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MCLACHLAN, RISSMAN & DOLL
COUNSELORS AT LAW

DONALD J. McLACHLAN (1937-1992)
THOMAS W. RISSMAN
JOHN H. DOLL
DEBORA J. CHOATE

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

19085
RECORDED
DEC 9 1994 - 10 51 AM
FEDERAL COMMERCE COMMISSION

December 8, 1994

Mr. Vernon A. Williams
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation in your office pursuant to the provisions of 49 U.S.C. §11303 are two original counterparts of a Master Lease Agreement dated as of November 1, 1994 ("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:	Mellon Financial Services Corporation #3 One Mellon Bank Center Suite 4444 Pittsburgh, Pennsylvania 15258-0001
Lessee:	Wisconsin Central Ltd. 6250 North River Road Suite 9000 Rosemont, Illinois 60018

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

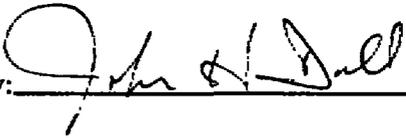
Enclosed is a check payable to the order of the Interstate Commerce Commission covering the recordation fee.

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

Vertical handwritten notes on the left margin, including a signature and the name "William A. Williams".

Master Lease Agreement dated as of November 1, 1994, by and between Mellon Financial Services Corporation #3, lessor, and Wisconsin Central Ltd., lessee, covering rail equipment.

McLachlan, Rissman & Doll

By:  _____

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

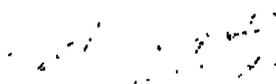
12/9/94

John H. Doll
McLachlan, Riseman & Doll
6 W Hubbard St. Ste. 500
Chicago, Illinois 60610

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12/9/94 at 10:50AM, and assigned recordation number(s) 19085 and 19086.

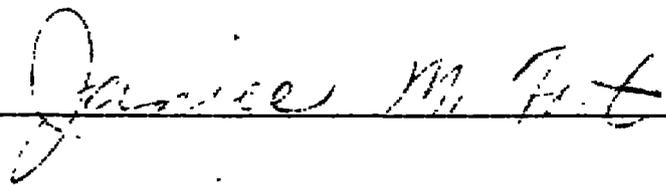
Sincerely yours,


Vernon A. Williams
Secretary

Enclosure(s)

(0100452039)

\$ 42.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature 

19085
DEC 9 1994 - 10 50 AM

MASTER LEASE AGREEMENT

Dated as of November 1, 1994

Between

MELLON FINANCIAL SERVICES CORPORATION #3
Lessor

and

WISCONSIN CENTRAL LTD.
Lessee

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Schedule 1 Initial Assumptions and Lease Factors

MASTER LEASE AGREEMENT

This MASTER LEASE AGREEMENT, dated as of November 1, 1994 (as amended and supplemented from time to time, the "Master Lease"), between MELLON FINANCIAL SERVICES CORPORATION #3, a Pennsylvania corporation (together with its successors and permitted assigns, "Lessor"), and WISCONSIN CENTRAL LTD., an Illinois corporation (together with its successors and permitted assigns, "Lessee").

1. Lease Agreement.

(a) Lessor hereby agrees to purchase and lease to Lessee and Lessee hereby agrees to rent from Lessor those items of railroad rolling stock described generally in Exhibit A hereto, as are more completely described in any Equipment Lease Schedule ("Schedule") which may from time to time be executed by Lessor and Lessee pursuant hereto (the "Equipment" or, individually, an "Item of Equipment"), upon the terms and conditions set forth herein, as supplemented by the terms and conditions set forth in the appropriate Schedule identifying such Items of Equipment.

(b) An executed counterpart of this Master Lease Agreement and the Tax Indemnity Agreement (including any prior supplements, addenda or riders thereto) or a photocopy thereof, together with an executed original of any numbered Schedule and the related Acceptance Certificate (as defined below) and Schedule of Stipulated Loss Values, in each case marked "Counterpart No. 1", shall be the original of the "lease" for the Items of Equipment described in such Schedule and together they shall constitute a separate and enforceable lease agreement (the "Lease"). All other executed counterparts of such numbered Schedule shall be marked and considered a "duplicate". To the extent any Lease created hereunder constitutes chattel paper, as that term is defined in the Uniform Commercial Code under applicable law, no security interest in such Lease may be created through the transfer of possession of any counterpart other than Counterpart No. 1 of each numbered Schedule and the related Acceptance Certificate and Stipulated Loss Values Schedule.

2. Definitions.

(a) As used herein, the following terms shall have the following meanings (such definitions to be equally applicable to both the singular and plural forms of the terms defined):

"Acceptance Certificate" shall mean a Certificate of Acceptance, in the form attached hereto as Exhibit B.

"Additional Rent" shall mean all amounts payable hereunder other than Basic Rent or Renewal Rent.

"Affiliate" of any specified person or entity shall mean any other person or entity directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person or entity.

"Appraisal Procedure" shall mean the procedure set forth in Section 7 hereof relative to the determination of Fair Market Value and Fair Market Rental Value.

"Basic Rent" shall mean with respect to any Item of Equipment the percentage of Lessor's Cost identified as "Basic Rent" on Schedule 1 hereto, adjusted as set forth in Section 5(b) hereof, and as so adjusted, as reflected on the Schedule with respect to such Item of Equipment as the amount of periodic rental payable hereunder pursuant to Section 5 hereof.

"Basic Term" shall mean the period commencing with the applicable Basic Term Commencement Date and, in each case, continuing unbroken for ten (10) years or twelve (12) years, as indicated on Exhibit A hereto and the applicable Lease Schedule.

"Basic Term Commencement Date" shall mean with respect to any Item of Equipment the Closing Date, as set forth in the applicable Schedule.

"Bill of Sale" shall mean the bill of sale from Seller to Lessor in the form attached hereto as Exhibit C.

"Business Day" shall mean a day other than a Saturday, Sunday or other day on which banks are closed under the laws of the Commonwealth of Pennsylvania or the State of Illinois.

"Change in Tax Law" shall mean any amendment to the Code or any change in federal tax regulations, which change occurs or becomes effective at any time after the date of this Master Lease, but prior to the date of any Schedule.

"Closing Date" shall mean such date or dates as Lessor and Lessee may agree, which agreement shall be evidenced by the execution and delivery by Lessor and Lessee of one or more Schedules, the date of which shall be a "Closing Date".

"Code" shall mean the Internal Revenue Code of 1986 as in effect on the date hereof.

"Default" shall mean any event or condition which after the giving of notice or lapse of time or both would become an Event of Default.

"Early Buyout Factor" shall mean with respect to any Item of Equipment the percentage of Lessor's Cost therefor identified as "Early Buyout Factor" on Schedule 1 hereto, adjusted as set forth in Section 5(b) hereof, and as so adjusted, as reflected on the Schedule with respect to such Item of Equipment.

"Equipment" as defined in Section 1(a) hereof.

"ERISA" shall mean the Employment Retirement Income Security Act of 1974, as amended.

"Event of Default" as defined in Section 18 hereof.

"Event of Loss" shall mean, in the good faith opinion of Lessee, with respect to any Item of Equipment, the actual or constructive total loss of such Item of Equipment or the use thereof, due to theft, destruction, damage beyond repair or rendition thereof permanently unfit for normal use from any reason whatsoever or uneconomic to repair or modify to meet the standards of Section 13 hereof, or the condemnation, confiscation or seizure of, or requisition of title to or use of, such Item of Equipment for a period of six consecutive months.

"Fair Market Rental Value" shall, at any time with respect to any Item of Equipment, be equal to the rental value of such Item of Equipment for the Renewal Term which would be obtained in an arm's length transaction between an informed and willing lessor under no compulsion to lease and an informed and willing lessee-user (other than a lessee currently in possession) under no compulsion to lease, determined in accordance with the Appraisal Procedure, which determination shall be made (a) without deduction for any cost or expenses of dismantling or removal; (b) on the assumption that such Item of Equipment is free and clear of all Liens and is in the condition and repair in which it is required to be returned pursuant to Section 6 hereof; and (c) by deducting the value of any severable modifications that are the property of Lessee and may be removed by Lessee pursuant to Section 13(d).

"Fair Market Value" shall, at any time with respect to any Item of Equipment, be equal to the sale value of such Item of Equipment which would be obtained in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer-user (other than a lessee currently in possession or a used equipment or scrap dealer) under no compulsion to buy, determined in accordance with the Appraisal Procedure, which determination shall be made (a) without deduction for any cost or expenses of dismantling or removal; (b) on the assumption that such item of Equipment is free and clear of

all Liens and is in the condition and repair in which it is required to be returned pursuant to Section 6 hereof; and (c) by deducting the value of any severable modifications that are the property of Lessee and may be removed by Lessee pursuant to Section 13(d). For purposes of Section 19(c) hereof, Fair Market Value shall be determined (at Lessee's expense) by an independent appraiser selected by Lessor, on an "as-is, where-is" basis, without regard to the requirements of the Appraisal Procedure and without regard to clauses (a) and (b) above, provided, that, if Lessor shall have sold any Item of Equipment pursuant to Section 19(b) hereof prior to giving the notice referred to in Section 19(c) hereof, Fair Market Value of such Item of Equipment shall be the net proceeds of such sale after deduction of all reasonable costs and expenses incurred by Lessor in connection therewith; provided, further, that if for any reason not within the control of Lessor, Lessor is not able to obtain possession of any Item of Equipment pursuant to Section 19(a) hereof, the Fair Market Value of such Item of Equipment shall be zero.

"Financial Statements" shall mean the audited annual Balance Sheet, Statement of Income, and Statement of Cash Flow, and the quarterly unaudited Balance Sheet, Statement of Income of and Statement of Cash Flow of Lessee.

"Indemnitee" as defined in Section 17 hereof.

"Late Charge Rate" shall mean an interest rate per annum equal to the greater of (i) Prime Rate plus two percent (2%) or (ii) ten percent (10%).

"Lease Term" shall mean, with respect to any Item of Equipment, the Basic Term and, if renewed, any Renewal Term therefor.

"Lessee" as defined in the introductory paragraph to this Lease.

"Lessor" as defined in the introductory paragraph of this Lease.

"Lessor's Cost" shall mean, with respect to any Item of Equipment, the total amount paid by Lessor for such Item of Equipment, which amount shall be set forth in the Schedule pertaining to such Item of Equipment.

"Lessor's Economics" shall mean the net after-tax yield and after-tax cash flows expected by Lessor with respect to the Equipment, utilizing the multiple investment sinking fund method of analysis and the same assumptions used by Lessor in originally computing Basic Rent, Stipulated Loss Values and the Early Buyout Factor, except to the extent provided in a

letter, dated the first Closing Date, between the original Lessor and Lessee.

"Lessor's Liens" shall mean any Lien of any person claiming by, through or under Lessor, which results from an act or omission by Lessor which is neither consented to in writing by Lessee nor taken in connection with any Default or Event of Default nor authorized by or taken pursuant to the provisions of this Lease or any other Operative Document (for this purpose, any Lien which Lessee is required to remove hereunder shall not be taken into account as a Lessor's Lien pursuant to any provision of this Lease).

"Lien" shall mean any mortgage, pledge, lien, security interest, charge, encumbrance, financing statement, title retention or any other right or claim of any person.

"Loss Payment Date" shall mean with respect to any Item of Equipment the date on which payment, as described in Section 16(b) hereof, is made to Lessor by Lessee as the result of an Event of Loss with respect to such Item.

"Operative Documents" shall mean this Master Lease, each Acceptance Certificate, each Schedule, and the Tax Indemnity Agreement.

"Permitted Liens" shall mean (i) Lessor's and Lessee's respective interests in the Equipment hereunder, (ii) Liens for judgments and Taxes either not yet due or being contested by Lessee in good faith and by appropriate proceedings and as to which appropriate reserves are being maintained in accordance with generally accepted accounting principles, so long as such proceedings do not, in the reasonable opinion of Lessor, involve any material danger of the sale, forfeiture or loss of the Equipment; (iii) materialmen's, mechanic's, workmen's, repairmen's, or other like Liens arising in the ordinary course of business and securing obligations which are not delinquent or which are being contested by Lessee in good faith and by appropriate proceedings and as to which appropriate reserves are being maintained in accordance with generally accepted accounting principles, so long as such proceedings do not, in the reasonable opinion of Lessor, involve any material danger of the sale, forfeiture or loss of the Equipment; (iv) subleases permitted hereunder; and (v) Lessor's Liens.

"Prime Rate" shall mean the rate of interest announced by Mellon Bank, N.A. as its prime rate, such rate to change automatically effective with each change in such prime rate.

"Renewal Rent" shall mean the Renewal Rent due and payable pursuant to Section 6(e) hereof.

"Renewal Term" shall mean, with respect to each Schedule, any period subsequent to the end of the Basic Term therefor during which the Items of Equipment described in such Schedule are leased hereunder pursuant to Section 6(e) hereof.

"Rent" shall mean Basic Rent, Renewal Rent and Additional Rent.

"Rent Payment Date" shall mean, with respect to each Item of Equipment, each date on which an installment of Basic Rent is due and payable pursuant to Section 5 hereof during the Basic Term therefor and each date on which an installment of Renewal Rent is due and payable pursuant to Section 6(e) hereof during any Renewal Term therefor.

"Replacement Item" shall mean a railcar, manufactured in the same year or later, of the same class, type and capacity as the Item of Equipment with respect to which an Event of Loss has occurred and which is being replaced pursuant to Section 16(c) hereof.

"Schedule" shall mean each Equipment Lease Schedule, in the form of Exhibit D hereto, with all blanks filled in.

"Seller" shall mean WCL Railcars, Inc. in its capacity as seller of the Equipment.

"Stipulated Loss Value" shall mean, with respect to any Item of Equipment, the amount determined by multiplying the Lessor's Cost of such Item of Equipment by the percentage set forth in Annex I to the applicable Schedule opposite the applicable period. The initial Stipulated Loss Values are set forth on Schedule 1 hereto and are subject to adjustment as set forth in such Schedule 1 and in Section 5(b) hereof.

"Tax Indemnity Agreement" shall mean the Tax Indemnity Agreement, of even date herewith, between Lessor and Lessee, as it may be amended or supplemented from time to time.

"Taxes" as defined in Section 12(a).

"Transaction Expenses" as defined in Section 25.

(b) All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles.

3. Conditions Precedent:

(a) Lessor shall not be obligated to fund the purchase price of, purchase, or lease hereunder any Item of Equipment on the first Closing Date unless:

(i) Lessor shall have received a copy of resolutions of the Board of Directors of Lessee certified by the Secretary or an Assistant Secretary of Lessee as of such first Closing Date, authorizing the execution, delivery and performance by Lessee of this Master Lease, the Acceptance Certificates, the Schedules and any other documents related hereto or delivered pursuant to this Lease;

(ii) Lessor shall have received a copy of the Articles of Incorporation and By-laws of Lessee certified by the Secretary or an Assistant Secretary of Lessee as of a recent date;

(iii) Lessor shall have received an incumbency and signature certificate of Lessee dated such first Closing Date and in form and substance reasonably satisfactory to Lessor, setting forth the names and signatures of each officer of Lessee authorized to sign this Master Lease, the Acceptance Certificates, the Schedules and all other instruments and documents relating thereto, which certificate may be relied on by Lessor until it receives written notice to the contrary;

(iv) Lessor shall have received an opinion of counsel for Lessee, dated such first Closing Date and in form and substance reasonably satisfactory to Lessor;

(v) Lessor shall have received a certificate of Lessee, dated such first Closing Date, meeting the requirements of Section 11(a) hereof; and

(vi) Lessor shall have received an appraisal, in form and substance reasonably satisfactory to Lessor, with respect to the Equipment.

(b) Lessor shall not be obligated to fund the purchase price of, purchase, or lease any Items of Equipment hereunder, the purchase price of which is to be funded on any Closing Date, unless:

(i) Lessor shall have received good and marketable title to such Items of Equipment, free and clear of Liens, as evidenced by a Bill of Sale;

(ii) Lessor shall have received an invoice that evidences the amount of Lessor's Cost of such Items of Equipment;

(iii) Lessor shall have received one or more Schedules and Acceptance Certificates, with all blanks filled in, covering such Items duly executed by Lessee;

(iv) All representations and warranties of Lessee contained herein shall be true and correct in all material respects on and as of such Closing Date with the same force and effect as if made on and as of such date; no Event of Default or Default shall be in existence on such date or shall occur as a result of the lease by Lessee of the Items of Equipment the purchase price of which is to be funded on such Closing Date; and the execution and delivery by Lessee to Lessor of a request for funding on such Closing Date shall constitute a representation by Lessee to Lessor to both such effects;

(v) No Change in Tax Law, which in the sole judgment of Lessor would adversely affect Lessor's Economics, shall have occurred or shall appear, in Lessor's good faith judgment, to be imminent; and

(vi) Lessee's execution and delivery, at Lessee's expense, of Uniform Commercial Code financing statements for filing with the Illinois Secretary of State and other filings and publications as may be appropriate with respect to Lessor's interest in the Equipment, including filings with the United States Interstate Commerce Commission ("ICC").

(c) Lessor shall not be required to accept any Item of Equipment under any Schedule after December 30, 1994, nor shall the aggregate Lessor's Cost of all Equipment accepted hereunder exceed \$10,000,000.

4. Purchase; Delivery; Lease Commencement.

(a) Purchase. On each Closing Date, Lessor shall purchase from Seller the Items of Equipment described on the Schedule(s) to be delivered on such Closing Date, provided, however, that Lessor shall have no obligation to purchase any Item of Equipment which is not described on an Acceptance Certificate and a Schedule delivered simultaneously with such purchase. Lessee shall cause Seller to deliver to Lessor an invoice for all Items of Equipment being purchased by Lessor together with a Bill of Sale, in the form of Exhibit C hereto. On each Closing Date, Lessor shall pay to Seller in immediately available funds the price of each Item of Equipment being accepted under this Lease, as shown on such invoice.

(b) Schedules. Lessee shall execute and deliver to Lessor on each Closing Date, one Schedule (together with applicable schedules of Stipulated Loss Values) and one Acceptance Certificate for the Equipment being delivered and accepted on such Closing Date.

(c) Commencement of Lease. Upon the delivery of the Schedule(s) and Acceptance Certificate(s) referred to in paragraph (b) above, and compliance by Lessee with each other applicable condition precedent as set forth in Section 3 hereof, the Lease Term shall begin with respect to the Items of Equipment described in such Schedule(s).

5. Rent.

(a) Basic Rental Payable During Basic Term. Lessee shall pay to Lessor, in immediately available funds, Basic Rent for each Item of Equipment in an amount equal to Lessor's Cost of such Item multiplied by the appropriate Basic Rent percentage set forth in the applicable Schedule, in consecutive semi-annual payments in arrears during the Basic Term for such Item, with the first payment due on the six month anniversary of the Basic Term Commencement Date and succeeding payments due on each sixth monthly anniversary thereof (or if such day is not a Business Day, on the next succeeding Business Day). Basic Rent shall be paid by wire transfer of immediately available funds to Mellon Bank, N.A., ABA Number 043000261, for credit to Account 127-5680, Mellon Financial Services Corporation #3.

(b) Adjustment of Rent and Related Factors. The initial Basic Rent percentage and the corresponding Stipulated Loss Value Factors and Early Buyout Factor shown on Schedule 1 are based upon the assumptions set forth therein. Such Basic Rent percentage, Stipulated Loss Value Factors and Early Buyout Factor are subject to adjustment no later than thirty (30) days after each Closing Date to reflect deviations in any of such assumptions to preserve Lessor's Economics. Lessor shall prepare and deliver to Lessee a Closing Date Rental Supplement, in the form of Exhibit E, which sets forth the adjusted Basic Rent percentage and the corresponding Stipulated Loss Value Factors and Early Buyout Factor applicable to Items of Equipment delivered on each Closing Date. At Lessee's request, such adjustments shall be verified by the Verifying Accountants (as defined in the Tax Indemnity Agreement).

(c) Interest. Lessee shall also pay to Lessor, on demand, interest at the Late Charge Rate on any installment of Basic Rent, Renewal Rent, and on any other amount owing hereunder which is not paid when due, for any period for which the same shall be overdue. Each payment made under this Lease shall be applied first to the payment of interest then owing and then to other amounts owing hereunder. Interest shall be computed on the basis of a 360-day year and actual days elapsed.

(d) Net Lease. Each Lease created hereunder shall be a net lease and Lessee's obligation to pay all Rent and all other amounts payable under such Lease is ABSOLUTE AND UNCONDITIONAL under any and all circumstances and shall not be affected by any other circumstances of any character whatsoever, including,

without limitation, (i) any set-off, counterclaim, recoupment, defense, abatement or reduction or any right which Lessee may have against Lessor, the Seller, manufacturer, or any other supplier of any of the Equipment or anyone else for any reason whatsoever; (ii) any defect in the title, condition, design, or operation of, or lack of fitness for use of, or any damage to, or loss of, all or any part of the Equipment from any cause whatsoever; (iii) the existence of any Liens with respect to the Equipment; (iv) the invalidity, unenforceability or disaffirmance of the Lease or any other document related hereto; or (v) the prohibition of or interference with the use or possession by Lessee of all or any part of the Equipment, for any reason by anyone (other than Lessor and any party acting through or under Lessor) including, without limitation, by reason of (1) claims for patent, trademark or copyright infringement; (2) present or future governmental laws, rules or orders; (3) the insolvency, bankruptcy or reorganization of any person; and (4) any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, provided that Lessor does not breach or continue to breach its obligations set forth in Section 26 hereof. Lessee hereby waives, to the extent permitted by applicable law, any and all rights which it may now have or which may at any time hereafter be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any Equipment. If for any reason whatsoever this Lease or any Schedule, except as expressly permitted herein, shall be terminated in whole or in part by operation of law or otherwise, Lessee will nonetheless pay to Lessor an amount equal to each installment of Rent at the time such installment would have become due and payable in accordance with the terms hereof. Except for manifest error, each payment of Rent or other amount paid by Lessee hereunder which is due and payable shall be final and Lessee will not seek to recover all or any part of such payment from Lessor for any reason whatsoever.

6. Return of Equipment; Options.

(a) Return. Lessee shall, upon the expiration of the Lease Term of each Schedule return all Items of Equipment then subject to such Schedule to Lessor at such point of interchange on Lessee's rail lines as Lessor shall designate in writing to Lessee at least thirty (30) days prior to the expiration of the Lease Term. Lessee shall return the Equipment in groups of at least 100 Items (if any Schedule applies to more than 100 Items of Equipment) and the groups shall be delivered in sequential two week intervals. If Lessor so requests, Lessee will store any such group of Equipment for a period not to exceed ninety (90) days. If any Item of Equipment remains in storage beyond such ninety (90) days, Lessor shall pay to Lessee for such storage one hundred twenty five percent (125%) of the customary charge for storage, such amount to be payable upon removal of such Item of Equipment from Lessee's facilities. During such period of storage, Lessee shall continue to insure such Equipment and shall care for such Equipment in the same manner as Lessee cares for its other,

stored, equipment, whether owned or leased. Until each Item of Equipment is returned to Lessor or placed in storage pursuant to the provisions of this Section, all of the other provisions of this Lease with respect thereto shall continue in full force and effect. Lessee shall pay all the costs and expenses in connection with or incidental to the return of the Equipment, including, without limitation, the cost of removing, assembling, packing, insuring and transporting the Equipment. Lessee shall not be obligated to transport any Item of Equipment more than once at the request of Lessor.

(b) Condition on Return. At the time of such return, each Item of Equipment shall be in the condition and repair required to be maintained by Section 13 hereof, free of any special advertising, lettering or other marking, and free of product residue, silt, sludge or other debris, and otherwise in the condition in which it is required to be maintained hereunder, and shall be suitable for use in unrestricted interchange service under the interchange rules of the Association of American Railroads and shall be free and clear of all Liens except for Lessor's Liens. Lessor may cause the Equipment to be inspected by an independent consultant to verify that the Items have been returned in compliance with the terms and conditions hereunder, which consultant shall issue a report to Lessor and Lessee. Additional wear and tear set forth in such report beyond the extent permitted herein shall be deemed excessive wear and tear and Lessee, at its option, shall be responsible to either promptly make such repairs as are required to correct excessive wear and tear, or to forward the affected Items of Equipment to a repair facility, which facility shall have been previously approved in writing by Lessor (which approval shall not unreasonably be withheld), for such repairs and pay the costs of such repairs.

(c) Holdover Rent. Until each Item of Equipment is returned to Lessor in the condition required herein, Lessee shall pay Rent therefor monthly in arrears and upon return of each Item of Equipment at a rate, for the first thirty (30) days following the end of the Lease Term, equal to the Basic Rent or Renewal Rent in effect immediately prior to the termination of the Lease Term and at a rate, for the period, if any, after such thirtieth (30th) day, of one hundred twenty five percent (125%) of the Basic Rent or Renewal Rent in effect immediately prior to the termination of the Lease Term, provided, that no Item of Equipment shall be loaded for revenue service after the last day of the Basic Term or any Renewal Term, whichever is applicable, and provided, further, that the payment of such Rent shall not preclude Lessor from declaring Lessee to be in default under Section 18 as a result of Lessee's failure to return the Equipment within ninety (90) days after the expiration of the Lease Term in the condition required herein.

(d) Purchase Option. Lessee may, by written notice given to Lessor at least 180 days (but not more than 360 days) prior to the expiration date of the Basic Term or any Renewal Term with respect to each Schedule (which notice shall be irrevocable), elect to purchase all, but not less than all, Items of Equipment then subject to such Schedule on such expiration date for a cash purchase price equal to the Fair Market Value of such Items determined as of such expiration date. In addition, Lessee shall pay any (i) Taxes, other than Taxes excluded by Section 12(b) hereof, imposed on or with respect to such sale, (ii) reasonable costs and expenses (including legal fees and expenses) incurred or paid by Lessor in connection with such sale, and (iii) Rent or other sums then due and payable under this Lease. Upon payment by Lessee of such purchase price and all other amounts then due and payable by Lessee hereunder, Lessor shall transfer title to such Items of Equipment to Lessee on an "as-is, where-is" basis, without recourse and without representation or warranty of any kind, express or implied, other than a representation and warranty that such Equipment is free and clear of any Lessor's Liens. Lessor shall execute and deliver such documentation as Lessee may reasonably request in order to evidence such transfer. Lessor agrees to cooperate with Lessee in order to minimize any Taxes, other than Taxes excluded by Section 12(b) hereof, that may be imposed on such purchase.

(e) Renewal Option. Lessee may, by written notice delivered to Lessor at least 180 days (but not more than 360 days) prior to expiration of the Basic Term or the first Renewal Term of each Schedule, extend the Lease Term for all, but not less than all the Items of Equipment then subject to such Schedule for that number of whole months (evenly divisible by six (6)) as is specified by Lessee in such notice. All provisions of this Lease shall be applicable during any Renewal Term except that Lessee shall pay, in the same manner as provided in Section 5 hereof, Renewal Rent in an amount equal to the Fair Market Rental Value of the Items of Equipment, and the Stipulated Loss Value of such Items of Equipment during the Renewal Term shall be determined by Lessor as of the last Rent Payment Date occurring in the Basic Term or the first Renewal Term, as the case may be, based on the Fair Market Value of such Items of Equipment, declining on a straight-line basis over the remaining useful life of each Item of Equipment.

7. Appraisal Procedure.

(a) Selection of Consensus Appraiser. At least ninety (90) days prior to the date(s) Lessee is required to notify Lessor of its election to purchase or renew the lease with respect to any Items of Equipment as set forth in Section 6(d) and (e) above, Lessee will notify Lessor in writing (the "Preliminary Notice") of Lessee's preliminary intention to elect one of the options set forth in Section 6(d) or (e) and consult with Lessor to identify an independent appraiser (the "Appraiser"), mutually satisfactory

to Lessor and Lessee, who will establish the Fair Market Value and the Fair Market Rental Value of the applicable Items of Equipment prior to the seventy-fifth (75th) day following the Preliminary Notice. If Lessor and Lessee agree on the Appraiser, the fees and expenses of the Appraiser shall be shared by Lessor and Lessee, equally.

(b) Failure to Agree. If Lessor and Lessee are unable to agree on the Appraiser within fifteen (15) days after the Preliminary Notice, no later than thirty (30) days after the Preliminary Notice, Lessee shall select an appraiser (the "**Lessee Appraiser**") and notify Lessor and Lessor shall select an appraiser (the "**Lessor Appraiser**") and notify Lessee. Lessee shall be responsible for the fees and expenses of the Lessee Appraiser and Lessor shall be responsible for the fees and expenses of the Lessor Appraiser. Within fifteen (15) days of their appointment, the Lessor Appraiser and the Lessee Appraiser shall agree on the identity of a third appraiser (the "**Independent Appraiser**"), whose fees and expenses will be shared equally by Lessor and Lessee, and the three Appraisers so appointed shall determine, before the seventy-fifth (75th) day following the Preliminary Notice, the Fair Market Value and the Fair Market Rental Value of the relevant Items of Equipment. Fair Market Value and Fair Market Rental Value shall be the average of the appraisals rendered by such three appraisers, provided, however, that in the event that the lowest or highest of the three appraisals, or both, varies by more than ten percent (10%) from the middle appraisal, such varying appraisal or appraisals shall be disregarded in computing such average.

(c) Arbitration. In the event any of the deadlines set forth in paragraph (b) above are not met, the applicable Fair Market Value and Fair Market Rental Value shall be determined by binding arbitration in accordance with the rules of the American Arbitration Association in Chicago. The fees and expenses of such arbitration shall be borne by the party or parties which failed to timely comply with the provisions of paragraph (b) above, as determined by the arbitrator(s) in such proceeding.

8. Early Purchase Option.

So long as no Major Default (as defined in Section 16(d)) shall have occurred and be continuing, Lessee may, by written notice delivered to Lessor at least 180 days (but not more than 360 days) prior to (x) the tenth (10th) anniversary of the Basic Term Commencement Date for each Schedule with a Basic Term of twelve (12) years, and (y) the eighth (8th) anniversary of the Basic Term Commencement Date for each Schedule with a Basic Term of ten (10) years, purchase all, but not less than all, Items of Equipment then subject to such Schedule. Following delivery of such notice, Lessee shall pay to Lessor on such eighth (8th) or tenth (10th) anniversary, as applicable, an amount equal to Lessor's Cost of such Equipment multiplied by the Early Buyout Factor shown on the applicable Schedule. In addition, Lessee

shall pay any (i) Taxes, other than Taxes excluded by Section 12(b) hereof, imposed on or with respect to such sale, (ii) reasonable out-of-pocket costs and expenses (including legal fees and expenses) incurred or paid by Lessor in connection with such sale, and (iii) Rent or other sums then due and payable under this Lease. Upon payment by Lessee of such purchase price and all other amounts then due and payable hereunder, Lessor shall transfer title to such Equipment to Lessee on an "as-is, where-is" basis, without recourse and without representation or warranty of any kind, express or implied, other than a representation and warranty that such Equipment is free and clear of any Lessor's Lien. Lessor shall execute and deliver such documentation as Lessee may reasonably request in order to evidence such transfer. Lessor agrees to cooperate with Lessee in order to minimize any Taxes, other than Taxes excluded by Section 12(b) hereof, that may be imposed on such purchase.

9. Representations and Warranties.

In order to induce Lessor to enter into this Lease and to lease the Equipment to Lessee hereunder, Lessee represents and warrants that:

(b) Organization. Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois and is duly qualified to do business and is in good standing in all states in which the failure to so qualify would have a material adverse effect on Lessee's ability to perform its obligations hereunder.

(c) Power and Authority. Lessee has full corporate power, authority and legal right to execute, deliver and perform each of the Operative Documents, and the execution, delivery and performance thereof has been duly authorized by all necessary corporate action of Lessee.

(d) Enforceability. Each of the Operative Documents has been duly executed and delivered by Lessee and constitutes a legal, valid and binding obligation of Lessee enforceable in accordance with its terms, except as enforcement of such terms may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights and remedies generally.

(e) Consents and Permits. The execution, delivery and performance of each of the Operative Documents does not require any stockholder approval or approval or consent of any trustee or holders of any indebtedness or obligations of Lessee, and will not contravene any law, regulation, judgment or decree applicable to Lessee, or the articles of incorporation or by-laws of Lessee, or contravene the provisions of, or constitute a default under, or result in the creation of any Lien upon any property of Lessee under any material mortgage, instrument or other agreement to which Lessee is a party or by which Lessee or its assets may be

bound or affected; and no authorization, approval, license, filing or registration with any court or governmental agency or instrumentality is necessary in connection with the execution, delivery, performance, validity and enforceability of this Lease, except for the filing of a memorandum of this Lease and each Schedule with the ICC.

(f) No Defaults. Lessee is not in default, and no event or condition exists which after the giving of notice or lapse of time or both would constitute an event of default, under any of the terms, conditions or provisions of any material bond, debenture, lease, note, mortgage, indenture, agreement, or other instrument to which Lessee is a party or which purports to be binding upon Lessee or upon any of its assets which, individually or in the aggregate, would adversely affect Lessee's ability to perform its obligations under this Lease.

(g) Title to Equipment. On each Closing Date, upon payment by Lessor of the purchase price therefor and delivery of the applicable Bill of Sale, Lessor shall have good and marketable title to the Items of Equipment being subjected to this Lease on such date, free and clear of all Liens except any Permitted Liens.

(h) No Litigation. There is no action, suit, investigation or proceeding by or before any court, arbitrator, administrative agency or other governmental authority pending or, to the best of Lessee's knowledge, threatened against or affecting Lessee (i) which involves the transactions contemplated by any of the Operative Documents or the Equipment; or (ii) which, if adversely determined, materially adversely affects, or in the future is likely (as far as Lessee can now foresee) to materially adversely affect, the ability of Lessee to perform its obligations thereunder, except as may be set forth in Lessee's Financial Statements for the year ended December 31, 1993, previously delivered to Lessor.

(i) Financial Condition of the Lessee. The Financial Statements of Lessee for the periods ended December 31, 1993, and June 30, 1994, copies of which have been delivered to Lessor, fairly present the financial condition of Lessee and the results of its operations as of the respective dates and for the respective periods covered thereby (subject to year-end audit adjustments in the case of the Financial Statements for the quarter ended June 30, 1994); there are no known contingent liabilities or liabilities for taxes of Lessee which are not reflected in said Financial Statements that materially adversely affects, or in the future is likely (as far as Lessee can now foresee) to materially adversely affect the ability of Lessee to perform its obligations hereunder and during the period since the date of the most recent thereof (December 31, 1993) through June 30, 1994, there has been no material adverse change in such financial condition or operations, except as reflected on the Financial Statements of Lessee for the quarter ended on June 30, 1994.

(i) Lessee's Chief Executive Office. Lessee's chief executive office (as that term is used in Section 9-103(d) of the Uniform Commercial Code as in effect in any applicable jurisdiction), and the place where it keeps its corporate records concerning the Equipment, all interest in, to and under any Operative Document, and its contracts relating thereto, is located in Rosemont, Cook County, Illinois, and such chief executive office, and place for records, has been located in Rosemont, Cook County, Illinois at least four (4) months prior to the date hereof.

(j) Reconditioning Program. Each of the 93 Items of Equipment described on Exhibit A hereto as "Non-Grandfathered" Boxcars (Chrysler) has been through an OT-37 reconditioning program since 1988.

10. Liens.

Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to the Equipment except Permitted Liens. Lessee will promptly notify Lessor of any Lien (other than Permitted Liens).

11. Insurance.

(a) Coverages Required. Lessee shall maintain at all times on the Equipment, at its expense, "all-risk" physical damage insurance and comprehensive general liability insurance (covering bodily injury and property damage exposures, including, but not limited to, contractual liability and products liability) in such form and against such risks as are consistent with prudent industry practice and with insurers that are not related to or affiliated with Lessee. Subject to paragraph (b) below, the amount of "all-risk" physical damage insurance shall not on any date be less than the Stipulated Loss Value of the Equipment as of such date. The comprehensive general liability insurance shall be in an amount not less than \$50 million. Each insurance policy will, among other things, name Lessor as an additional insured or as loss payee (as the case may be), require that the insurer give Lessor at least thirty (30) days prior written notice (at the addresses for notice to Lessor set forth in Section 24 hereof) of any cancellation of such policy, and require that the interests of Lessor be continually insured regardless of any breach of or violation by Lessee of any warranties, declarations or conditions contained in such insurance policy. In no event shall Lessor be responsible for premiums, warranties or representations to any insurer or agent thereof. At Lessor's option, Lessee shall furnish to Lessor a certificate or other evidence reasonably satisfactory to Lessor that such insurance coverage is in effect, provided, however, that Lessor shall be under no duty to ascertain the existence or adequacy of such insurance. The insurance maintained by Lessee shall be primary without any right of contribution from insurance which may be maintained by Lessor.

(b) Self-Insurance. Notwithstanding anything to the contrary contained herein, Lessee shall be permitted (i) to self-insure or maintain deductibles for physical damage in such amounts (which may be entirely) as are consistent with prudent industry practices and (ii) to self-insure or maintain deductibles for liability coverage in an amount not to exceed five percent (5%) of the consolidated net worth of Lessee's parent, Wisconsin Central Transportation Corporation ("WCTC"), as reflected in the audited balance sheet of WCTC for the immediately preceding fiscal year.

12. General Tax Indemnity.

(a) Indemnification. Lessee agrees to pay and indemnify Lessor for, and hold Lessor harmless from and against all taxes, assessments, fees and charges levied and imposed by any governmental unit (state, local, federal, domestic or foreign) or any agency or instrumentality thereof (hereinafter called "Taxes"): (i) with respect to this Lease; (ii) upon the Equipment, its value or any interest of Lessor and/or Lessee therein; or (iii) upon or on account of any sale to the Lessee, rental, purchase, ownership, possession, use, operation, maintenance, delivery or return of the Equipment.

(b) Exclusions. Such Taxes shall not include gross receipts taxes, franchise taxes, items of tax preference, minimum taxes, taxes imposed by any jurisdiction that would not have been imposed but for activities unrelated to the transactions contemplated by this Lease, income taxes, or any other taxes imposed on or measured by the income or capital of Lessor, but, subject to the foregoing limitations, shall include, the following: sales, use, personal property, value added, ad valorem, leasing, leasing use, stamp or other taxes, levies, imposts, duties, together with any penalties, fines or interest thereon, arising out of the transactions contemplated by this Lease and imposed against Lessor, Lessee or the Equipment by any governmental unit (state, local, federal, domestic or foreign), provided, however, that Lessee shall not be liable for any penalties, fines or interest which are attributable solely to acts or omissions of Lessor, and provided, further, that Lessee shall not be liable for any Taxes, penalties, fines or interest which are imposed on or in connection with the sale or transfer by Lessor or its interest in any Item of Equipment or any of the Operative Documents or as a result of the bankruptcy of Lessor.

(c) Contest. Lessee shall remit to any governmental unit any Tax when due, unless (i) remittance thereof may legally be withheld, and (ii) Lessee shall in good faith, with due diligence, and by appropriate judicial or administrative proceedings, be contesting the validity, applicability, or amount thereof, provided, that no such contest shall be instituted unless Lessee shall, at least 10 days prior to instituting such contest, give to Lessor written notice of Lessee's intent to contest the Tax and such proceedings do not, in the reasonable opinion of Lessor,

involve any material danger of the sale, forfeiture or loss of any Item of Equipment or expose Lessor to criminal prosecution or penalties. Lessor shall cooperate with Lessee, at Lessee's own cost and expense, in the taking of any action permitted hereunder before any administrative or judicial body to contest, seek adjustment of, seek exemption from or protest Taxes for which Lessee is responsible hereunder. Lessor will promptly execute all documentation, provide any information and take and/or join in any action reasonably required to permit Lessee to prosecute any permitted contest.

(d) Returns; Payment. To the extent permitted by law, Lessee will be responsible for making timely remittances to the appropriate governmental unit of all Taxes, and shall file timely with each appropriate governmental unit, all returns, statements and reports legally required with respect thereto. If Lessor remits to a governmental unit any Tax required hereunder to be borne by Lessee, the amount of such remittance shall become Additional Rent hereunder, and reimbursement thereof shall be made by Lessee promptly upon Lessor's demand. In case any report or return is required to be made with respect to any obligation of the Lessee under this Section, Lessee will either (a) make and file such report or return on behalf of Lessor and send a copy of such report or return to the Lessor, or (b) in the event Lessee is not itself permitted to file such return as agent of Lessor, prepare and forward to Lessor such return for Lessor's signature in a timely manner with appropriate filing instructions. Lessor agrees to cooperate with Lessee in the preparation of any such report or return. Lessee agrees to indemnify and hold Lessor harmless from and against any loss, cost, damage or expense arising out of any failure by Lessee to prepare and file any such reports or returns, unless such failure is the direct result of the failure of Lessor to cooperate in the preparation of such report. In the event that during the Lease Term of this Lease (including any additional periods in which Lessee has possession of the Equipment other than during storage at Lessor's request), there is an assessment of any Tax, then the Lessee's responsibility and liability for such Tax shall continue, notwithstanding the expiration or termination of this Lease, until all such Taxes are paid or reimbursed by Lessee.

13. Use; Reports; Compliance with Laws; Maintenance; Additions; Inspections; Identification.

(a) Use; Reports. Lessee may possess and use each Item of Equipment in accordance with this Lease, provided that any such use is in conformity with all applicable laws, any insurance policies, and any warranties of the manufacturer with respect to such Item, and further provided that Lessee shall not use or permit any Item to be used to contain or transport any explosive, hazardous, toxic, dangerous or environmentally threatening waste, material or matter not commonly transported in similar equipment by rail common carriers without special permits. Each Item of

Equipment will be used within the contiguous 48 states of the United States of America or within Canada. Lessee shall promptly notify Lessor of all details arising out of any accident which has a significant risk of resulting in a claim against the Lessor allegedly resulting from the use or operation thereof. Lessee shall maintain or cause to be maintained all records, logs, reports, and compliance certificates relating to the care, use and maintenance of the Equipment as are customary in the industry and shall make such records available for inspection at Lessor's request and shall deliver such records to Lessor upon the return of the Equipment under Section 6 hereof. In addition, the Lessee will make available (or will cause to be made available) to Lessor such information as Lessor shall reasonably request from time to time in order to enable the Lessor to fulfill its Federal, state, local and foreign tax return obligations and shall furnish for inspection and copying such original records or copies of available records necessary to satisfy tax audit requirements and to conduct effectively any tax contest. Lessee shall, on or before each April 30 during the Lease Term, submit to Lessor a report, as of the preceding December 31, listing, by car number (with adequate information for any car numbers which have been changed from the Closing Date), each Item of Equipment then subject to this Lease, the status of such Item, identifying those Items of Equipment which have been removed from service and the reason(s) therefor, the date of such removal, and the expected date of return to service. Such report shall be certified by a responsible officer of Lessee.

(b) Rules. Lessee agrees to comply with all local, state and Federal governmental laws, regulations and requirements relating to the operation and/or use of the Equipment, including the Interchange Rules and all other rules of the Association of American Railroads, Federal Railroad Administration, and the ICC or any successors thereto, unless Lessee is contesting the applicability of such law, rule, regulation or requirement in good faith by appropriate proceedings, provided that such proceedings do not, in the reasonable opinion of Lessor, involve any material danger of the sale, forfeiture or loss of any Item of Equipment or expose Lessor to criminal prosecution or penalties. In case any equipment or appliance on any Item of Equipment shall be required to be changed or replaced, or any additional or other equipment or appliance is required to be installed on such Item in order to comply with such laws, regulations, requirements and rules, Lessee agrees to make such changes, additions and replacements promptly at its own expense and title thereto shall be immediately vested in Lessor, unless Lessee is contesting the applicability of such law, regulation, requirement or rule in good faith by appropriate proceedings, provided that such proceedings do not, in the reasonable opinion of Lessor, involve any material danger of the sale, forfeiture or loss of any Item of Equipment or expose Lessor to criminal prosecution or penalties.

(c) Maintenance. Lessee will, at its own expense, keep and maintain the Equipment in good repair, condition and working order and in the same manner as other railcars owned or leased by Lessee, and will furnish or cause to be furnished, all parts, replacements, mechanisms, devices and servicing required therefor so that the value, condition and operating efficiency therefor will at all times be maintained and preserved, reasonable wear and tear excepted. All such repairs, parts, mechanisms, devices and replacements shall immediately, without further act, become the property of Lessor and part of the Equipment.

(d) Modifications. Lessee will not make or authorize any improvement, change, addition or alteration to any Item of Equipment if such improvement, change, addition or alteration will impair the originally intended function or use of such Item of Equipment or impair the value, utility or remaining useful life of such Item of Equipment as it existed immediately prior to such improvement, change, addition or alteration. Any part which is added to the Equipment without violating the provisions of the immediately preceding sentence and which is not a replacement or substitution for any property which was a part of the Equipment, and which can be removed without causing damage to the Equipment shall remain the property of Lessee and may be removed by Lessee at any time prior to the expiration or earlier termination of the Lease Term. Any part which is not so removed prior to the expiration or earlier termination of the Lease Term shall, without further act, become the property of Lessor. All such parts shall be and remain free and clear of any Liens (other than Permitted Liens).

(e) Inspection. Lessor or its authorized representatives may, at its own risk, at any reasonable time or times during Lessee's normal business hours, upon not less than four (4) Business Days' notice (which notice shall not be required while a Default exists or an Event of Default has occurred and is continuing), inspect the Equipment and the books and records of Lessee relative to the Equipment. Such inspection shall not unreasonably interfere with Lessee's or any permitted sublessee's business or the operation of the Equipment.

(f) Identification. Lessee shall, at its expense, attach to each Item of Equipment, marked by means of a stencil, in contrasting colors, or by decal, upon each side of such Item in letters not less than one inch in height as follows: "Ownership subject to documents filed with the Interstate Commerce Commission".

14. Disclaimer; Assignment of Warranties.

(a) LESSOR NEITHER MAKES NOR SHALL BE DEEMED TO HAVE MADE AND LESSEE HEREBY EXPRESSLY WAIVES ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE EQUIPMENT, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OR REPRESENTATION AS

TO THE DESIGN, QUALITY OR CONDITION OF THE EQUIPMENT OR ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE EQUIPMENT FOR ANY PARTICULAR PURPOSE OR AS TO THE TITLE TO OR LESSOR'S OR LESSEE'S INTEREST IN THE EQUIPMENT OR AS TO ANY OTHER MATTER RELATING TO THE EQUIPMENT OR ANY PART THEREOF.

LESSEE CONFIRMS THAT IT HAS SELECTED THE EQUIPMENT AND EACH PART THEREOF ON THE BASIS OF ITS OWN JUDGMENT AND EXPRESSLY DISCLAIMS RELIANCE UPON ANY STATEMENTS, REPRESENTATIONS OR WARRANTIES MADE BY LESSOR, AND LESSEE ACKNOWLEDGES THAT LESSOR IS NOT A MANUFACTURER OR VENDOR OF ANY PART OF THE EQUIPMENT.

(b) Lessee acknowledges that Seller has assigned to Lessor such rights as Seller may have (to the extent Seller may validly assign such rights) under manufacturers' and suppliers' warranties with respect to the Equipment. Lessor agrees that prior to the occurrence and continuance of any Event of Default hereunder, Lessee shall be permitted to exercise all of Lessor's rights with respect to such warranties (and Lessor shall take such action as Lessee may reasonably request to facilitate such exercise), provided, however, that Lessee shall not commence any legal proceeding in Lessor's name unless it shall have given Lessor at least 10 Business Days prior written notice thereof. Lessee agrees to settle all claims with respect to the Equipment directly with the manufacturers or suppliers thereof, and to give Lessor prompt notice of any such settlement and the details of such settlement.

15. Personal Property.

The Equipment shall be and at all times remain separately identifiable personal property. Lessee shall, at its expense, take such action (including the obtaining and recording of waivers) as may be necessary to prevent any third party from acquiring any right to or interest in any Item of Equipment by virtue of such Item being deemed to be real property or a part of real property or a part of other personal property.

16. Loss or Damage.

(a) All risk of loss, theft, damage or destruction to the Equipment or any part thereof, however incurred or occasioned, shall be borne by Lessee and, unless such occurrence constitutes an Event of Loss pursuant to paragraph (b) of this Section, Lessee shall promptly cause the affected part or parts of the Equipment to be replaced or restored to the condition and repair required to be maintained by Section 13 hereof.

(b) If an Event of Loss with respect to any Item of Equipment shall occur, Lessee shall promptly give Lessor written notice thereof, and Lessee shall pay to Lessor on the first Rental Payment Date which is more than forty-five (45) days after the date of such Event of Loss ("Loss Payment Date") an amount equal

to the sum of (i) the Stipulated Loss Value of such Item of Equipment computed as of such Loss Payment Date; and (ii) all Rent and other amounts due and owing hereunder for such Item of Equipment on or prior to the Loss Payment Date. Upon payment of such amount to Lessor, the lease of such Item of Equipment hereunder shall terminate, and Lessor will transfer to Lessee, Lessor's right, title and interest in and to such Item of Equipment, on an "as-is, where-is" basis, without recourse and without representation or warranty, express or implied, other than a representation and warranty that such Item of Equipment is free and clear of any Lessor's Liens. Lessor shall execute and deliver such documentation as Lessee may reasonably request in order to evidence such transfer. Lessor agrees to cooperate with Lessee in order to minimize any Taxes, other than Taxes excluded by Section 12(b) hereof, that may be imposed on such transfer.

(c) Provided no Event of Default shall have occurred and be continuing, in the event of the occurrence of an Event of Loss with respect to one or more Items of Equipment, Lessee may, at its option and in lieu of payment of the Stipulated Loss Value for such Item as provided in paragraph (b) above, on or prior to the date on which such Stipulated Loss Value would otherwise have been due, convey or cause to be conveyed to Lessor, as a replacement for any such Item with respect to which an Event of Loss occurred, title to a Replacement Item free and clear of all Liens other than Permitted Liens and having a value, utility and useful life at least equal to, and being in as good operating condition as, such Item with respect to which an Event of Loss occurred, assuming that such replaced Item of Equipment was in the condition required by the terms hereof. At the time of or prior to any replacement of any Item of Equipment, the Lessee, at its own expense, will

(i) furnish to the Lessor a bill of sale and an assignment of warranties with respect to the Replacement Item;

(ii) duly execute an Acceptance Certificate which shall subject such Replacement Item to the Lease and Schedule to which the Item suffering the Event of Loss had been subject, and cause notice of lease of such Replacement Item to be filed for recordation in the same manner as provided for in the Lease with respect to the replaced Item; and

(iii) furnish to the Lessor a certificate of a responsible officer of Lessee certifying that the Replacement Item is free and clear of all Liens other than Permitted Liens.

Upon full compliance by the Lessee with the provisions of this Section 16(c), Lessor shall transfer to the Lessee, "as is," "where is" and without recourse or warranty, all of the Lessor's right, title and interest in and to the replaced Item of Equipment, except that Lessor shall warrant that such Item of Equipment is free and clear of any Lessor Liens. Lessor shall execute and deliver such documentation as Lessee may reasonably request in order to evidence such transfer. Lessor agrees to cooperate with Lessee in order to minimize any Taxes, other than Taxes excluded by Section 12(b) hereof, that may be imposed on such transfer. For all purposes hereof, each such Replacement Item shall, after such conveyance, be deemed part of the property leased hereunder and shall be deemed an "Item of Equipment" as defined herein. No Event of Loss with respect to an Item of Equipment under the circumstances contemplated by the terms of this Section 16(c) shall result in any reduction in Basic Rent or Renewal Rent.

(d) Any payments received at any time by Lessor or Lessee from any insurer with respect to loss or damage to the Equipment shall be applied as follows: (i) if such payments are received prior to Lessee's payment of Stipulated Loss Value described in Section 16(b) hereof, such amount thereof as shall discharge Lessee's obligation to pay the amounts due to Lessor under Section 16(b) hereof with respect to such Event of Loss shall be paid to or retained by Lessor and, so long as no Default or Event of Default described in Section 18(a), (e), (f) or (g) (collectively, a "Major Default") shall have occurred and be continuing, any excess shall be paid to or retained by Lessee; (ii) if such payments are received after the full payment by Lessee as described in Section 16(b) hereof or the replacement described in Section 16(c) hereof, then, so long as no Major Default shall have occurred and be continuing, Lessor shall immediately pay Lessee in full, such insurance payments received, or (iii) if such payments are received with respect to any loss of or damage to the Equipment other than an Event of Loss, such payments shall, unless a Major Default shall have occurred and be continuing, be paid over to Lessee to reimburse Lessee for its payment of the costs and expenses incurred by Lessee in replacing or restoring pursuant to Section 16(a) hereof the part or parts of the Equipment which suffered such loss or damage.

17. General Indemnity.

Lessee assumes liability for, and shall indemnify, protect, save and keep harmless Lessor and its officers, directors, agents, servants, successors and assigns (an "Indemnitee") from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses (other than Taxes of any kind or nature, the indemnification for which is limited to Section 12 and the Tax Indemnity Agreement), including reasonable legal expenses, of whatsoever kind and nature, imposed on, incurred by or asserted against any Indemnitee, in any way relating to or arising out of

this Lease or the enforcement hereof, or the manufacture, purchase, acceptance, rejection, ownership, possession, use, selection, delivery, lease, operation, condition, sale, return or other disposition of the Equipment or any part thereof (including, without limitation, latent or other defects, whether or not discoverable by Lessee or any other person, any claim in tort for strict liability and any claim for patent, trademark or copyright infringement), provided, however, that Lessee shall not be required to indemnify any Indemnitee for loss or liability arising from acts or events which occur after the Equipment has been returned to Lessor in accordance with this Lease, or for loss or liability resulting to the extent of the willful misconduct, gross negligence, breach of contract or misrepresentation of such Indemnitee or resulting from any transfer, sale or assignment of such Indemnitee's interest in the Equipment or Operative Documents prior to an Event of Default. Each Indemnitee shall promptly notify Lessee of any event or condition which requires indemnity hereunder or any allegation of such event or condition. If no Default exists or no Event of Default has occurred and is continuing, Lessee shall be entitled to control the defense of such claim and to determine the settlement thereof and no Indemnitee shall settle any such claim without the prior written consent of Lessee. Each Indemnitee shall cooperate, at Lessee's expense, in the defense of any such claim. Any payments made by Lessee under this Section 17 shall be made on an after-tax basis. The provisions of this Section 17 shall survive the expiration or earlier termination of this Lease.

18. Events of Default.

The following events shall each constitute an event of default (herein called "Event of Default") under this Lease:

(a) Lessee shall fail to make any payment of Rent within five (5) Business Days after the same is due and payable; or

(b) Lessee shall fail to maintain any insurance required to be maintained pursuant to Section 11 hereof; or

(c) Lessee shall fail to perform or observe any other covenant, condition or agreement to be performed or observed by it with respect to this Lease and such failure shall continue unremedied for 30 days after the date on which notice thereof shall be given by Lessor to Lessee, provided, however, that the continuation of such failure beyond thirty (30) days shall not constitute an Event of Default if (i) such default is curable but can not, with reasonable diligence, be cured within thirty (30) days, (ii) Lessee is diligently pursuing the cure of such default, (iii) such default does not impair in any material respect Lessor's interest in any Item of Equipment or this Lease, and (iv) such default is cured within one hundred eighty (180) days; or

(d) Any representation made by Lessee herein or any certificate herein required and provided by Lessee shall prove to have been untrue or misleading in any material respect as of the time when made or furnished, and shall remain material at the time in question; or

(e) A decree or order for relief by a court having jurisdiction in respect of Lessee adjudging Lessee bankrupt or insolvent shall have been entered; or a petition seeking a reorganization, arrangement, adjustment, or composition of or in respect to Lessee in any involuntary proceeding or case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal, foreign or state bankruptcy, insolvency or other similar law, or the appointment of a receiver, liquidator, assignee, custodian, trustee, or sequestrator (or other similar official) of Lessee or of any substantial part of property or ordering the winding up or liquidation of affairs, shall have been filed in a court having jurisdiction and shall remain undismissed or unstayed for a period of 60 days; or

(f) The institution by Lessee of proceedings to be adjudicated a bankrupt or insolvent, or the consent by Lessee to the institution of bankruptcy or insolvency proceedings against it, or the commencement by Lessee of a voluntary proceeding or case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal, foreign or state bankruptcy, insolvency or other similar law, or the consent by Lessee to the relief requested in any such proceeding or to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, or sequestrator (or other similar official) of Lessee or of any substantial part of the property or the making by Lessee of any assignment for the benefit of creditors or the admission by Lessee in writing of its inability to pay its debts generally as they become due or its willingness to be adjudicated a bankrupt or the failure of Lessee generally to pay its debts as they become due or the taking of corporate action by Lessee in furtherance of any of the foregoing; or

(g) an event of default shall have occurred and be continuing under any other Lease Agreement or Schedule wherein the lessor and lessee are the Lessor and Lessee, hereunder.

19. Remedies.

If an Event of Default (other than pursuant to Section 18(e) and (f) hereof) shall occur and be continuing Lessor may, at its option, declare this Lease to be in default and if an Event of Default under Section 18(e) or (f) hereof shall occur, this Lease shall, without further notice or demand of any kind, all of which are hereby waived, be in default; and, in any such case, thereafter, Lessor shall not be obligated to purchase or lease any Item of Equipment hereunder and Lessor may do any one or more of the following with respect to all of the Equipment or any part thereof

then subject to this Lease as Lessor in its sole discretion shall elect, to the extent permitted by applicable law then in effect:

(a) demand that Lessee, and Lessee shall at its expense upon such demand, return the Equipment promptly to Lessor at such place on Lessee's rail lines as Lessor shall specify, or Lessor, at its option, may enter upon the premises where the Equipment is located and take immediate possession of the Equipment and remove the same by summary proceedings or otherwise, all without liability for or by reason of such entry or taking of possession, whether for the restoration of damage to property caused by such taking or otherwise (other than its gross negligence or willful misconduct);

(b) sell the Equipment at public or private sale, with or without notice, advertisement or publication, as Lessor may determine, or otherwise dispose of, hold, use, operate, lease to others or keep idle the Equipment as Lessor in its sole discretion may determine, all free and clear of any rights of Lessee;

(c) by written notice to Lessee specifying a payment date which shall be not earlier than 20 days after the date of such notice, demand that Lessee pay to Lessor, and Lessee shall pay to Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty, all accrued and unpaid Rent for the Equipment due on all Rent Payment Dates up to and including the payment date specified in such notice plus an amount (together with interest on such amount at the Late Charge Rate, from the payment date specified in such notice to the date of actual payment) equal to the excess, if any, of the Stipulated Loss Value of the Equipment as of the payment date specified in such notice over the Fair Market Value of the Equipment as of such date;

(d) Lessor may exercise any other right or remedy which may be available to it under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof or to rescind this Lease.

In addition, Lessee shall be liable for any and all unpaid Rent and other amounts due hereunder before or during the exercise of any of the foregoing remedies and for all reasonable legal fees and other reasonable costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of Lessor's remedies with respect thereto, including all reasonable costs and expenses incurred in connection with the placing of the Equipment in the condition required by Section 6(b) hereof.

No remedy referred to in this Section 19 is intended to be exclusive but each shall be cumulative and in addition to any other remedy referred to herein or otherwise available to Lessor at law or in equity, and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the

simultaneous or later exercise by Lessor of any or all such other remedies. No express or implied waiver by Lessor of an Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default.

20. Lessor's Right to Perform.

If Lessee fails to make any payment required to be made by it hereunder or fails to perform or comply with any of its other agreements contained herein within the periods of time herein permitted, Lessor may itself make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the reasonable expenses of Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the Late Charge Rate, shall be deemed to be Additional Rent, payable by Lessee within five (5) Business Days of demand, except that Lessee shall not be obligated for such Additional Rent if (a) Lessor has not properly notified Lessee of Lessee's failure to pay or perform or (b) Lessor has not provided the opportunity to Lessee, to the extent agreed to herein, to remedy the failure itself.

21. Sublease; Use by Others; Lessee Assignment.

(a) Sublease. So long as no Event of Default exists hereunder, Lessee shall have the right to permit others to use the Equipment and Lessee shall have the right to sublease the Equipment, but in each and every case only upon and subject and subordinate to all the terms and conditions of this Lease and only after such other person or sublessee so agrees in writing. No such sublease shall relieve Lessee of its obligations hereunder or result in any adverse tax consequences to Lessor, unless Lessee shall have agreed to indemnify Lessor for any such adverse tax consequences in a manner reasonably acceptable to Lessor.

(b) Assignment. Lessee may assign its rights under the Lease or any Schedule to (i) any Railroad (within the meaning of Subchapter IV of the Bankruptcy Code of 1978, as amended [the "Bankruptcy Code"]) or, (ii) upon the prior approval of Lessor, which approval shall not unreasonably be withheld, any other person or entity, in each case, which at the time of such assignment is not insolvent or involved in any proceeding under the Bankruptcy Code, provided, however, that no such assignment shall relieve Lessee of its obligations hereunder or result in any adverse tax consequences to Lessor, unless Lessee shall have agreed to indemnify Lessor for any such adverse tax consequences in a manner reasonably acceptable to Lessor.

22. Transfer by Lessor; Security Interests.

Lessor shall not cause or suffer any assignment, conveyance or other transfer of all or any portion of its right, title or interest in, to or under this Master Lease, any Schedule, or interest in any Item of Equipment (a "Transfer") except as provided below:

(a) Without the prior consent of Lessee, Lessor may make any Transfer to (i) any Affiliate of Lessor, if Lessor remains directly and primarily liable and not merely as a surety for the obligations of such Affiliate hereunder; (ii) to any bank, financial institution or leasing company if such bank, financial institution or leasing company has a net worth, or combined capital, surplus, and undivided profits, as of its most recent audited financial statements of not less than \$50,000,000; or (iii) to any other entity if the obligations of such entity under this Master Lease and/or any Schedule are guaranteed by an entity which meets the requirements of clause (ii) of this paragraph (a) pursuant to a guaranty reasonably acceptable to Lessee;

(b) Any Transfer to any entity other than one satisfying the requirements set forth in clause (a)(i), (ii) or (iii) above, may be made only with the prior written consent of Lessee, which shall not unreasonably be withheld;

(c) Notwithstanding any other provision of this Section 22, no Transfer shall be made that would create a relationship that would be in violation of applicable law, including, Section 5 of the Securities Act of 1933, as amended, or which would constitute a "prohibited transaction" within the meaning of ERISA;

(d) Each transferee shall execute and deliver an agreement in form and substance reasonably satisfactory to Lessee whereby such transferee agrees to be bound by all the terms and provisions of, and to assume and confirm all of the obligations of Lessor under, this Master Lease and/or Schedule, as the case may be, from and after the effective date of such Transfer.

(e) No Transfer pursuant to this Section 22 shall impair or diminish Lessee's rights hereunder or under any Schedule;

(f) Lessor shall give notice of each such proposed Transfer to the Lessee at least five (5) Business Days prior to the date on which such proposed Transfer is to become effective, setting forth the name and address of the proposed Transferee and the date on which such transfer is proposed to become effective and shall furnish such additional information (including opinions of counsel) as may be reasonably requested or required to demonstrate compliance with the provisions of this Section 22;

(g) All costs and expenses, including reasonable attorneys' fees, incurred by Lessee in connection with any Transfer or proposed Transfer shall be for the account of Lessor.

(h) Security Interests. Lessor may encumber any Item of Equipment or assign its interest or any part thereof under this Master Lease or any Schedule to a lender, provided, that (i) the lender shall be a reputable financial institution, (ii) the offering and sale of such indebtedness shall have been made in compliance with all securities laws and shall not require, or shall be exempt from, registration or qualification under such securities laws, (iii) entering into any required security agreement shall not constitute a "prohibited transaction" within the meaning of ERISA, (iv) Lessee shall have received an opinion of counsel to Lessor, reasonably acceptable to Lessee, as to matters set out in clauses (ii) and (iii) and such other matters as Lessee may reasonably require, (v) Lessor shall reimburse Lessee for all costs and expenses, including reasonable attorneys fees, incurred in connection with such assignment or security interest, and (vi) Lessor shall have provided Lessee prior written notice of its intent to enter into such security agreement or assignment.

23. Further Assurances; Financial Information.

(a) Lessee and Lessor will cooperate in order to more effectively carry out the intent and purpose of this Lease and to establish and protect the rights, interests and remedies created or intended to be created in favor of the parties hereto, including, without limitation, the filing of a memorandum of this Master Lease and each Schedule with the ICC and Uniform Commercial Code financing statements in the jurisdiction in which Lessee's chief executive office (as that term is used in Section 9-103(3)(d) of the Uniform Commercial Code as in effect in any applicable jurisdiction) is located. Lessee will give prior written notice to Lessor of any change in its chief executive office or in the place where it keeps its corporate records concerning the Equipment, its interest in, to or under any Operative Document or its contracts relating thereto.

(b) Lessee will qualify to do business, and remain qualified in good standing, in each jurisdiction in which the failure to so qualify would materially adversely affect Lessee's ability to perform its obligations hereunder.

(c) Lessee will furnish to Lessor its Financial Statements, during the Basic Term or any Renewal Term, as soon as available.

(d) Lessee shall provide Lessor with such additional information concerning, and shall make available its officers and other employees to meet with representatives of Lessor to discuss, such matters reasonably related to the Equipment, the Lease and

the transactions contemplated hereby and the financial condition of Lessee as Lessor shall reasonably request.

24. Notices.

All notices, requests, demands or other communications required hereunder or given pursuant hereto shall be in writing unless otherwise expressly provided and shall become effective when delivered by hand or received by facsimile transmission, telegram or registered mail, postage prepaid, addressed as follows:

(a) if to Lessee, at

Wisconsin Central Ltd.
6250 North River Road
Rosemont, Illinois 60018
Attention: Chief Financial Officer
Fax: 708-318-4628

(b) if to Lessor, at

Mellon Financial Services Corporation #3
One Mellon Bank Center
Suite 4444
Pittsburgh, Pennsylvania 15258-0001
Attention: President
FAX: 412-234-3948

or at such other address as any party may from time to time hereafter designate to the other party in writing.

25. Transaction Expenses and Other Costs.

(a) Transaction Expenses. Lessor shall pay the reasonable fees, costs and expenses associated with the negotiation and documentation of the Operative Documents, including (i) the placement fees of Railroad Financial Corporation; (ii) the fees and expenses of legal counsel for Lessor and Lessee; (iii) the costs and expenses of recordation of the Lease, the Schedules and any other document, certificate or financing statement filed in accordance therewith or any other Operative Document; and (iv) the fees associated with the appraisal required by Section 3(a)(vi) hereof; (collectively, the "Transaction Expenses").

(b) Costs of Amendments, Waivers, Etc. Lessee shall pay all costs and expenses incurred in connection with the entering into or the giving or withholding of any future amendments, supplements, waivers or consents with respect to the

Operative Documents, whether or not the same shall become effective, if such amendment, supplement, waiver or consent is a result of any action, inaction or request of Lessee.

26. Quiet Enjoyment.

Lessor hereby agrees that so long as no Default or Event of Default shall have occurred and be continuing, neither Lessor nor any party claiming through or under Lessor, will disturb Lessee's quiet and peaceful possession of the Equipment and its unrestricted use thereof for its intended purpose under the terms of this Lease. Lessor recognizes and agrees that, notwithstanding any other provisions hereof including, without limitation, Sections 5(d) and 21 hereof, in the event Lessor breaches its obligations under this Section 26, Lessee shall have a cause of action against Lessor for damages and shall be entitled to be granted the equitable remedy of specific performance.

27. Miscellaneous.

(a) Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, Lessee hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

(b) No terms or provision of this Lease may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which the enforcement of the change, waiver, discharge or termination is sought. No delay or failure on the part of either party to exercise any power or right hereunder shall operate as a waiver thereof, nor as an acquiescence in any default, nor shall any single or partial exercise of any power or right preclude any other or further exercise thereof, or the exercise of any other power or right. After the occurrence of any Default or Event of Default, the acceptance by Lessor of any payment of Rent or other sum owed by Lessee pursuant hereto shall not constitute a waiver by Lessor of such Default or Event of Default, regardless of Lessor's knowledge or lack of knowledge thereof at the time of acceptance of any such payment, and shall not constitute a reinstatement of this Lease if this Lease shall have been declared or be in default pursuant to Section 19 hereof or otherwise, unless Lessor shall have agreed in writing to reinstate the Lease and to waive the Default or Event of Default.

(c) This Lease contains the full, final and exclusive statement of the agreement between Lessor and Lessee relating to the lease of the Equipment.

(d) This Lease shall constitute an agreement of lease, and nothing herein shall be construed as conveying to Lessee any right, title or interest in the Equipment except as lessee only.

(e) This Lease and the covenants and agreements contained herein shall be binding upon, and inure to the benefit of, Lessor and Lessee and, to the extent permitted by Section 21 and 22 hereof, their respective successors and assigns.

(f) The headings of the Sections are for convenience of reference only, are not a part of this Lease and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

(g) This Lease may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

(h) THIS LEASE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF ILLINOIS.

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Lease to be duly executed as of the later of the dates set forth opposite the signatures below.

MELLON FINANCIAL SERVICES
CORPORATION #3

November 21, 1994

By: W. B. McNulty
William B. McNulty, Jr.
Vice President

WISCONSIN CENTRAL LTD.

November 21, 1994

By: J. F. Power

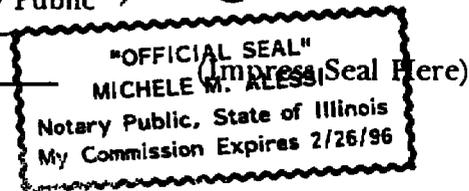
STATE OF ILLINOIS)
)
COUNTY OF COOK) ss.

I, MICHELE M. ALESSI, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that William B. McNulty, Jr., Vice President of Mellon Financial Services Corporation #3, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he or she signed said instrument as the free and voluntary act of Mellon Financial Services Corporation #3 for the uses and purposes therein set forth.

Given under my hand and notarial seal this 29th day of November, 1994.

Michele M. Alessi
Notary Public

My commission expires: _____



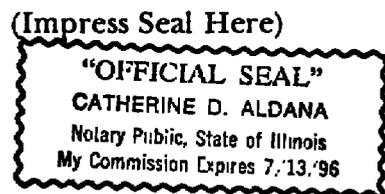
STATE OF ILLINOIS)
)
COUNTY OF COOK) ss.

I, CATHERINE D. ALDANA, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Thomas F. Power, Jr., Executive Vice President of Wisconsin Central Ltd., personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he or she signed said instrument as the free and voluntary act of Wisconsin Central Ltd. for the uses and purposes therein set forth.

Given under my hand and notarial seal this 29th day of NOVEMBER, 1994.

Catherine D. Aldana
Notary Public

My commission expires: 7-13-96



Pertaining to the MASTER LEASE AGREEMENT, dated as of November 1, 1994, between MELLON FINANCIAL SERVICES CORPORATION #3, ("Lessor"), and WISCONSIN CENTRAL LTD. ("Lessee").

<u>No. of Items</u>	<u>Description</u>	<u>Lessor's Cost</u>	<u>Total Lessor's Cost</u>
77	60 ft. 100 Ton Boxcars #	\$31,500	\$2,425,500
93	"Non-Grandfathered" Boxcars (Chrysler)	\$19,000	\$1,767,000
26	"Rebuilt" Boxcars	\$22,000	\$ 572,000
22	Bulkhead Flats	\$23,000	\$ 506,000
9	SW 1500 Locomotives #	\$210,000	<u>\$1,890,000</u>
			<u>\$7,160,500</u>

in each case as more fully described on Annex I hereto.

 # The Basic Term for these Items of Equipment shall be twelve (12) years. The Basic Term for all other Items of Equipment shall be ten (10) years.

**Annex I
to
Exhibit A**

SW 1500 Locomotives

Unit No.

SW 1552
SW 1558
SW 1563
SW 1564
SW 1565
SW 1560
SW 1561
SW 1559
SW 1562

"Rebuilt" Boxcars

Unit No.

WC 26423
WC 26437
WC 26439
WC 26444
WC 26459
WC 26466
WC 26481
WC 26482
WC 26484
WC 26487
WC 26488
WC 26500
WC 26502
WC 26508
WC 26513
WC 26515
WC 26519
WC 26527
WC 26547
WC 26555
WC 26556
WC 26455
WC 26457
WC 26541
WC 26545
WC 26551

Bulkhead Flats

100 ton, built in 1973

Old Unit No.

WC 5740
WC 5741
WC 5742
WC 5743
WC 5744
WC 5745
WC 5746
WC 5747
WC 5748
WC 5750
WC 5751
WC 5752
WC 5753
WC 5754
WC 5756
WC 5757
WC 5758
WC 5759
WC 5761
WC 5762
WC 5763
WC 5764

New Unit No.

WC 35500
WC 35501
WC 35502
WC 35503
WC 35504
WC 35505
WC 35506
WC 35507
WC 35508
WC 35510
WC 35511
WC 35512
WC 35513
WC 35514
WC 35515
WC 35516
WC 35517
WC 35518
WC 35520
WC 35521
WC 35522
WC 35523

60 Ft, 100 ton Boxcars

OLD	OLD_NO	NEW	NEW_NO
MILW	4338	WC	22000
MILW	4342	WC	22001
MILW	4348	WC	22002
MILW	6302	WC	22003
MILW	6304	WC	22004
MILW	6305	WC	22005
MILW	6306	WC	22006
MILW	6307	WC	22007
MILW	6308	WC	22008
MILW	6309	WC	22009
MILW	6310	WC	22010
MILW	6311	WC	22011
MILW	6312	WC	22012
MILW	6313	WC	22013
MILW	6314	WC	22014
MILW	6315	WC	22015
MILW	6316	WC	22016
MILW	6317	WC	22017
MILW	6318	WC	22018
MILW	6319	WC	22019
MILW	6321	WC	22020
MILW	6323	WC	22021
MILW	6326	WC	22022
MILW	6327	WC	22023
MILW	6328	WC	22024
MILW	6330	WC	22025
MILW	6331	WC	22026
MILW	6332	WC	22027
MILW	6333	WC	22028
MILW	6334	WC	22029
MILW	6335	WC	22030
MILW	6336	WC	22031
MILW	6337	WC	22032
MILW	6338	WC	22033
MILW	6341	WC	22034
MILW	6343	WC	22035
MILW	6344	WC	22036
MILW	6346	WC	22037
MILW	6347	WC	22038
MILW	6348	WC	22039
MILW	6350	WC	22040
MILW	6351	WC	22041
MILW	6353	WC	22042
MILW	6355	WC	22043
MILW	6356	WC	22044
MILW	6358	WC	22045

OLD	OLD_NO	NEW	NEW_NO
MILW	6360	WC	22046
MILW	6361	WC	22047
MILW	6364	WC	22048
MILW	6368	WC	22049
MILW	6369	WC	22050
MILW	6370	WC	22051
MILW	6372	WC	22052
MILW	6373	WC	22053
MILW	6374	WC	22054
MILW	6377	WC	22055
MILW	6378	WC	22056
MILW	6379	WC	22057
MILW	6381	WC	22058
MILW	6382	WC	22059
MILW	6383	WC	22060
MILW	6384	WC	22061
MILW	6386	WC	22062
MILW	6387	WC	22063
MILW	6390	WC	22064
MILW	6391	WC	22065
MILW	6392	WC	22066
MILW	6393	WC	22067
MILW	6394	WC	22068
MILW	6395	WC	22069
MILW	6396	WC	22070
MILW	6397	WC	22071
MILW	6398	WC	22072
MILW	6399	WC	22073
MILW	4336	WC	22074
MILW	6366	WC	22075
MILW	6388	WC	22076

"Non Grandfathered" Boxcars (Chrysler)

OLD #s		NEW #s		OLD #s		NEW #s			
NPA	56500	++	WC	28200	NPA	56526	++	WC	28224
NPA	56501	++	WC	28201	NPA	56528	++	WC	28225
NPA	56503	++	WC	28202	NPA	56529	++	WC	28226
NPA	56504	++	WC	28203	NPA	56530	++	WC	28227
NPA	56505	++	WC	28204	NPA	56531	++	WC	28228
NPA	56506	++	WC	28205	NPA	56532	++	WC	28229
NPA	56507	++	WC	28206	NPA	56533	++	WC	28230
NPA	56508	++	WC	28207	NPA	56534	++	WC	28231
NPA	56509	++	WC	28208	NPA	56535	++	WC	28232
NPA	56510	++	WC	28209	NPA	56536	++	WC	28233
NPA	56511	++	WC	28210	NPA	56537	++	WC	28234
NPA	56512	++	WC	28211	NPA	56538	++	WC	28235
NPA	56513	++	WC	28212	NPA	56539	++	WC	28236
NPA	56514	++	WC	28213	NPA	56540	++	WC	28237
NPA	56515	++	WC	28214	NPA	56541	++	WC	28238
NPA	56516	++	WC	28215	NPA	56543	++	WC	28239
NPA	56518	++	WC	28216	NPA	56544	++	WC	28240
NPA	56519	++	WC	28217	NPA	56545	++	WC	28241
NPA	56520	/ /	WC	28218	NPA	56546	++	WC	28242
NPA	56521	++	WC	28219	NPA	56547	/ /	WC	28243
NPA	56522	++	WC	28220	NPA	56548	++	WC	28244
NPA	56523	++	WC	28221	NPA	56549	++	WC	28245
NPA	56524	++	WC	28222	NPA	56550	++	WC	28246
NPA	56525	++	WC	28223	NPA	56551	++	WC	28247
NPA	56576	/ /	WC	28271	NPA	56552	++	WC	28248
NPA	56578	++	WC	28272	NPA	56553	++	WC	28249
NPA	56579	++	WC	28273	NPA	56554	++	WC	28250
NPA	56580	++	WC	28274	NPA	56555	++	WC	28251
NPA	56581	++	WC	28275	NPA	56556	++	WC	28252
NPA	56582	++	WC	28276	NPA	56557	++	WC	28253
NPA	56583	++	WC	28277	NPA	56558	++	WC	28254
NPA	56584	++	WC	28278	NPA	56559	++	WC	28255
NPA	56585	++	WC	28279	NPA	56560	++	WC	28256
NPA	56586	++	WC	28280	NPA	56561	++	WC	28257
NPA	56587	++	WC	28281	NPA	56562	++	WC	28258
NPA	56589	++	WC	28282	NPA	56563	++	WC	28259
NPA	56590	++	WC	28283	NPA	56564	++	WC	28260
NPA	56591	++	WC	28284	NPA	56565	++	WC	28261
NPA	56592	++	WC	28285	NPA	56566	/ /	WC	28262
NPA	56593	++	WC	28286	NPA	56567	++	WC	28263
NPA	56594	++	WC	28287	NPA	56568	++	WC	28264
NPA	56595	++	WC	28288	NPA	56569	++	WC	28265
NPA	56596	++	WC	28289	NPA	56570	- / -	WC	28266
NPA	56597	++	WC	28290	NPA	56571	- / -	WC	28267
NPA	56598	++	WC	28291	NPA	56572	++	WC	28268
NPA	56599	++	WC	28292	NPA	56573	++	WC	28269
					NPA	56575	++	WC	28270

CERTIFICATE OF ACCEPTANCE

No. ___ dated the ___ day of 1994
to MASTER LEASE AGREEMENT (the "Lease"),
dated as of November 1, 1994,
between MELLON FINANCIAL SERVICES CORPORATION #3
("Lessor") and
WISCONSIN CENTRAL LTD. ("Lessee")

THIS ACCEPTANCE CERTIFICATE is executed pursuant to the Lease and the terms used herein shall have the meanings ascribed to them in the Lease.

Lessor and Lessee do hereby confirm and agree that (i) the Items of Equipment described in Attachment 1 hereto, having an aggregate Lessor's Cost as set forth below, have been delivered as of the date hereof, (ii) such Items have been duly accepted by Lessee as part of the Equipment for leasing under the Lease, (iii) such Items are hereby made subject to, and the rights and duties of the parties with respect thereto shall be governed by, the Lease, and (iv) Lessee has become obligated to pay Basic Rent as set forth in the Closing Date Rental Supplement, dated this date.

Lessor's Cost: \$

Lessee hereby acknowledges and represents and warrants to Lessor with respect to each Item of Equipment described in Attachment 1 that (i) such Item is of a size, design, capacity and manufacture selected by Lessee, (ii) such Item conforms to the applicable description set forth in the respective Schedule, and (iii) Lessee is satisfied that such Item is suitable for its purposes; provided, however, that nothing contained in this Certificate of Acceptance shall in any way diminish or otherwise affect any rights which Lessor or Lessee may have against the Seller or manufacturer of any Item or any subcontractor of Seller or such manufacturer.

WITNESS the due execution hereof as of the day and year first above written.

LESSEE:
WISCONSIN CENTRAL LTD.

LESSOR:
MELLON FINANCIAL SERVICES
CORPORATION #3

By _____

By: _____

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS:

THAT the undersigned, WCL RAILCARS, INC., an Illinois corporation ("Seller"), is the owner of the full, legal and beneficial title to the railcars described and identified on Schedule 1 hereto (the "Railcars"), together with all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment or property incorporated, installed in or on or attached to said Railcars.

THAT for and in consideration of the sum of ten dollars and other valuable consideration, the receipt of which is hereby acknowledged, Seller does hereby grant, convey, transfer, bargain and sell, deliver and set over, all of its right, title and interest in and to the Railcars and other equipment or property incorporated, installed in or on or attached thereto, unto MELLON FINANCIAL SERVICES CORPORATION #3, a Pennsylvania corporation, whose address is One Mellon Bank Center, Suite 4444, Pittsburgh, PA 15258 ("Mellon"), and its successors and assigns forever.

THAT Seller hereby warrants to Mellon, its successors and assigns, that there is hereby vested in Mellon good and marketable title to each Railcar free and clear of all liens, encumbrances and rights of others of any nature whatsoever (except any Permitted Liens), and that Seller will defend such title forever against all claims and demands whatsoever.

THAT Seller hereby assigns to Mellon, all of Seller's rights in and to any warranties made by the manufacturer of any Railcar, to the extent that such warranties have been assigned to Seller and may be further assigned by Seller to Mellon.

IN WITNESS WHEREOF, Seller has caused this instrument to be executed by its duly authorized representative this _____ day of _____ 1994.

WCL RAILCARS, INC.

By: _____

FORM OF EQUIPMENT LEASE SCHEDULE**EQUIPMENT LEASE SCHEDULE**

No. ___ dated the ___ day of 1994
to MASTER LEASE AGREEMENT (the "Lease"),
dated as of November 1, 1994,
between MELLON FINANCIAL SERVICES CORPORATION #3
("Lessor") and
WISCONSIN CENTRAL LTD. ("Lessee")

THIS SCHEDULE is executed pursuant to the Lease and the terms used herein shall have the meanings ascribed to them in the Lease.

1. Equipment Description
2. Equipment Identification Numbers
3. Lessor's Cost for the Equipment: \$_____
4. Basic Rent Factor: _____%
5. Basic Rent due each Rent Payment Date: \$_____
6. Early Buyout Factor: _____%
7. Stipulated Loss Values: See Schedule 1 hereto

ALL OF THE TERMS, COVENANTS AND CONDITIONS SET FORTH IN THE ABOVE REFERENCED MASTER LEASE AGREEMENT ARE INCORPORATED HEREIN BY REFERENCE AS IF THE SAME HAD BEEN SET FORTH HEREIN IN FULL. Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor the Items of Equipment referenced in paragraph 1 above. By their execution and delivery of this Schedule, the parties hereby reaffirm all of the terms and conditions of the Lease (including, without limitation, the representations and warranties of Lessee set forth in Section 9 thereof), except as modified hereby.

WITNESS the due execution hereof as of the day and year first above written:

LESSEE:

LESSOR:

WISCONSIN CENTRAL LTD.

MELLON FINANCIAL SERVICES
CORPORATION #3

By: _____

By: _____

This is Counterpart No. ___ of ___ manually executed counterparts of Equipment Lease Schedule No. ___. Only the counterpart numbered "1" is sufficient to transfer Lessor's interest herein and to constitute chattel paper as such term is defined in the Uniform Commercial Code.

FORM OF CLOSING DATE RENTAL SUPPLEMENT

Basic Term Commencement Date:

Lease Term

___ Years

Closing Date:

Basic Rent Factor

_____ % of
Lessor's Cost

Early Buyout Factor

_____ % of
Lessor's Cost

Transaction Expenses

_____ % of
Lessor's Cost

Stipulated Loss Values Attached as Annex I

Pertaining to the MASTER LEASE AGREEMENT, dated as of November 1, 1994, between MELLON FINANCIAL SERVICES CORPORATION #3, ("Lessor"), and WISCONSIN CENTRAL LTD. ("Lessee").

Assumptions:

12 YEAR LEASE TERM

Closing Date:	October 14, 1994
Basic Term Commencement Date:	October 14, 1994
Transaction Expenses	1.25% of Lessor's Cost

Based on the foregoing assumptions, Lessor's Economics were calculated using the following:

Basic Rent	5.8623% of Lessor's Cost
Early Buyout Factor	42.44% of Lessor's Cost

10 YEAR LEASE TERM

Closing Date:	October 14, 1994
Basic Term Commencement Date:	October 14, 1994
Transaction Expenses	1.25% of Lessor's Cost

Based on the foregoing assumptions, Lessor's Economics were calculated using the following:

Basic Rent	6.5650% of Lessor's Cost
Early Buyout Factor	45.03% of Lessor's Cost

STIPULATED LOSS VALUE FACTORS

The Stipulated Loss Value for any Item of Equipment shall be such percentage of Lessor's Cost of such Item as shall, together with the other amounts payable by Lessee on the Loss Payment Date or Termination Date therefor, as the case may be, permit Lessor to maintain Lessor's Economics. Based upon the assumptions and resulting Rental Factors set forth above, the Stipulated Loss Values during the Basic Term for each Item of Equipment would be the percentages of the Lessor's Cost thereof as set forth in Annex I hereto.

On each Closing Date, Lessor shall deliver to Lessee a Closing Date Rental Supplement which shall reflect revised percentages of Lessor's Cost for the Basic Rent and revised Stipulated Loss Value Factors and an Early Buyout Factor consistent with the such Basic Rent, which percentages shall be the percentages referred to in the definitions of Basic Rent, Stipulated Loss Value, and Early Buyout Factor in the Lease.

SCHEDULE J

(12 Year Lease Term)

STIPULATED LOSS VALUES

Rental Payment Date	Stipulated Loss Value (as a Percentage of Equipment Cost)
10/14/94	101.25000000
04/14/95	100.15484066
10/14/95	98.74561420
04/14/96	97.08559353
10/14/96	95.21062660
04/14/97	93.12915172
10/14/97	90.86591985
04/14/98	88.42607694
10/14/98	85.82639329
04/14/99	83.06960725
10/14/99	80.15081258
04/14/00	77.06494983
10/14/00	73.80680155
04/14/01	70.37096734
10/14/01	66.77981601
04/14/02	63.03809644
10/14/02	59.16899040
04/14/03	55.17817614
10/14/03	51.06185483
04/14/04	46.81610697
10/14/04	42.43689060
04/14/05	37.92003759
10/14/05	33.26124960
04/14/06	28.45809406
10/14/06	23.50000000

The foregoing are subject to adjustment per Section 5(b) of the Lease.

SCHEDULE I

(10 Year Lease Term)

STIPULATED LOSS VALUES

Rental Payment Date	Stipulated Loss Value (as a Percentage of Equipment Cost)
10/14/94	101.25000000
04/14/95	99.46486988
10/14/95	97.34276311
04/14/96	94.94683510
10/14/96	92.31229014
04/14/97	89.44684416
10/14/97	86.37453788
04/14/98	83.09974284
10/14/98	79.63845550
04/14/99	75.99258610
10/14/99	72.15635783
04/14/00	68.12381304
10/14/00	63.88880765
04/14/01	59.44500528
10/14/01	54.81378838
04/14/02	49.99897506
10/14/02	45.02273646
04/14/03	39.88970407
10/14/03	34.59497074
04/14/04	29.13347576
10/14/04	23.50000000

The foregoing are subject to adjustment per Section 5(b) of the Lease.