

**DONELAN, CLEARY, WOOD & MASER, P.C.**

ATTORNEYS AND COUNSELORS AT LAW  
SUITE 750  
1100 NEW YORK AVENUE, N.W.  
WASHINGTON, D.C. 20005-3934

OFFICE: (202) 371-9500

TELECOPIER: (202) 371-0900

SEPTEMBER 29, 1995 19635

SEP 29 1995

New Recordation No.

21

Dear Mr. Williams:

On behalf of The CIT Group/Equipment Financing, Inc., I submit for filing and recording under 49 U.S.C. Section 11303(a) and the regulations promulgated thereunder, executed counterparts of a primary document not previously recorded, entitled Equipment Lease ("Lease") dated as of September 15, 1995.

1. The parties to the enclosed Lease are:

The CIT Group/Equipment Financing, Inc. - LESSOR  
1211 Avenue of the Americas  
New York, NY 10036

Northbrook Rail Corporation - LESSEE  
Suite 119  
2025 South Arlington Heights Road  
Arlington Heights, Illinois 60005

The said Lease, among other things, acts to lease to the Lessee by the Lessor the equipment covered by the Lease.

The equipment covered by the instant Lease is 150 gondola cars identified as CNW 742000 - 742149.

A short summary of the Lease to appear in the ICC Index is as follows:

"Covers 150 Gondolas."

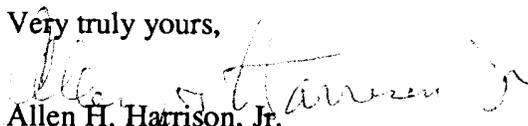
Enclosed is a check in the amount of twenty-one dollars (\$21.00) in payment of the filing fee.

LICENSING BRANCH  
SEP 29 4 09 PM '95

*Donelan, Cleary, Wood & Maser*

Once the filing has been made, please return to bearer the stamped counterpart(s) of the document not required for filing purposes, together with the ICC letter/receipt acknowledging the filing, and the two extra copies of this letter of transmittal.

Very truly yours,

  
Allen H. Harrison, Jr.

*Attorney for The CIT Group/Equipment  
Financing, Inc. for the purpose of this filing.*

Honorable Vernon A. Williams  
Secretary  
Interstate Commerce Commission  
Washington, DC 20423

*Enclosures*

8360-020



Interstate Commerce Commission  
Washington, D.C. 20423-0001

9/29/95

Office Of The Secretary

Allen H. Harrison, Jr.  
Donelan, Cleary, Good & Maser, PC.  
1100 New York Avenue, NW  
Washington, DC., 20005-3934

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 9/29/95 at 4:10PM , and assigned recordation number(s). 19635.

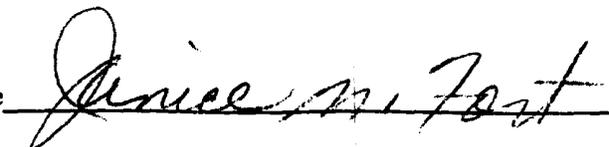
Sincerely yours,

  
Vernon A. Williams  
Secretary

Enclosure(s)

\$ 21.00 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



79635

EQUIPMENT LEASE

Dated as of September 29, 1995

BETWEEN

THE CIT GROUP/EQUIPMENT FINANCING, INC.  
as Lessor

AND

NORTHBROOK RAIL CORPORATION  
as Lessee

TABLE OF CONTENTS

| <u>Section</u>   | <u>Heading</u> | <u>Page</u> |
|--|----------------|-------------|
| PARTIES . . . . .  |                |             |
| 1. DELIVERY AND ACCEPTANCE OF EQUIPMENT . . . . .  |                |             |
| 2. RENTALS AND PAYMENT DATES . . . . .   |                |             |
| 2.1. Rentals for Equipment . . . . .   |                |             |
| 2.2. Interim and Fixed Rental Payment Dates . . . . .  |                |             |
| 2.3. Place of Rent Payment . . . . .   |                |             |
| 2.4. Net Lease . . . . .   |                |             |
| 3. TERM OF THE LEASE . . . . .   |                |             |
| 4. TITLE OF THE EQUIPMENT . . . . .  |                |             |
| 4.1. Retention of Title . . . . .  |                |             |
| 4.2. Duty to Number and Mark Equipment . . . . .   |                |             |
| 4.3. Prohibition Against Certain Designations . . . . .  |                |             |
| 5. DISCLAIMER OF WARRANTIES . . . . .  |                |             |
| 6. LESSEE'S INDEMNITY . . . . .  |                |             |
| 6.1. Scope of Indemnity . . . . .  |                |             |
| 6.2. Continuation of Indemnities and Assumptions . . . . .                                     |                |             |
| 7. RULES, LAWS AND REGULATIONS . . . . .   |                |             |
| 8. USE AND MAINTENANCE OF EQUIPMENT . . . . .  |                |             |
| 9. LIENS ON THE EQUIPMENT . . . . .  |                |             |
| 10. FILING, PAYMENT OF FEES AND TAXES . . . . .  |                |             |
| 10.1 Filing . . . . .  |                |             |
| 10.2 Payment of Taxes . . . . .  |                |             |
| 11. INSURANCE, PAYMENT FOR CASUALTY OCCURRENCE OR<br>EQUIPMENT UNSERVICEABLE FOR USE . . . . . |                |             |
| 11.1 Insurance . . . . .   |                |             |
| 11.2 Duty of Lessee to Notify Lessor . . . . .   |                |             |
| 11.3 Payment for Casualty Loss . . . . .   |                |             |
| 11.4 Rent Termination . . . . .  |                |             |

| <u>Section</u> | <u>Heading</u>  | <u>Page</u> |
|----------------|---|-------------|
| 11.5           | Disposition of Equipment . . . . .                                  |             |
| 11.6           | Casualty Value . . . . .  |             |
| 11.7           | Risk of Loss . . . . .  |             |
| 11.8           | Eminent Domain . . . . .  |             |
| 12.            | ANNUAL REPORTS . . . . .  |             |
| 12.1           | Financial Reports . . . . .   |             |
| 12.2           | Duty of Lessee to Furnish . . . . .                                 |             |
| 12.3           | Lessor's Inspection Rights . . . . .                                |             |
| 13.            | RETURN OF EQUIPMENT UPON EXPIRATION OF TERM . . . . .               |             |
| 14.            | DEFAULT . . . . .   |             |
| 14.1           | Events of Default . . . . .   |             |
| 14.2           | Remedies . . . . .  |             |
| 14.3           | Cumulative Remedies . . . . .                                       |             |
| 14.4           | Lessor's Failure to Exercise Rights . . . . .                       |             |
| 15.            | RETURN OF EQUIPMENT UPON DEFAULT                                    |             |
| 15.1           | Lessee's Duty to Return . . . . .                                   |             |
| 15.2           | Specific Performance . . . . .                                      |             |
| 15.3           | Lessor Appointed Lessee's Agent . . . . .                           |             |
| 16.            | ASSIGNMENTS BY LESSOR . . . . .                                     |             |
| 17.            | ASSIGNMENTS BY LESSEE; USE AND POSSESSION . . . . .                 |             |
| 17.1           | Lessee's Rights to the Equipment . . . . .                          |             |
| 17.2           | Use and Possession on Lines Other Than<br>Lessee's Own . . . . .    |             |
| 17.3           | Merger, Consolidation or Acquisition of Lessee . . . . .            |             |
| 18.            | OPINION OF LESSEE'S COUNSEL . . . . .                               |             |
| 19.            | LESSEE'S REPRESENTATIONS AND WARRANTIES; SURVIVAL . . . . .         |             |
| 19.1           | Representations and Warranties . . . . .                            |             |
| 19.2           | Survival . . . . .  |             |
| 20.            | INTEREST ON OVERDUE RENTALS AND AMOUNTS PAID BY<br>LESSOR . . . . . |             |

THIS EQUIPMENT LEASE dated as of September 29, 1995 between THE CIT GROUP/EQUIPMENT FINANCING, INC., a New York corporation (the "Lessor"), and NORTHBROOK RAIL CORPORATION, an Illinois corporation (the "Lessee");

W I T N E S S E T H:

WHEREAS, the items of railroad equipment (collectively the "Items" or "Equipment" and individually "Item" or "Item of Equipment") described in Schedule A attached hereto and made a part hereof, were purchased new from Thrall Car Manufacturing Company (the "Manufacturer") in 1977 by No. 6 Rail Car Leasing Company ("No. 6 Rail Car");

WHEREAS, No. 6 Rail Car entered into that certain Equipment Lease dated as of August 3, 1977 with William M. Gibbons, Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company ("Trustee") covering the Equipment, recorded with the Interstate Commerce Commission on September 14, 1977 under Recordation No. 8994;

WHEREAS, No. 6 Rail Car and the Trustee entered into that certain First Amendment to Equipment Lease dated as of December 15, 1977, which First Amendment was recorded with the Interstate Commerce Commission on January 6, 1978 under Recordation No. 8994-A;

WHEREAS, the Trustee and Chicago and North Western Transportation Company ("CNW Transportation") entered into that certain Assignment and Assumption of Lease dated as of March 31, 1980, which Assignment and Assumption of Lease was recorded with the Interstate Commerce Commission on July 7, 1983 under Recordation No. 8994-B, whereby, among other things the Trustee assigned all of its right, title and interest as lessee in the aforementioned Equipment Lease as amended by the First Amendment to CNW Transportation and such Equipment Lease as amended was further amended (such Equipment Lease dated as of August 3, 1977 as amended by such First Amendment and such Assignment and Assumption of Lease being hereinafter (the "Original Lease");

WHEREAS, No. 6 Rail Car and Chrysler Rail Transportation Corporation ("Chrysler Rail") entered into that certain General Assignment and Bill of Sale executed December 29, 1988, which General Assignment and Bill of Sale was recorded with the Interstate Commerce Commission on March 23, 1989 under Recordation No. 16253, whereby No. 6 Rail Car sold the Equipment to and assigned all of its right, title and interest in the Original Lease as lessor, to Chrysler Rail;

WHEREAS, by that certain letter dated June 26, 1992 from CNW Transportation to Chrysler Rail, the Original Lease was renewed for five (5) years beyond the Original Lease termination date at the same rental as applicable to the Original Lease term

(the original Lease, as so renewed, is referred to herein as the "Current Lease");

WHEREAS, effective May 6, 1994, CNW Transportation changed its name to Chicago and North Western Railway Company ("CNW Railway");

WHEREAS, in 1995, CNW Railway was acquired by Union Pacific Railroad Company ("Union Pacific") and all right, title and interest of CNW Railway, as lessee under the Original Lease was acquired by Union Pacific;

WHEREAS, to the best of the knowledge of the Lessee the Equipment was sold and the right, title and interest, as lessor under the Current Lease was assigned (i) by Chrysler Rail to Chrysler Capital Income Partners, L.P., then (ii) from Chrysler Capital Income Partners, L.P. to First Union Commercial Corporation and (iii) from First Union Commercial Corporation to Lessee;

WHEREAS, the Lessor is purchasing from the Lessee the Equipment by that Purchase and Sale Agreement dated as of September 29, 1995 subject to the Current Lease, as heretofore assigned and assumed (hereinafter the "Sublease");

WHEREAS, the Lessee desires to lease the Equipment upon the terms and upon the conditions hereinafter provided;

WHEREAS, the Lessee will continue to lease the Equipment to Union Pacific, as successor to CNW Railway (the "Sublessee") pursuant to the Sublease;

WHEREAS, the Lessee will, concurrently with the execution and delivery of this Lease, assign its rights and interests under the Sublease to the Lessor by an Assignment of CNW Lease dated as of September 29, 1995 (the "Assignment of Sublease") to secure the due and punctual payment of and performance of all of its obligations hereunder;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Equipment to the Lessee upon the following terms and conditions:

SECTION 1. DELIVERY AND ACCEPTANCE OF EQUIPMENT.

On the Closing Date, Lessor will be deemed to have delivered the Equipment to Lessee.

SECTION 2. RENTALS AND PAYMENT DATES.

2.1. Rentals for Equipment. The Lessee agrees to pay or cause Sublessee to pay the Lessor for each Item of Equipment leased hereunder twenty-eight (28) installments of rental ("Fixed Rental") payable in arrears in the amount of \$294.21 (Two Hundred Ninety Four and 21/100 Dollars).

2.2. Fixed Rental Payment Dates. The installments of Fixed Rental shall be due and payable commencing on the 15th day of October, 1995 and on the same such day of each and every calendar month thereafter to and including the same such day of January, 1998.

2.3. Place of Rent Payment. All payments provided for in this Lease to be made to the Lessor shall be made to the Lessor by wire transfer of Federal funds at its address set forth in Section 21.1 hereof, or at such other place as the Lessor or its assignee pursuant to Section 16 hereof (the "Assignee") shall specify in writing.

2.4. Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent or reduction thereof, including, but not limited to, abatements or reductions due to any present or future claims of the Lessee against the Lessor under this Lease, the Manufacturer or the Assignee, or otherwise, nor except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or failure of title of the Lessor to the Equipment or any defect in or damage to or loss or destruction of all or any of the Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of the Lessee's use of the Equipment, the interference with such use by any governmental body, private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 hereof, the Equipment is placed and ready for delivery to the Lessor on the Sublessee's lines, or is stored for the Lessor on the Sublessee's lines, or leaves the Sublessee's lines for off-line delivery to the Lessor.

### SECTION 3. TERM OF THE LEASE.

The term of this Lease as to each Item of Equipment shall begin on the date of delivery to and acceptance by the

Lessee of such Item of Equipment and, subject to the provisions of Section 11 hereof, shall terminate on December 31, 1997.

The obligation of the Lessee to pay any and all sums:

(x) due and owing under this Lease, including without limitation accrued Fixed Rental, prior to the date of return of the Equipment to the Lessor as herein provided for, and;

(y) which may become due and owing subsequent to the date of return of the Equipment to the Lessor as a result of acts or omissions of the Lessee occurring prior to such date;

shall continue in full force and effect notwithstanding termination of the Lease pursuant to this Section 3 or otherwise.

SECTION 4. TITLE TO THE EQUIPMENT.

4.1. Retention of Title. The Lessor, as between the Lessor and the Lessee, shall and hereby does retain full legal title to the Equipment and it is understood that Lessee shall acquire no right, title or interest to the Equipment except hereunder notwithstanding the delivery of the Equipment to and the possession and use thereof by the Lessee.

4.2. Duty to Number and Mark Equipment. The Lessee will cause each Item of Equipment to be kept numbered with the road number of Sublessee as set forth in Schedule A. The Lessee will not, and will cause Sublessee not to, change the road number of any Item of Equipment except with the consent of the Lessor and in accordance with a statement of new road numbers to be substituted therefor, which consent and statement previously shall have been filed with the Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited.

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

SECTION 5. DISCLAIMER OF WARRANTIES.

The Lessee agrees to comply and to cause Sublessee to comply with all governmental laws, regulations, requirements and rules (including the rules of the United States Department of Transportation, the Interstate Commerce Commission and the current Interchange Rules or supplements thereto of the Mechanical Division, Association of American Railroads as the same may be in effect from time to time) with respect to the use, maintenance and operation of each Item of Equipment subject to this Lease. In case any equipment or appliance is required to be installed on such Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such changes, additions and replacements at its own expense.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee at its own expense will, and will cause Sublessee, to maintain and service each Item of Equipment (including any parts installed or replacements made to any Item of Equipment and considered an Addition hereunder) which maintenance and service will include testing, repair and overhaul of each Item of Equipment so that each Item of Equipment will remain (a) in as good operating condition as when delivered to Lessee (ordinary wear and tear excepted), (b) in compliance with any and all applicable laws and regulations of the American Association of Railroads, Interstate Commerce Commission, and the Department of Transportation, and (c) eligible for railroad interchange in accordance with the interchange rules of the American Association of Railroads.

The Lessee or Sublessee, at its own cost and expense, may furnish other additions, modifications and improvements (including, without limitation, any special devices, assemblies or racks at any time attached or affixed to any Item of Equipment, the cost of which is not included in the Purchase Price of such Item of Equipment and which are not required for the operation or use of such Item of Equipment by the United States Department of Transportation, the Interstate Commerce Commission or any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over such Item of Equipment) (collectively "Additions") to the Items of Equipment as Lessee or Sublessee may deem desirable in the proper conduct of its business so long as such Additions shall not be inconsistent with the continuing operation of the Items of Equipment, and shall not diminish the value, utility or condition of the Items of Equipment below the value, utility and condition thereof immediately prior to the making of such Additions, assuming the Items of Equipment were then in the condition required to be maintained by the terms of this Lease.

Title to all Parts (as hereinbelow defined) incorporated in or installed as part of the Items of Equipment shall without further act vest in Lessor in the following cases:

(i) such Part is in replacement of or in substitution for, and not in addition to, any Part originally incorporated in or installed as part of an Item of Equipment at the time of the acceptance thereof hereunder or any Part in replacement of, or in substitution for, any such original part;

(ii) such Part is required to be incorporated in or installed as part of the Items of Equipment pursuant to applicable laws or regulations or interchange rules; or

(iii) such Part cannot be readily removed from the Item of Equipment to which it relates without material damage thereto and without diminishing or impairing the value or utility which such Item of Equipment shall have had at such time had such alteration or addition not occurred.

In all other cases, if no Event of Default, or event which with notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing, title to Parts incorporated in or installed as parts of the Items of Equipment as a result of such alterations or additions shall vest in Lessee or Sublessee and may be removed by Lessee or Sublessee at any time during the original term or renewal term of this Lease and prior to the return of the Items of Equipment to Lessor. At such removal, the Item of Equipment affected thereby shall be restored to its original condition ordinary wear and tear excepted.

The term "Part" for the purposes of this Section shall be defined to include any appliance, part, instrument, accessory, furnishing or other equipment of any nature which may from time to time be incorporated in or installed as part of any Item of Equipment.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge (or cause to be paid or satisfied and discharged) any and all claims against, through or under the Lessee, Sublessee and their respective successors or assigns which, if unpaid, might constitute or become a lien or a charge upon the Equipment, and any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee or Sublessee to perform or observe any of its respective covenants or agreements under this Lease or the Sublease, as the case may be, but the Lessee and Sublessee shall not be required to pay or

discharge any such claims so long as Lessee or Sublessee shall in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor to the Equipment. The Lessee's obligations under this Section 9 shall survive termination of the Lease.

SECTION 10. FILING, PAYMENT OR FEES AND TAXES.

10.1. Filing. Prior to the delivery and acceptance of the Equipment, the Lessee will, at its sole expense, cause this Lease, the Assignment of CNW Lease, the Memorandum of Assignment of Interests under Equipment Lease among the Lessor, the Lessee and Sublessee, to be duly filed, recorded or deposited in conformity with 46 U.S.C. §11303 and in such other places within or without the United States as the Lessor may reasonably request for the protection of its title to the Equipment and its security interest in the Sublease and will furnish the Lessor proof thereof. The Lessee will, and will cause Sublessee to, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will re-file, re-register, or re-record whenever required) any and all further instruments required by law or reasonably requested by the Lessor, for the purpose of protecting the Lessor's title to the Equipment and security interest in the Sublease to the reasonable satisfaction of the Lessor's counsel or for the purpose of carrying out the intention of this Lease and the Assignment of Sublease. The Lessee will, and will cause Sublessee to, pay all costs, charges and expenses incident to any such filing, re-filing, recording and re-recording or depositing and re-depositing of any such instruments or incident to the taking of such action.

10.2. Payment of Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state, federal or foreign taxes (other than any United States federal income tax [and, to the extent that the Lessor receives credit therefor against its United States federal income tax liability, any foreign income tax] payable by the Lessor in consequence of the receipt of payments provided herein and other than the aggregate of all franchise and other taxes measured by net income based on such receipts, up to the amount of any such taxes which would be payable to the state and city in which the Lessor has its principal place of business without apportionment to any other state, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided), assessments or license fees and any charges, fines or penalties in connection therewith (hereinafter called "Impositions") hereafter

levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or any security instrument, all of which Impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all Impositions which may be imposed upon any Item of Equipment or for the use or operation thereof or upon the earnings arising therefrom or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Item of Equipment free and clear of all Impositions which might in any way affect the title of the Lessor or result in a lien upon any such Item of Equipment; provided, however, that the Lessee shall be under no obligation to pay any Impositions so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the advance opinion of the Lessor and any Assignee adversely affect the title, property or rights of the Lessor or such Assignee hereunder. If any Impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of invoice therefor. Prior to making such payment, the Lessor shall promptly notify the Lessee of the Impositions charged or levied, and the Lessee shall have the opportunity to contest in good faith and by appropriate legal proceedings such Impositions, at its sole expense.

In the event any reports with respect to Impositions are required to be made on the basis of individual Items of Equipment, the Lessee will either make such reports in such manner as to show the interests of the Lessor and any Assignee in such Items of Equipment or notify the Lessor and such Assignee of such requirement and make such reports in such manner as shall be satisfactory to the Lessor and such Assignee.

In the event that, during the continuance of this Lease, any Imposition accrues or becomes payable or is levied or assessed (or is attributable to the period of time during which this Lease is in existence) which the Lessee is or will be obligated to pay or reimburse, pursuant to this Section 10.2, such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

SECTION 11. INSURANCE, PAYMENT FOR CASUALTY OCCURRENCE OR EQUIPMENT UNSERVICEABLE FOR USE.

11.1. Insurance. The Lessee agrees that it will at all times during the term of this Lease and at its own cost and expense keep, or cause Sublessee to keep at Sublessee's own cost and expense, each Item of Equipment insured against loss by fire, windstorm and explosion and with extended coverage and against

such other risks as are customarily insured against by railroad companies at not less than the full insurable value (actual replacement value less actual physical depreciation) thereof and in any event not less than the Casualty Value of such Item of Equipment as of the next following Fixed Rental payment date, and will maintain insurance policies against risks of physical loss and general public liability in amounts not less than \$29,000,000.00 in the aggregate in any one year using a deductible not to exceed \$2,500,000.00 in the aggregate per occurrence, or the equivalent of said policies. Notwithstanding the previous sentence, Lessor has approved the insurance program (including the self insurance) described in a letter from R.W. Redick, Manager-Insurance of Sublessee dated may 25, 1995. Such approval shall remain in effect so long as the following shall remain true: (a) No Default or Event of Default under the Sublease or Lease, (b) No material adverse change in Sublessee's ability to perform its obligations under the Sublease (including its indemnity obligations) and (c) Sublessee maintaining insurance coverage in accordance with standards followed by similarly sized entities with respect to similar equipment and reasonably acceptable to Lessor. Lessee may change the amount of the policies with Lessor's prior written consent, which consent shall not be unreasonably withheld. All such insurance shall cover the interest of the Lessor, the Lessee and Sublessee in the Equipment or, as the case may be, shall protect the Lessor, the Lessee and Sublessee in respective risks arising out of the condition, maintenance, use, ownership and operation of the Equipment and shall provide that losses, if any, in respect to the Equipment shall be payable to the Lessee, Sublessee and the Lessor as their respective interests may appear; provided, however, that upon receipt by the Lessee of notice of the assignment of this Lease and the rents and other sums payable hereunder the Lessee shall cause the insurance on the Equipment to provide that the losses, if any, shall be payable (except as provided below) to the Assignee specified in such notice under a standard mortgage loss payable clause satisfactory to the Lessor and the Lessee, which shall provide that the insurer thereunder waives all rights of subrogation against the Lessee, Sublessee, the Lessor and the Assignee, that 30 days' prior written notice of cancellation shall be given to the Assignee and that such insurance as to the interest of the Assignee therein shall not be invalidated by any act or neglect of the Lessor or the Lessee or Sublessee or by any foreclosure or other remedial proceedings or notices thereof relating to the Equipment or any interest therein nor by any change in the title or ownership of the Equipment or any interest therein or with respect thereto or by the use or operation of the Equipment for purposes more hazardous than is permitted by such policy. No such policy shall require co-insurance. The loss, if any, shall be adjusted only with the approval of the Lessee, the Lessor and the Assignee. All such policies shall provide that the

loss, if any, thereunder shall be adjusted and paid as provided in this Lease. The Lessee shall further furnish or cause to be furnished to the Lessor certificates or other satisfactory evidence of maintenance of the insurance required hereunder and with respect to any renewal policy or policies shall furnish certificates evidencing such renewal prior to the expiration date of the original policy or policies. All insurance provided for in this section shall be effective with insurance companies approved by the Lessor and the Assignee, which approval shall not be unreasonably withheld.

The proceeds of any property insurance received by the Lessor or the Assignee will be paid to the Lessee either (i) upon a written application signed by the Lessee for payment of, or to reimburse the Lessee or Sublessee, as the case may be, for payment of, the costs of repairing, restoring, or replacing the Item of Equipment which has been lost, damaged or destroyed (which application shall be accompanied by satisfactory evidence of such cost and the completion of such repair, restoration or replacement) or (ii) if this Lease is terminated with respect to such Item of Equipment because of the destruction thereof promptly upon payment by the Lessee or Sublessee, as the case may be, of the Casualty Value; provided that, if the Lessee is at the time of the application in default in the payment of any other liability of the Lessee to the Lessor hereunder, such proceeds may be applied against such liability.

11.2. Duty of Lessee to Notify Lessor. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or, in the opinion of the Lessee or Sublessee, irreparably damaged or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease (any such occurrence, except for any requisition which by its terms is for an indefinite period or is for a stated period which does not exceed the term of this Lease, being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) and shall cause Sublessee (after Sublessee has knowledge of such Casualty Occurrence) to inform the Lessor and the Assignee in regard thereto and shall pay the Casualty Value (as defined in Section 11.6 hereof) of such Item in accordance with the terms hereof.

11.3. Payment for Casualty Loss. When the aggregate Casualty Value (as herein defined) of Items of Equipment having suffered a Casualty Occurrence (exclusive of Items of Equipment having suffered a Casualty Occurrence with respect to which a payment shall have been made to the Lessor pursuant to this Section 11) shall exceed \$20,000, the Lessee, on the next succeeding rental payment date, shall pay to the Lessor the rental

installment due on such rental payment date for such Items of Equipment plus a sum equal to the Casualty Value of such Item or Items of Equipment as of the date of such payment; provided that notwithstanding the foregoing the Lessee shall on the last rental payment date of each calendar year pay to the Lessor a sum equal to the Casualty Value of any Item or Items of Equipment which have suffered a Casualty Occurrence during such calendar year or any prior year for which no payment has previously been made to the Lessor pursuant to this Section 11.3.

11.4. Rent Termination. Upon (and not until) payment of the Casualty Value in respect of any Item or Items of Equipment and the rental installment due on such payment date, the obligation to pay rent for such Item or Items of Equipment accruing subsequent to the Casualty Value payment date shall terminate, but the Lessee shall continue to pay rent for all other Items of Equipment.

11.5. Disposition of Equipment. The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment having suffered a Casualty Occurrence as soon as it is able to do so for the fair market value thereof. Any such disposition shall be on an "as is", "where is" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of the Lessee may retain all amounts of such price plus any insurance proceeds and damages received by the Lessee by reason of such Casualty Occurrence up to the Casualty Value attributable thereto and shall remit the excess, if any, to the Lessor. In disposing of such Item or Items of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item or Items of Equipment.

11.6. Casualty Value. The "Casualty Value" of each Item of Equipment shall be an amount determined as of the date the Casualty Value is paid as provided in this Section 11 (and not the date of the Casualty Occurrence) equal to that percentage of the original cost to the Lessor of such Item of Equipment set forth in the Schedule of Casualty Value attached hereto as Schedule B opposite such date of payment.

11.7. Risk of Loss. The Lessee shall bear the risk of and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment from and after the date hereof and continuing until payment of the Casualty Value and the Fixed Rental installments due on and prior to the date of payment of such Casualty Value in respect of such Item of Equipment have been made, such Item or the salvage thereof has

been disposed of by the Lessee and the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of such Item or the salvage thereof.

11.8. Eminent Domain. In the event that during the term of this Lease the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for an indefinite period or for a stated period which does not exceed the term of this Lease, the Lessee's obligation to pay rent shall continue for the duration of such requisitioning or taking. The Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession to an amount equal to the rent paid or payable hereunder for such period, and the balance, if any, shall be payable to and retained by the Lessor as its sole property.

#### SECTION 12. ANNUAL REPORTS.

12.1. Financial Reports. The Lessee agrees that it will furnish to the Lessor and the Assignee the following:

(a) As soon as available and in any event within 60 days after the end of each quarterly period, except the last, of each fiscal year, a balance sheet of the Lessee as at the end of such period and a statement of income and retained income of the Lessee for the period beginning on the first day of such fiscal year and ending on the date of such balance sheet, the income statement setting forth increases and decreases from the corresponding figures for the corresponding period of the preceding fiscal year, all in reasonable detail and certified by the principal financial officer of the Lessee;

(b) As soon as available and in any event within 120 days after the last day of each fiscal year, a copy of the Lessee's annual audited financial statements report, including balance sheet, income statement and statement of retained income of the Lessee, which statements will have been certified by the principal financial officer of the Lessee covering the operations of the Lessee;

(c) Within the period provided in subparagraph (b) above, a certificate, signed by the principal financial officer of the Lessee, to the effect that the signer thereof has reexamined the terms and provisions of this Lease and that at the date of said certificate is not aware of any default in compliance by the Lessee with any of the

covenants, terms and provisions of this Lease, or if the signer is aware of any such default, he shall disclose in such certificate the nature thereof;

(d) As soon as available, copies of such financial statements, reports and proxy statements as the Lessee shall furnish to its stockholders; and

(e) Such additional information as the Lessor or the Assignee or assignees thereof may reasonably request concerning the Lessee, in order to enable such party to determine whether the covenants, terms and provisions of the Lease have been complied with by the Lessee.

12.2. Duty of Lessee to Furnish. On or before December 1 in each year, commencing with the year 1995, the Lessee will furnish to the Lessor and the Assignee an accurate statement (which may be a statement of Sublessee provided pursuant to Section 12.2 of the Sublease), as of the preceding December 31, (a) showing the amount, description and numbers of the Items of Equipment then leased under the Sublease, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the preceding 12 months, and such other information regarding the condition or repair of the Equipment as Lessor or the Assignee may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced.

12.3. Lessor's Inspection Rights. The Lessor and the Assignee each shall have the right, at its sole cost and expense by its authorized representative, to inspect the Equipment and the Lessee's and Sublessee's records with respect thereto at such times as shall be reasonably necessary to confirm to the Lessor or, as the case may be, the Assignee the existence and proper maintenance thereof during the continuance of this Lease. Lessor shall not have a duty to make any such inspection and shall not incur any liability or obligation by reason of not making any such inspection.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the term of this Lease with respect to any Item of Equipment, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of each Item of Equipment to the Lessor upon such storage tracks of the Sublessee as the Lessor may designate, or in the absence of such designation, as Sublessee may select, and permit the Lessor to store each Item of Equipment on such tracks for a period not exceeding 90 days and transport the same at any time within such

90 day period to any reasonable place on the lines of railroad operated by Sublessee or to any connecting carrier for shipment, all as directed by the Lessor upon not less than 35 days' written notice to the Lessee. All movement and storage of each such Item is to be at the risk and expense of the Lessee. During any such storage period the Lessee will or will cause Sublessee to permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. During any such storage period the Lessee shall, or shall cause Sublessee to maintain the Items of Equipment in such manner as the Sublessee normally maintains similar equipment owned or leased by it in similar storage circumstances. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment.

Upon its return, each Item of Equipment shall be in the following condition, except for normal wear and tear,

(i) in as good condition, order and repair as when delivered to Lessee;

(ii) in interchange condition in accordance with Association of American Railroads and FRA rules and regulations, interchange condition to include the replacement of missing materials and the correction of wrong repairs and items listed in the Interchange Rules as "Cause for renewal" and "cause for attention";

(iii) free of Rule 95 damage;

(iv) gondola end straight as required to obtain safety appliance clearance;

(v) free from all accumulations or deposits from commodities transported in or on it while in the service of Lessee.

Normal wear and tear shall include reduction in the mass of moving parts up to the limits established by the American Association of

Railroads and FRA for Interchange and the car body suitable for loading finished steel, scrap metal and bentonite clay.

SECTION 14. DEFAULT.

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

(a) Default shall be made in the payment of any part of the rental or other sums provided in Section 2 hereof or in Section 11 hereof and such default shall continue for five days; or

(b) The Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or of possession of the Equipment, or any portion thereof; or

(c) Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for 35 days after written notice from the Lessor to the Lessee, specifying the default and demand the same to be remedied; or

(d) [Intentionally Omitted]

(e) Any proceedings shall be commenced by or against the Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the indebtedness payable hereunder), and all the obligations of the Lessee, under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceedings or otherwise given a status comparable to obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such appointment, if any, or 90 days after such proceedings shall have been commenced, whichever shall be earlier; or

(f) [Intentionally Omitted]

(g) Any representation or warranty made by the Lessee herein or in any statement or certificate furnished to the Lessor or its assigns pursuant to or in connection with this Lease proves untrue in any material respect as of the date of issuance or making thereof.

14.2. Remedies. If any Event of Default has occurred and is continuing, the Lessor, at its option, may:

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

(b) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of such Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Equipment for any purpose whatever, but the Lessor, shall, nevertheless, have a right to recover from the Lessee any and all amounts which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by a fraction of which the numerator is such accrued number of days in such full rental period and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Item of Equipment, which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then fair rental value of such Item for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of the Item during such period, such present worth to be computed in each case on a basis of a 5-3/4% per annum discount, compounded monthly from the respective dates upon which rentals which the Lessor reasonably estimates to be obtainable for the use of the Item during such period, such present worth to be computed in each case on a basis of a 5-3/4% per annum discount, compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, and (ii) any damages and expenses including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease, other than for the payment of rental.

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

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

14.5. Remedies. Notwithstanding any provision of this Lease or the Assignment Agreement to the contrary, in the event Lessor exercises any remedy under this Lease or the Assignment Agreement or otherwise takes any action the effect of which is to terminate or adversely affect Lessee's rights or remedies against Sublessee under the Sublease, Lessor shall be deemed to have made an election to look solely to Sublessor for the payment and performance of all obligations under this Lease and the Sublease, Lessee shall be released from all of its obligations under this Lease and Lessee shall have no further duties or liabilities under the Assignment Agreement.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1. Lessee's Duty to Return. If the Lessor or the Assignee shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver (or cause to be delivered) possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required if the Sublease shall no longer be in effect, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith place such Equipment in such reasonable storage place on Sublessee's lines of railroad as the Lessor may reasonably designate or, in the absence of such designation, as the Lessee may select;

(b) Cause the Lessor to be permitted to store such Equipment in such reasonable storage place on lines of railroad for a period not exceeding 180 days at the risk of the Lessee and during such period of storage, the Lessee shall continue to maintain the Equipment as required by the terms of this Lease; and

(c) Transport the Equipment, at any time within such 180 days' period, to any place on lines of railroad operated by the Sublessee or to any connecting carrier for shipment, all as the Lessor may reasonably direct upon not less than 35 days' written notice to the Lessee.

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

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

SECTION 16. ASSIGNMENTS BY LESSOR.

This Lease and all rent and other sums due and to become due hereunder may be assigned in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. Upon notice to the Lessee of any such assignment the rent and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to or upon the written order of the assignee. No such assignee shall be bound by or obligated to perform or see to the performance of any duty, covenant or condition or warranty (express or implied) made by the Lessor or required to be observed or performed by the Lessor under any of the terms hereof, but on the contrary, the Lessee by its execution hereof, acknowledges and agrees that notwithstanding such assignment each and all of such covenants and agreements of the Lessor and all representations and warranties shall survive such assignment and shall be and remain the sole liability of the Lessor. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of the Assignee in and to the sums payable by the Lessee under any provisions of this Lease shall not be subject to any abatement whatsoever, and shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever whether by reason of failure of or defect in Lessor's title, or any interruption from whatsoever cause (other than from a wrongful act of the Assignee) in the use, operation or possession of the Equipment or any part thereof or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of the Assignee, the Lessee shall be unconditionally and absolutely obligated to pay the Assignee all of the rents and other sums which are the subject matter of the assignment, and (ii) the Assignee shall have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of the Assignee) which by the terms of this Lease and are permitted or provided to be exercised by the Lessor.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

17.1. Lessee's Rights to the Equipment. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor which may be withheld at its absolute discretion, the Lessee shall not assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment (except in those instances where performance is

permitted by Sublessee hereunder). The Lessee shall not, without the prior written consent of the Lessor which may be withheld at its absolute discretion, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except in accordance with the Sublease.

17.2. [Intentionally Omitted].

17.3. Merger, Consolidation or Acquisition of Lessee. Nothing in this Section 17 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation (which shall have duly assumed the obligations hereunder of the Lessee) into or with which the Lessee shall have become merged or consolidated or which acquires all or substantially all of the assets of Lessee provided that (i) such assignee, successor or acquiror will not, upon the effectiveness of such merger or consolidation, be in default under any provision of this Lease; (ii) that such merger, consolidation or acquisition of assets shall not alter in any way Lessee's obligations to the Lessor hereunder which shall be and remain those of a principal and not a surety and (iii) the net worth of such assignee, successor or acquiror shall be not less than that of the Lessee prior to such merger or consolidation.

SECTION 18. [Intentionally Omitted]

SECTION 19. LESSEE'S REPRESENTATIONS AND WARRANTIES; SURVIVAL.

19.1. Representations and Warranties. The Lessee represents and warrants that as of the date of execution hereof:

(a) This Lease has been duly authorized, executed and delivered by the Lessee and constitutes the valid, legal and binding agreement of the Lessee enforceable against Lessee in accordance with its terms;

(b) No approval, consent or withholding of objection is required from any public regulatory body with respect to the entering into or performance by the Lessee of this Lease;

(c) Execution and delivery by the Lessee of this Lease does not violate any provision of its Charter or By-laws or of any law, any order of any court or governmental agency, or any indenture, agreement or other instrument to which the Lessee is a party or by which it, or any of its property, is bound and will not be in conflict with, result in the breach of, or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument or result in the creation or imposition of any

lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Lessee, except as contemplated and permitted hereby; and

(d) No Event of Default as defined in this Lease has occurred and is continuing and no event has occurred and is continuing which with the lapse of time or the giving of notice, or both, would constitute an Event of Default as herein defined, except that Lessee makes no such representation or warranty regarding compliance with any requirements of Section 11 or any provision of this Lease regarding the maintenance or condition of the Equipment. The Lessee is not in default in the payment of principal or interest on any indebtedness for borrowed money or in default under any instrument or instruments or agreements under and subject to which any indebtedness for borrowed money has been issued and no event has occurred and is continuing under the provisions of any such instrument or agreement which with the lapse of time or the giving of notice, or both, would constitute an Event of Default hereunder.

19.2. Survival. The representations and warranties contained in Section 19.1 shall survive the execution and delivery of this Lease and shall be enforceable by and shall inure to the benefit of the Lessor and the Assignee.

SECTION 20. INTEREST ON OVERDUE RENTALS AND AMOUNTS PAID BY LESSOR.

Anything to the contrary herein contained notwithstanding, any nonpayment of rentals due hereunder, or amounts expended by the Lessor on behalf of the Lessee, shall result in the additional obligation on the part of the Lessee to pay an amount equal to 10% per annum (or the lawful rate, whichever is less) on the overdue rentals and amounts expended for the period of time during which they are overdue or expended and not repaid.

SECTION 21. MISCELLANEOUS.

21.1. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mails, first class postage prepaid, addressed as follows:

If to the Lessor: The CIT Group/Equipment Financing, Inc.  
1211 Avenue of the Americas  
New York, NY 10036  
ATTN: Ms. Victoria McManus  
Vice President

If to the Lessee: Northbrook Rail Corporation  
2025 S. Arlington Heights Road  
Suite 119  
Arlington Heights, IL 60005  
ATTN: Mr. Gerald L. Kilcoyne,  
President

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

21.2. Right of Lessor to Perform. If the Lessee shall fail to comply with any of its covenants herein contained, the Lessor may, but shall not be obligated to, make advances to perform the same and to take all such action as in the Lessor's opinion may be necessary to obtain such performance. All payments so made by the Lessor and all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith shall be payable by the Lessee to the Lessor upon demand as additional rent hereunder, with interest at the rate of 10% per annum.

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

21.4. Law Governing. This Lease shall be construed in accordance with the laws of Illinois; provided, however, that the parties shall be entitled to all rights conferred by any applicable federal statute, rule or regulation.

21.5. Limitations of Liability. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that no liability or responsibility is assumed by nor shall at any time be asserted or enforceable against any incorporator or any past, present or future subscriber to the capital stock of, the Lessor, on account of this Lease or on account of any representation, covenant, undertaking or agreement of the Lessor in this Lease contained, either expressed or implied, all such individual corporate liability, if any, being expressly waived and released by the

Lessee herein and by all persons claiming by, through or under the Lessee; excepting, however, that the Lessee or any person claiming by, through or under it, making claim hereunder, may look to the Equipment for satisfaction of the same.

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

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

21.8. Federal Income Taxes. The Lessor has assumed that it will be treated as the owner of the Items and intends to claim such deductions, credits and other benefits as are provided by the Internal Revenue Code of 1986, as amended from time to time, to an owner of property.

The Lessee agrees that neither it, nor any corporation controlled by, in control of or under common control with it, directly or indirectly, will at any time take any action or file any returns or other documents inconsistent with the foregoing assumptions and that each of such corporations will file such returns, take such actions and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent hereof.

THE CIT GROUP/EQUIPMENT FINANCING, INC.,  
Lessor

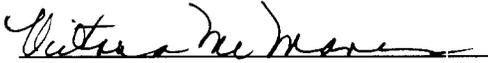
By: \_\_\_\_\_  
Name:  
Title:

NORTHBROOK RAIL CORPORATION,  
Lessee

By: \_\_\_\_\_  
Name:

IN WITNESS WHEREOF, the Lessor and the Lessee have duly executed this Equipment Lease as of the date first set forth above.

THE CIT GROUP/EQUIPMENT FINANCING, INC.,  
Lessor

By:   
Name:  
Title:

NORTHBROOK RAIL CORPORATION,  
Lessee

By: \_\_\_\_\_  
Name:  
Title:

IN WITNESS WHEREOF, the Lessor and the Lessee have duly executed this Equipment Lease as of the date first set forth above.

THE CIT GROUP/EQUIPMENT FINANCING, INC.,  
Lessor

By: \_\_\_\_\_  
Name:  
Title:

NORTHBROOK RAIL CORPORATION,  
Lessee

By: *Gerald L. Kilcoyne*  
Name: GERALD L. KILCOYNE  
Title: **Presic**

STATE OF ILLINOIS     )  
                                  )     SS:  
COUNTY OF COOK        )

On this 29th day of September, 1995, before me personally appeared Gerald L. Kilcoyne, to me personally known, who being by me duly sworn, says that he is a President of Northbrook Rail Corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Carmen M. Palka  
Notary Public

[Seal]

My commission expires: November 28, 1998

STATE OF ILLINOIS    )  
                              )  
COUNTY OF COOK        )        SS:

On this 29th day of September, 1995, before me personally appeared Gerald L. Kilcoyne, to me personally known, who being by me duly sworn, says that he is a President of Northbrook Rail Corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

"OFFICIAL SEAL"  
CARMEN M. PALKA  
NOTARY PUBLIC, STATE OF ILLINOIS  
MY COMMISSION EXPIRES 11/28/98

Carmen M. Palka  
Notary Public

[Seal]

My commission expires: November 28, 1998

title:

SCHEDULE B  
to Equipment Lease

SCHEDULE OF CASUALTY VALUE

The Casualty Value of an Item of Equipment payable on any rental payment date shall be Five Thousand Five Hundred and Fourty United States Dollars for each Item of Equipment.

SCHEDULE A  
(to Equipment Lease)

MANUFACTURER: Thrall Car Manufacturing  
Company

PLANT OF MANUFACTURER: Chicago Heights, Illinois

DESCRIPTION OF EQUIPMENT: 150 52'6" Gondola Cars  
originally bearing road numbers  
ROCK 680150 to 680299, both  
inclusive, and now bearing road  
numbers CNW 742000 - 742149,  
both inclusive

SPECIFICATIONS: Thrall - GN 100-52-209

Lessee: Northbrook Rail Corporation

Lessor: The CIT Group/Equipment Financing, Inc.

SCHEDULE B  
to Equipment Lease

SCHEDULE OF CASUALTY VALUE

The Casualty Value of an Item of Equipment payable on any rental payment date shall be Five Thousand Five Hundred and Fourty United States Dollars for each Item of Equipment.