and in any event within 60 days after the end of each quarterly period, except the last, of each fiscal year, the consolidated balance sheet of the Lessee and its Subsidiaries as at the end of such period, in each case together with the related consolidated statements of income, stockholders' equity and cash flow of the Lessee and its Subsidiaries for the period beginning on the first day of such fiscal year and ending on the last day of such quarterly period, setting forth in each case in comparative form the figures for the corresponding periods of the previous fiscal year, all in reasonable detail and certified by the Chief Financial Officer of the Lessee;

(b) As soon as available and in any event within 120 days after the last day of each fiscal year, a copy of the Lessee's annual audited report covering the operations of the Lessee and its Subsidiaries, including the consolidated balance sheet and related consolidated statements of income, stockholders equity and cash flow of the Lessee and its Subsidiaries for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, which statements will have been prepared in accordance with generally accepted accounting principles and audited in accordance with generally accepted auditing standards certified by a firm of independent public accountants of recognized national standing selected by Lessee;

(c) Within the period provided in subparagraph (a) and (b) above, a certificate, signed by the Chief Financial Officer of the Lessee, to the effect that the signer thereof is familiar with the terms and provisions of the Lease and that at the date of said certificate the signer is not aware of any Default in compliance by the Lessee with any of the covenants, terms and provisions of the Lease, or if the signer is aware of any such Default, he shall disclose in such certificate the nature thereof and the nature of the action the Lessee is taking or proposes to take with respect thereto. In addition, the Lessee promptly shall notify the Lessor upon the occurrence of any Default (or event which, with the giving of notice or the passage of time, or both, would constitute a Default) under any material obligation for borrowed money or lease of capital equipment;

(d) Promptly upon their becoming available, copies of (i) all financial statements, reports, notices and proxy statements sent or made available generally by the Lessee to any public security holders, and (ii) all regular and periodic reports, all registration statements and prospectuses and all other reports, forms and statements filed by the Lessee with any securities exchange or with the Securities and Exchange Commission or any governmental authority succeeding to any of its functions; and

(e) Such additional information (including financial information) reasonably related to the transactions contemplated hereby as the Lessor may reasonably request concerning the Lessee.

Upon reasonable prior notice to Lessee, the Lessee agrees to permit the Lessor (or such Persons as the Lessor may designate) at Lessor's sole cost, expense and risk to visit and inspect, under the Lessee's guidance, the Equipment, and on the occurrence of a Default or Event of Default which shall be continuing, to examine the books and records of the Lessee and at any time during normal business hours to discuss the Lessee's affairs, finances and accounts with the Lessee's officers, employees and independent public accountants (and by this provision the Lessee authorizes said accountants to discuss such finances, affairs and accounts), all at such reasonable times and as often as the Lessor may reasonably desire.

The Lessor shall treat, and shall require such other Person to treat, all such information as confidential; provided, however, that such obligation shall not apply to any information which (i) has become available to such party from a source other than the Lessee or Lessee's independent public accountants, (ii) is or becomes available to the public, or (iii) is required to be disclosed under applicable law or judicial process, and provided further that such information may be used by such party in connection with the enforcement of the terms and conditions of the Lease.

SECTION 20. MISCELLANEOUS.

20.1 Notices. Any notice provided for in this Lease shall be in writing or by a telecommunications device capable of creating a written record, and shall be effective (a) upon personal delivery thereof, including, without limitation, by overnight mail and courier service, (b) three (3) days after being deposited in the United States mail, certified, postage prepaid, return receipt requested, or, (c) in the case of notice by such a telecommunications device, when properly transmitted with confirmation of receipt, addressed to each party at the following addresses:

If to the Lessor:

The First National Bank of Maryland
c/o First Maryland Leasecorp
Courier: 25 South Charles Street
Baltimore, Maryland 21201
Attention: Paul M. Leand, Jr. Mail Code 101-460
Mail: P.O. Box 1596
Mail Code 101-460
Baltimore, Maryland 21203
Fax No.: (410) 244-4142
Confirmation No.: (410) 244-3885

All payments under the Operative Agreements to be made to the Lessor at:

The First National Bank of Maryland
c/o First Maryland Leasecorp
P.O. Box 1596
Baltimore, Maryland 21203
Mail code 101-460

If to the Lessee:

Wisconsin Central Ltd.
6250 N. River Road
Suite 9000
Rosemont, IL 60018
Attention: Chief Financial Officer
Fax No.: (708) 318-4628

or as to any of the foregoing parties at such other address as such party may designate by notice duly given in accordance with this Section to the other parties.

20.2 Right of Lessor to Perform. If the Lessee shall fail to comply with any of its covenants herein contained, the Lessor or any assignee pursuant to Section 16 may, but shall not be obligated to, make advances to perform the same and to take all such action as may be necessary to obtain such performance. Any payment so made by any such party and all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith shall be payable by the Lessee to the party making the same upon demand as Additional Rent hereunder, with interest thereon at the Late Rate. No such action shall be deemed a repossession of any of the Equipment, and no such advance, performance or other act shall be deemed to relieve the Lessee from any default hereunder or to constitute a waiver by the Lessor of any such failure by the Lessee.

20.3 No Waiver. No delay or omission to exercise any right, power or remedy accruing to the Lessor upon any breach or default by the Lessee under this Lease shall impair any such right, power or remedy of the Lessor, nor shall any such delay or omission be construed as a waiver of any breach or default, or of any similar breach or default hereafter occurring; nor shall any waiver of a single breach or default be deemed a waiver of any subsequent breach or default. All waivers under this Lease must be in writing, but any breach or default, once waived in writing, shall not be deemed to be continuing for any purpose of the Operative Agreements. All remedies either under this Lease or by law afforded to the Lessor shall be cumulative and not alternative.

20.4 Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

20.5 Law Governing. This Lease shall be construed in accordance with the internal laws and decisions (as opposed to conflicts of law provisions) of the State of Illinois; *provided, however*, that the parties shall be entitled to all rights conferred by any applicable federal statute, rule or regulation.

20.6 Currency. All amounts and moneys referred to in this Lease shall be construed to mean money which at the time is lawful money of the United States of America.

20.7 Headings and Table of Contents. All Section headings and the Table of Contents are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

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

20.9 True Lease. It is the intent of the parties to this Lease that it will be a true lease and not a "conditional sale", and that the Lessor shall at all times be considered to be the owner of the Equipment which is the subject of this Lease for the purposes of all Federal, state, city and local income taxes or for franchise taxes measured by net income, and that this Lease conveys to the Lessee no right, title or interest in the Equipment except as lessee.

20.10 Interest on Overdue Rentals and Amounts Advanced. Anything to the contrary herein contained notwithstanding, any nonpayment of Rent or other sums due hereunder shall result in the additional obligation on the part of the Lessee to pay an amount equal to interest at the Late Rate on such overdue amounts for the period of time during which they were overdue and not paid.

20.11 Survival. All warranties, representations, indemnities and covenants made by any party hereto, herein or in any certificate or other instrument delivered by any such party or on behalf of any such party under this Lease, shall be considered to have been relied upon by the other party hereto and shall survive the consummation of the transactions contemplated hereby regardless of any investigation made by any such party or on behalf of any such party. In addition to the foregoing, all the indemnities contained in Section 6.1 and Section 6.2 hereof and the obligation, if any, of the Indemnified Party to make payments to the Lessee pursuant to such Sections, shall continue in full force and effect notwithstanding the expiration or other termination of the Lease, in whole or in part, until all such obligations of the Lessee

and each indemnified party have been met and such liabilities have been paid in full; and are expressly made for the benefit of, and shall be enforceable by, the Lessee and each Indemnified Party.

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

THE FIRST NATIONAL BANK OF MARYLAND

By: 

Its: AVP

WISCONSIN CENTRAL LTD.

By: _____

Its: _____

STATE OF Maryland)
)
COUNTY OF Howard) SS:

On this 28th day of December, 1993, before me personally appeared Paul M. Leand, to me personally known, who being duly sworn, says that he or she is a(n) Asst. V.P. of THE FIRST NATIONAL BANK OF MARYLAND, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he or she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Roger Weaver
Notary Public

[NOTARIAL SEAL]

Roger Weaver, Notary Public
State of Maryland
My Commission Expires 2/5/95

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

THE FIRST NATIONAL BANK OF MARYLAND

By: _____

Its: _____

WISCONSIN CENTRAL LTD.

By: Susan Heaton

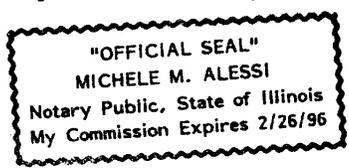
Its: Treasurer

STATE OF Illinois)
)
COUNTY OF Cook) SS:

On this 29 day of December, 1993, before me personally appeared Susan H. Norton, to me personally known, who being duly sworn, says that he or she is a(n) TREASURER of WISCONSIN CENTRAL LTD., that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he or she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Michele M. Alessi
Notary Public

[NOTARIAL SEAL]



My Commission Expires
February 26, 1996

This Equipment Lease and the rentals and other sums due and to become due hereunder may be assigned by the Lessor as provided in Section 16 hereof to and made subject to a security interest in favor of a bank or trust company, as security trustee, or a financial institution, as lender. Any party intending to give consideration for any assignment by the Lessor of this Equipment Lease or any of the Lessor's rights hereunder should first determine whether any such prior assignments or security agreements providing for such assignments have been filed and recorded with the office of the Secretary of the Interstate Commerce Commission.

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DEFINITIONS

Re: WISCONSIN CENTRAL 12-30-93

GENERAL PROVISIONS

Each of the following terms shall have the meaning specified herein for all purposes of the Operative Agreements referred to below, unless it is otherwise defined in an Operative Agreement or the context thereof shall otherwise require. In the case of any conflict between the provisions of this Definition Annex and the provisions of the main body of any Operative Agreement, the provisions of the main body of such Operative Agreement shall control the construction of such Operative Agreement.

Unless the context otherwise requires, (i) references to agreements shall be deemed to mean and include such agreements as the same may be amended and supplemented from time to time, and (ii) references to parties to agreements shall be deemed to include the successors and permitted assigns of such parties.

DEFINED TERMS

"Additional Rental" shall mean all amounts, liabilities and obligations (other than Interim Rent and Fixed Rent) which the Lessee is obligated to pay under the Lease or the Agreement to Sell and Lease, including, but not limited to, Casualty Value payments, and amounts, if any, payable by the Lessee under Section 2 of the Agreement to Sell and Lease.

"Affiliate" shall mean a Person (i) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the Lessee, (ii) which beneficially owns or holds 5% or more (by number of votes) of any class of the Voting Stock of the Lessee or (iii) 5% or more (by number of votes) of the Voting Stock (or in the case of a Person which is not a corporation, 5% or more of the equity interest) of which is beneficially owned or held by the Lessee or a Subsidiary. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"After-Tax Basis" shall mean, with respect to any payment received or deemed to have been received by any Person, the amount of such payment supplemented by a further payment to that Person so that the sum of the two payments shall be equal to such payment received or deemed to have been received, after deduction of all Federal, state and local income taxes (taking into account any credits or deductions arising therefrom and the timing thereof), computed (i) on the assumption that such

Person is fully taxable, and (ii) using an assumed combined effective Federal, state and local income tax rate (taking into account the deductibility of state and local taxes in computing Federal income taxes) determined by using the maximum marginal Federal income tax rate in effect for such taxable year and a state and local income tax rate equal to the actual marginal combined state and local income tax rate, resulting from the receipt (actual or constructive) of such two payments.

"Agreement to Sell and Lease" shall mean the Agreement to Sell and Lease dated as of December 30, 1993 among the Seller, the Lessor and the Lessee.

"Appraisal Procedure" shall mean the following procedure for determining the Fair Market Value or the Fair Rental Value, as the case may be, of any property. If either party to the Lease shall have given written notice to the other party requesting determination of such value by the Appraisal Procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within fifteen (15) days after such notice is given, each party shall appoint a qualified independent appraiser within twenty (20) days after such notice is given. If one party appoints an appraiser pursuant to the preceding sentence, the appraisal shall be made by such appraiser if the other party fails to appoint a second appraiser within the applicable time limit. If both parties appoint appraisers, the two appraisers so appointed shall within thirty (30) days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within thirty (30) days after such notice is given, either party may apply to the American Arbitration Association to make such appointment, and both parties shall be bound by any such appointment. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine one or more of the Fair Market Value or the Fair Rental Value of such property within twenty (20) days after its or their appointment. If the parties shall have appointed a single appraiser, its determination of values shall be final. If three appraisers shall be appointed, the values determined by the three appraisers shall be averaged, the determination which differs most from such average shall be excluded, the remaining two determinations shall be averaged and such average shall be final.

"Bankruptcy Code" shall mean the Bankruptcy Code of 1978 as amended from time to time, 11 U.S.C. ¶1101 *et. seq.*

"Base Term" shall have the meaning specified in Section 3 of the Lease.

"Base Term Commencement Date" shall have the meaning specified in section 2.1(a) of the Lease.

"Bill of Sale" shall mean the bill of sale, substantially in the form of *Exhibit A* to the Agreement to Sell and Lease, executed and delivered by the Seller to the Lessor.

"Business Day" shall mean any day other than a Saturday, Sunday or day on which banks in the states of Maryland or Illinois are authorized or permitted to be closed.

"Casualty Occurrence" shall have the meaning specified in Section 11.2 of the Lease.

"Casualty Value" shall mean during the Interim Term and the Base Term the amount determined in accordance with *Schedule 2* to the Lease Supplement covering the Equipment, and during the Renewal Term, the amount determined in accordance with Section 18 of the Lease.

"Closing Date" shall have the meaning specified in Section 1.2 of the Agreement to Sell and Lease.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Default" shall mean any event which would constitute an Event of Default under the Lease if any requirement in connection therewith for the giving of notice or the lapse of time, or both, had been satisfied.

"Equipment" shall mean collectively those locomotives described in *Schedule A* to this Lease and those railroad cars described in *Schedules B and C* to this Lease, together with any and all accessions, additions, improvements and replacements from time to time incorporated or installed on any item thereof which are or become the property of the Lessor pursuant to the terms of the Lease, and **"Item"** or **"Item of Equipment"** shall mean individually the various items thereof.

"Equipment Cost" shall mean, for each Item of Equipment, final invoice cost to the Lessor from the Seller, as set forth on *Schedule 3* to the applicable Lease Supplement to this Lease.

"Equipment Lease" See **"Lease."**

"Event of Default" is defined in Section 14 of the Lease.

"Expenses" is defined in Section 6.1(a) of the Lease.

"Fair Market Value" shall mean with respect to the Equipment or any Item thereof, the fair market sales value of the Equipment or such Item, determined in accordance with Section 14 or Section 18 of the Lease, as the case may be.

"Fair Rental Value" shall mean with respect to the Equipment or any Item thereof, the fair market rental value of the Equipment or such Item, determined in accordance with Section 14 or Section 18 of the Lease, as the case may be.

"Fixed Rent" shall mean all rent payable pursuant to Section 2.1(b) of the Lease for the Base Term and all Rent payable pursuant to Section 18 of the Lease for the Renewal Term, if any.

"Indemnified Parties" shall mean the Lessor, any transferee or assignee of the Equipment and/or the Lease pursuant to Section 16 thereof and successors, assigns, agents, servants, officers and employees of each of the foregoing.

"Interchange Rules" means all governmental laws, regulations, requirements and rules (including, without limitation, the rules (if any) of the Federal Railroad Administration, the Interstate Commerce Commission and the field manual of interchange rules or supplements thereto of the Mechanical Division of the Association of American Railroads), as the same may be in effect from time to time.

"Interim Rent" shall have the meaning specified in Section 2.1(a) of the Lease.

"Interim Term" shall have the meaning specified in Section 3 of the Lease.

"Item of Equipment" or **"Item"** shall mean each item of the Equipment.

"Late Rate" shall mean interest at the annual rate equal to the lesser of (a) the highest rate permitted by applicable law and (b) the greater of (i) 1.50% over the Prime Rate or (ii) 10.49%.

"Lease" or "Equipment Lease" shall mean the Equipment Lease dated as of December 30, 1993 between the Lessor, as lessor, and the Lessee, as lessee, as amended or supplemented from time to time and all Exhibits, Annexes and Schedules thereto.

"Lease Supplement" shall mean a Lease Supplement to this Lease, substantially in the form of *Exhibit B* to this Lease, entered into between the Lessor and the Lessee.

"Lessee" shall mean Wisconsin Central Ltd., an Illinois corporation, and (without limiting the provisions of Section 17.3 of the Lease) any corporation which succeeds thereto by merger or consolidation or which acquires all or substantially all of the assets thereof.

"Lessee Agreements" shall have the meaning specified in Section 3.1(a) of the Agreement to Sell and Lease.

"Lessor" shall mean The First National Bank of Maryland, a national banking association, and any corporation which succeeds thereto by merger or consolidation or which acquired all or substantially all of the assets thereof.

"Lessor Agreements" shall have the meaning specified in Section 3.2(b) of the Agreement to Sell and Lease.

"Lien" shall mean any mortgage, pledge, security interest, lien, encumbrance or other charge of any kind on property.

"Lot" shall mean each of the following lots of Equipment: (i) the 21 locomotives identified as Lot 1 Equipment on *Schedule A* to this Lease; (ii) the 200 coal cars identified as Lot 2 Equipment on *Schedule B* to this Lease; and (iii) the 50 flatcars identified as Lot 3 Equipment on *Schedule C* to this Lease.

"Officer's Certificate" shall mean a certificate signed in the case of a corporation by the Chairman of the Board, the President, any Vice President, the Chief Financial Officer or the Treasurer of such corporation.

"Operative Agreements" shall mean and include the Agreement to Sell and Lease, the Lease and the Tax Indemnity Agreement.

"Permitted Contest" shall mean a good-faith contest which each Indemnified Party determines will be conducted in a manner so as to prevent the imposition of any criminal penalty on, or adverse effect on the title, property or right of, such Indemnified Party, of the legality or validity of any of the taxes, assessments, levies, fees or other governmental charges, or other claims, Liens or impositions which, under the terms of the Lease, are required to be paid or discharged by the Lessee or the Lessor, as the case may be, but for such contest.

"Permitted Encumbrances" with respect to the Equipment and each Item thereof, shall mean (i) the interest of the Lessee and the Lessor, respectively, under the Lease; (ii) any Liens thereon for taxes, assessments, levies, fees and other governmental and similar charges not due and payable or the amount or validity of which is being contested by a Permitted Contest; (iii) any Liens of mechanics, suppliers, materialmen and laborers for work or services performed or materials furnished in connection with the Equipment or any Item thereof which are not due and payable or the amount or validity of which is being contested by a Permitted Contest; and (iv) the Lien and security interest granted under any Operative Agreement.

"Permitted Sublease" and **"Permitted Sublessee"** shall have the meanings specified in Section 17.1 of the Lease.

"Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, and a government or agency or political subdivision thereof.

"Prime Rate" shall mean the floating and fluctuating rate announced from time to time by The First National Bank of Maryland as its prime rate whether or not such rate is otherwise published.

"Renewal Term" shall mean any term in respect of which the Lessee shall have exercised its option to renew the Lease pursuant to Section 18 thereof.

"Rent" shall mean all Interim Rent, Fixed Rent and Additional Rent.

"Rent Payment Dates" shall mean March 31, 1994, June 30, 1994, September 30, 1994 and December 31, 1994 and the last day of each March, June, September and December thereafter throughout, and including the final day of, the Term of the Lease.

"Rentals" shall mean and include all fixed rents (including as such all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the property) payable by the Lessee or other surviving corporation or a Subsidiary, as lessee or sublessee under a lease of real or personal property, but shall be exclusive of any amounts required to be paid by the Lessee or other surviving corporation or a Subsidiary (whether or not designated as rents or additional rents) on account of maintenance, repairs, insurance, taxes and similar charges. Fixed rents under any so called, "percentage leases" shall be computed solely on the basis of the minimum rents, if any, required to be paid by the lessee regardless of sales volume or gross revenues.

"Security" shall have the same meaning as in Section 2(l) of the Securities Act of 1933, as amended.

"Seller" shall mean WCL Railcars, Inc., an Illinois corporation and affiliate of Lessee.

"Subsidiary" shall mean any corporation, trust or association of which more than 50% (by number of votes) of the Voting Stock at the time outstanding shall at the time be owned, directly or indirectly, by the Lessee or by any other corporation, association or trust which is itself a Subsidiary within the meaning of this definition, or collectively by the Lessee and any one or more such Subsidiaries.

"Tax Indemnity Agreement" shall mean the Tax Indemnification Agreement dated as of December 30, 1993 between the Lessee and the Lessor.

"Term" shall mean the full term of the Lease, including the Interim Term, the Base Term and any Renewal Term, subject to the provisions of Sections 11 and 14 of the Lease.

"Voting Stock" shall mean Securities of any class or classes of a corporation, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or persons performing similar functions).

SCHEDULE A
TO
EQUIPMENT LEASE
DESCRIPTION OF ITEMS OF LOT 1 EQUIPMENT

LOT 1

Description and Mark and
Number of Items of Equipment:

Number of Units	Seller	Description
NO.	LOCOMOTIVE TYPE	WC UNIT NO.
=====		
1	SD45	6578
2	SD45	6579
3	SD45	6580
4	SD45	6581
5	SD45	6582
6	SD45	6583
7	SD45	6584
8	SD45	6585
9	SD45	6586
10	SD45	6587
11	SD45	6588
12	SD45	6589
13	SD45	6590
14	SD45	6591
15	SD45	6592
16	SD45	6593
17	SD45	6594
18	SD45	6595
19	SD45	6596
20	SD45	6597
21	SD45	6598

WCL RAILCARS, INC.



SCHEDULE B
TO
EQUIPMENT LEASE
DESCRIPTION OF ITEMS OF LOT 2 EQUIPMENT

LOT 2

Description and Mark and
Number of Items of Equipment:

Number of Units	Seller	Description		
		WC CAR NO.	AAR MECH. DESIG.	YEAR BUILT
	WCL RAILCARS, INC.			
1	↓	33119	H351	1978
2		33152	H351	1978
3		33101	H351	1978
4		33059	H351	1978
5		33016	H351	1978
6		33149	H351	1978
7		33066	H351	1978
8		33061	H351	1978
9		33196	H351	1978
10		33018	H351	1978
11		33076	H351	1978
12		33110	H351	1978
13		33170	H351	1978
14		33157	H351	1978
15		33137	H351	1978
16		33044	H351	1978
17		33114	H351	1978
18		33199	H351	1978
19		33139	H351	1978
20		33191	H351	1978
21		33072	H351	1978
22		33024	H351	1978
23		33177	H351	1978
24		33165	H351	1978
25		33160	H351	1978
26		33040	H351	1978
27		33058	H351	1978
28		33195	H351	1978
29		33065	H351	1978
30		33019	H351	1978
31		33035	H351	1978

SCHEDULE A (to Equipment Lease)

Number
of Units

Seller

Description

WCL RAILCARS, INC.

WC
CAR NO.

AAR
MECH.
DESIG.

YEAR
BUILT

32
33
34
35
36
37
38
39
40
41
42
43
44



33006 H351 1978
33088 H351 1978
33093 H351 1978
33000 H351 1978
33112 H351 1978
33003 H351 1978
33032 H351 1978
33029 H351 1978
33045 H351 1978
33027 H351 1978
33143 H351 1978
33120 H351 1978
33102 H351 1978

Number
of Units

Seller

Description

	WCL RAILCARS, INC.	WC	AAR	YEAR
		CAR NO.	MECH. DESIG.	BUILT
45		33095	H351	1978
46		33005	H351	1978
47		33163	H351	1978
48		33046	H351	1978
49		33084	H351	1978
50		33124	H351	1978
51		33036	H351	1978
52		33063	H351	1978
53		33165	H351	1978
54		33129	H351	1978
55		33091	H351	1978
56		33096	H351	1978
57		33109	H351	1978
58		33048	H351	1978
59		33078	H351	1978
60		33118	H351	1978
61		33126	H351	1978
62		33033	H351	1978
63		33089	H351	1978
64		33117	H351	1978
65		33132	H351	1978
66		33183	H351	1978
67		33107	H351	1978
68		33009	H351	1978
69		33135	H351	1978
70		33057	H351	1978
71		33004	H351	1978
72		33111	H351	1978
73		33086	H351	1978
74		33083	H351	1978
75		33104	H351	1978
76		33051	H351	1978
77		33193	H351	1978
78		33189	H351	1978
79		33106	H351	1978
80		33097	H351	1978
81		33162	H351	1978
82		33014	H351	1978
83		33077	H351	1978
84		33043	H351	1978
85		33128	H351	1978
86		33122	H351	1978
87		33176	H351	1978
88		33020	H351	1978

Number
of Units

Seller

Description

WCL RAILCARS, INC.

	WC CAR NO.	AAR MECH. DESIG.	YEAR BUILT
89	33094	H351	
90	33147	H351	1978
91	33025	H351	1978
92	33194	H351	1978
93	33071	H351	1978
94	33070	H351	1978
95	33082	H351	1978
96	33169	H351	1978
97	33100	H351	1978
98	33190	H351	1978
99	33180	H351	1978
100	33039	H351	1978
101	33127	H351	1978
102	33181	H351	1978
103	33144	H351	1978
104	33105	H351	1978
105	33159	H351	1978
106	33113	H351	1978
107	33054	H351	1978
108	33130	H351	1978
109	33049	H351	1978
110	33174	H351	1978
111	33079	H351	1978
112	33148	H351	1978
113	33013	H351	1978
114	33164	H351	1978
115	33158	H351	1978
116	33192	H351	1978
117	33133	H351	1978
118	33141	H351	1978
119	33131	H351	1978
120	33154	H351	1978
121	33038	H351	1978
122	33179	H351	1978
123	33173	H351	1978
124	33085	H351	1978
125	33116	H351	1978
126	33002	H351	1978
127	33125	H351	1978
128	33151	H351	1978
129	33146	H351	1978
130	33098	H351	1978
131	33008	H351	1978
132	33007	H351	1978

Number
of Units

Seller

Description

	WCL RAILCARS, INC.	WC CAR NO.	AAR MECH. DESIG.	YEAR BUILT
133	↓	33087	H351	1978
134		33090	H351	1978
135		33012	H351	1978
136		33015	H351	1978
137		33023	H351	1978
138		33134	H351	1978
139		33064	H351	1978
140		33068	H351	1978
141		33001	H351	1978
142		33153	H351	1978
143		33103	H351	1978
144		33017	H351	1978
145		33115	H351	1978
146		33047	H351	1978
147		33184	H351	1978
148		33188	H351	1978
149		33022	H351	1978
150		33075	H351	1978
151		33142	H351	1978
152		33067	H351	1978
153		33150	H351	1978
154		33026	H351	1978
155		33042	H351	1978
156		33138	H351	1978
157		33185	H351	1978
158		33069	H351	1978
159	33034	H351	1978	
160	33021	H351	1978	
161	33028	H351	1978	
162	33074	H351	1978	
163	33198	H351	1978	
164	33197	H351	1978	
165	33155	H351	1978	
166	33041	H351	1978	
167	33123	H351	1978	
168	33037	H351	1978	
169	33140	H351	1978	
170	33099	H351	1978	
171	33056	H351	1978	
172	33167	H351	1978	
173	33178	H351	1978	
174	33145	H351	1978	
175	33186	H351	1978	
176	33011	H351	1978	

Number
of Units

Seller

Description

	WCL RAILCARS, INC.	WC CAR NO.	AAR MECH. DESIG.	YEAR BUILT
177		33053	H351	1978
178		33050	H351	1978
179		33182	H351	1978
180		33010	H351	1978
181		33168	H351	1978
182		33136	H351	1978
183		33092	H351	1978
184		33030	H351	1978
185		33121	H351	1978
186		33081	H351	1978
187		33156	H351	1978
188		33166	H351	1978
189		33055	H351	1978
190		33031	H351	1978
191		33187	H351	1978
192		33080	H351	1978
193		33062	H351	1978
194		33060	H351	1978
195		33161	H351	1978
196		33171	H351	1978
197	33172	H351	1978	
198	33073	H351	1978	
199	33052	H351	1978	
200		33108	H351	1978

SCHEDULE C
TO
EQUIPMENT LEASE
DESCRIPTION OF ITEMS OF LOT 3 EQUIPMENT

LOT 3

Description and Mark and
Number of Items of Equipment:

Number
of Units

Seller

Description

	WCL RAILCARS, INC.	CAR NO.	AAR MECHAN. YEAR DESIGNATION BUILT
1	↓	35000	F241 1977
2		35001	F241 1977
3		35002	F241 1977
4		35003	F241 1977
5		35004	F241 1977
6		35005	F241 1977
7		35006	F241 1977
8		35007	F241 1977
9		35008	F241 1977
10		35009	F241 1977
11		35010	F241 1977
12		35011	F241 1977
13		35012	F241 1977
14		35013	F241 1977
15		35014	F241 1977
16		35015	F241 1977
17		35016	F241 1977
18		35017	F241 1977
19		35018	F241 1977
20		35019	F241 1977
21		35020	F241 1977
22		35021	F241 1977
23		35022	F241 1977
24		35023	F241 1977
25		35024	F241 1977
26		35025	F241 1977
27		35026	F241 1977
28		35027	F241 1977
29		35028	F241 1977
30		35029	F241 1977
31		35030	F241 1977
32		35031	F241 1977
33		35032	F241 1977

SCHEDULE A (to Equipment Lease)

Number
of Units

Seller

Description

	WCL RAILCARS, INC.	CAR NO.	AAR MECHAN. YEAR DESIGNATION BUILT
34		35033 F241	1977
35		35034 F241	1977
36		35035 F241	1977
37		35037 F241	1977
38		35038 F241	1977
39		35039 F241	1977
40		35040 F241	1977
41		35041 F241	1977
42		35042 F241	1977
43		35043 F241	1977
44		35044 F241	1977
45		35045 F241	1977
46		35036 F241	1977
47		35046 F241	1977
48		35047 F241	1977
49	35048 F241	1977	
50	35049 F241	1977	

**EXHIBIT A
CERTIFICATE OF ACCEPTANCE
UNDER EQUIPMENT LEASE**

TO: THE FIRST NATIONAL BANK OF MARYLAND
(the "Lessor")

I, a duly appointed and authorized representative of WISCONSIN CENTRAL LTD. (the "Lessee") under the Equipment Lease dated as of December ____, 1993 between the Lessor and the Lessee, do hereby certify that I have inspected, received, approved and accepted delivery under the Lease of the following Items of Equipment:

TYPE OF EQUIPMENT: 21 SD-45 locomotives
200 4,000 cubic foot coal cars
50 70-ton bulkhead flatcars

PLACE ACCEPTED: [Fond du Lac/Stevens Point, Wisconsin]

DATE ACCEPTED: December ____, 1993

NUMBER OF UNITS: 271

MARKED AND NUMBERED: See Attachment

I do further certify that the foregoing Items of Equipment are in good order and condition, and conform to the specifications applicable thereto, and that there are no defects in any of the foregoing items of Equipment with respect to design, manufacture, condition or in any other respect.

The execution of this Certificate will in no way relieve or decrease the responsibility of the Seller for any warranties it has made with respect to the Equipment.

Dated: December ____, 1993

Inspector and Authorized
Representative of the Lessee

(WISCONSIN CENTRAL NO. _____)

ATTACHMENT
TO
EXHIBIT A
CERTIFICATE OF ACCEPTANCE
UNDER EQUIPMENT LEASE

Equipment Marks and Numbers

NO.	LOCOMOTIVE TYPE	ATSF UNIT NO.	WC UNIT NO.
1	SD45	5300	6578
2	SD45	5301	6579
3	SD45	5303	6580
4	SD45	5304	6581
5	SD45	5305	6582
6	SD45	5306	6583
7	SD45	5307	6584
8	SD45	5308	6585
9	SD45	5310	6586
10	SD45	5311	6587
11	SD45	5312	6588
12	SD45	5315	6589
13	SD45	5317	6590
14	SD45	5319	6591
15	SD45	5320	6592
16	SD45	5321	6593
17	SD45	5323	6594
18	SD45	5405	6595
19	SD45	5406	6596
20	SD45	5407	6597
21	SD45	5408	6598

NO.	CAR NO.	AAR MECHAN. DESIGNATION	YEAR BUILT
1	35000	F241	1977
2	35001	F241	1977
3	35002	F241	1977
4	35003	F241	1977
5	35004	F241	1977
6	35005	F241	1977
7	35006	F241	1977
8	35007	F241	1977
9	35008	F241	1977
10	35009	F241	1977
11	35010	F241	1977
12	35011	F241	1977
13	35012	F241	1977
14	35013	F241	1977
15	35014	F241	1977
16	35015	F241	1977
17	35016	F241	1977
18	35017	F241	1977
19	35018	F241	1977
20	35019	F241	1977
21	35020	F241	1977
22	35021	F241	1977
23	35022	F241	1977
24	35023	F241	1977
25	35024	F241	1977
26	35025	F241	1977
27	35026	F241	1977
28	35027	F241	1977
29	35028	F241	1977
30	35029	F241	1977
31	35030	F241	1977
32	35031	F241	1977
33	35032	F241	1977
34	35033	F241	1977
35	35034	F241	1977
36	35035	F241	1977
37	35037	F241	1977
38	35038	F241	1977
39	35039	F241	1977
40	35040	F241	1977
41	35041	F241	1977
42	35042	F241	1977
43	35043	F241	1977
44	35044	F241	1977
45	35045	F241	1977
46	35036	F241	1977
47	35046	F241	1977
48	35047	F241	1977
49	35048	F241	1977
50	35049	F241	1977

NO.	GECC (BN) CAR NO.	WC CAR NO.	AAR MECH. DESIG.	YEAR BUILT
1	528057	33119	H351	1978
2	528061	33152	H351	1978
3	528062	33101	H351	1978
4	528066	33059	H351	1978
5	528068	33016	H351	1978
6	528073	33149	H351	1978
7	528078	33066	H351	1978
8	528081	33061	H351	1978
9	528088	33196	H351	1978
10	528089	33018	H351	1978
11	528093	33076	H351	1978
12	528098	33110	H351	1978
13	528101	33170	H351	1978
14	528104	33157	H351	1978
15	528108	33137	H351	1978
16	528110	33044	H351	1978
17	528111	33114	H351	1978
18	528116	33199	H351	1978
19	528120	33139	H351	1978
20	528121	33191	H351	1978
21	528122	33072	H351	1978
22	528124	33024	H351	1978
23	528125	33177	H351	1978
24	528128	33165	H351	1978
25	528132	33160	H351	1978
26	528136	33040	H351	1978
27	528139	33058	H351	1978
28	528145	33195	H351	1978
29	528156	33065	H351	1978
30	528158	33019	H351	1978
31	528169	33035	H351	1978
32	528170	33006	H351	1978
33	528172	33088	H351	1978
34	528177	33093	H351	1978
35	528178	33000	H351	1978
36	528179	33112	H351	1978
37	528181	33003	H351	1978
38	528184	33032	H351	1978
39	528188	33029	H351	1978
40	528190	33045	H351	1978
41	528192	33027	H351	1978
42	528193	33143	H351	1978
43	528194	33120	H351	1978
44	528196	33102	H351	1978

NO.	GECC (BN) CAR NO.	WC CAR NO.	AAR MECH. DESIG.	YEAR BUILT
45	528197	33095	H351	1978
46	528199	33005	H351	1978
47	528200	33163	H351	1978
48	528201	33046	H351	1978
49	528212	33084	H351	1978
50	528214	33124	H351	1978
51	528215	33036	H351	1978
52	528216	33063	H351	1978
53	528218	33165	H351	1978
54	528223	33129	H351	1978
55	528224	33091	H351	1978
56	528225	33096	H351	1978
57	528226	33109	H351	1978
58	528230	33048	H351	1978
59	528235	33078	H351	1978
60	528236	33118	H351	1978
61	528239	33126	H351	1978
62	528248	33033	H351	1978
63	528251	33089	H351	1978
64	528259	33117	H351	1978
65	528262	33132	H351	1978
66	528267	33183	H351	1978
67	528268	33107	H351	1978
68	528271	33009	H351	1978
69	528275	33135	H351	1978
70	528277	33057	H351	1978
71	528278	33004	H351	1978
72	528280	33111	H351	1978
73	528291	33086	H351	1978
74	528284	33083	H351	1978
75	528296	33104	H351	1978
76	528300	33051	H351	1978
77	528301	33193	H351	1978
78	528302	33189	H351	1978
79	528309	33106	H351	1978
80	528314	33097	H351	1978
81	528319	33162	H351	1978
82	528325	33014	H351	1978
83	528343	33077	H351	1978
84	528344	33043	H351	1978
85	528345	33128	H351	1978
86	528349	33122	H351	1978
87	528353	33176	H351	1978
88	528355	33020	H351	1978

NO.	GECC (BN) CAR NO.	WC CAR NO.	AAR MECH. DESIG.	YEAR BUILT
89	528356	33094	H351	1978
90	528358	33147	H351	1978
91	528360	33025	H351	1978
92	528365	33194	H351	1978
93	528367	33071	H351	1978
94	528371	33070	H351	1978
95	528372	33082	H351	1978
96	528373	33169	H351	1978
97	528379	33100	H351	1978
98	528381	33190	H351	1978
99	528383	33180	H351	1978
100	528384	33039	H351	1978
101	528387	33127	H351	1978
102	528398	33181	H351	1978
103	528399	33144	H351	1978
104	528403	33105	H351	1978
105	528404	33159	H351	1978
106	528405	33113	H351	1978
107	528407	33054	H351	1978
108	528412	33130	H351	1978
109	528418	33049	H351	1978
110	528422	33174	H351	1978
111	528427	33079	H351	1978
112	528433	33148	H351	1978
113	528435	33013	H351	1978
114	528436	33164	H351	1978
115	528438	33158	H351	1978
116	528442	33192	H351	1978
117	528448	33133	H351	1978
118	528452	33141	H351	1978
119	528454	33131	H351	1978
120	528457	33154	H351	1978
121	528459	33038	H351	1978
122	528466	33179	H351	1978
123	528467	33173	H351	1978
124	528475	33085	H351	1978
125	528476	33116	H351	1978
126	528477	33002	H351	1978
127	528484	33125	H351	1978
128	528485	33151	H351	1978
129	528491	33146	H351	1978
130	528493	33098	H351	1978
131	528495	33008	H351	1978
132	528497	33007	H351	1978

NO.	GECC (BN) CAR NO.	WC CAR NO.	AAR MECH. DESIG.	YEAR BUILT
133	528498	33087	H351	1978
134	528499	33090	H351	1978
135	528500	33012	H351	1978
136	528503	33015	H351	1978
137	528506	33023	H351	1978
138	528508	33134	H351	1978
139	528513	33064	H351	1978
140	528514	33068	H351	1978
141	528517	33001	H351	1978
142	528524	33153	H351	1978
143	528528	33103	H351	1978
144	528529	33017	H351	1978
145	528532	33115	H351	1978
146	528537	33047	H351	1978
147	528538	33184	H351	1978
148	528542	33188	H351	1978
149	528544	33022	H351	1978
150	528552	33075	H351	1978
151	528553	33142	H351	1978
152	528555	33067	H351	1978
153	528565	33150	H351	1978
154	528583	33026	H351	1978
155	528588	33042	H351	1978
156	528592	33138	H351	1978
157	528598	33185	H351	1978
158	528601	33069	H351	1978
159	528606	33034	H351	1978
160	528608	33021	H351	1978
161	528615	33028	H351	1978
162	528616	33074	H351	1978
163	528618	33198	H351	1978
164	528619	33197	H351	1978
165	528621	33155	H351	1978
166	528622	33041	H351	1978
167	528623	33123	H351	1978
168	528632	33037	H351	1978
169	528633	33140	H351	1978
170	528635	33099	H351	1978
171	528644	33056	H351	1978
172	528649	33167	H351	1978
173	528653	33178	H351	1978
174	528654	33145	H351	1978
175	528666	33186	H351	1978
176	528675	33011	H351	1978

NO.	GECC (BN) CAR NO.	WC CAR NO.	AAR MECH. DESIG.	YEAR BUILT
177	528682	33053	H351	1978
178	528683	33050	H351	1978
179	528696	33182	H351	1978
180	528712	33010	H351	1978
181	528721	33168	H351	1978
182	528722	33136	H351	1978
183	528726	33092	H351	1978
184	528727	33030	H351	1978
185	528729	33121	H351	1978
186	528744	33081	H351	1978
187	528746	33156	H351	1978
188	528750	33166	H351	1978
189	528761	33055	H351	1978
190	528771	33031	H351	1978
191	528786	33187	H351	1978
192	528798	33080	H351	1978
193	528812	33062	H351	1978
194	528814	33060	H351	1978
195	528823	33161	H351	1978
196	528833	33171	H351	1978
197	528838	33172	H351	1978
198	528880	33073	H351	1978
199	528887	33052	H351	1978
200	528889	33108	H351	1978

EXHIBIT B
LEASE SUPPLEMENT NO. _____
LOT __ EQUIPMENT

[A separate Lease Supplement is to be prepared for each Lot of Equipment]

[NOTE: Not to be filed at ICC)

This LEASE SUPPLEMENT NO. _____, dated December ____, 1993 between THE FIRST NATIONAL BANK OF MARYLAND, a national banking association (the "Lessor") and Wisconsin Central Ltd., an Illinois corporation (the "Lessee"),

W I T N E S S E T H:

The Lessor and the Lessee have heretofore entered into that certain Lease Agreement dated as of December ____, 1993 (the "Lease") . The terms used herein have the meanings specified in the Lease.

The Lease provides for the execution and delivery of a Lease Supplement substantially in the form hereof for the purpose of evidencing the Interim Rental, Fixed Rent and Casualty Values payable for the Items of Lot __ Equipment which shall from time to time become subject to the Lease.

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, the Lessor and the Lessee hereby agree as follows:

1. The daily Interim Rental payable on January 1, 1994, and the Fixed Rent payable with respect to each Item of Lot __ Equipment on each Rent Payment Date is set forth in *Schedule 1* hereto.
2. The Casualty Value for each Item of Lot __ Equipment as of each Rent Payment Date is set forth in *Schedule 2* hereto.
3. The Equipment Cost for each Item of Lot __ Equipment is set forth in *Schedule 3* hereto.

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease Supplement to be duly executed as of the day and year first above written and to be delivered as of the date first above written.

THE FIRST NATIONAL BANK OF MARYLAND

By: _____
Its: _____

WISCONSIN CENTRAL LTD.

By: _____
Its: _____

SCHEDULE 1
to
EXHIBIT B
LEASE SUPPLEMENT NO. _____
LOT __ EQUIPMENT

Rent

SCHEDULE 2
to
EXHIBIT B
LEASE SUPPLEMENT NO. _____
LOT __ EQUIPMENT

Casualty Value

SCHEDULE 3
to
EXHIBIT B
LEASE SUPPLEMENT NO. _____
LOT __ EQUIPMENT

Equipment Cost