

RECORDATION NO. 9851-1  
FILED

MAY 18 '98

11-40 AM

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20006-2973

OF COUNSEL  
URBAN A. LESTER

(202) 393-2266

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May 18, 1998

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a), are two (2) copies of a First Amendment to Equipment Lease Schedule No. 005, dated as of May 11, 1998, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to Equipment Lease Schedule No. 005 which was previously filed with the Board under Recordation Number 19851-J.

The names and addresses of the parties to the enclosed document are:

Lessor: Heller Financial Leasing, Inc.  
500 West Monroe Street  
Chicago, IL 60661

Lessee: Duluth, Missabe and Iron Range Railway Company  
135 Jamison Lane  
Monroeville, PA 15146

There is no new additional equipment covered by the enclosed document.

*Counters - 9851-J*

MAY 18 11 30 AM '98  
SURFACE TRANSPORTATION BOARD

Mr. Vernon A. Williams  
May 18, 1998  
Page 2

Also enclosed is a check in the amount of \$26.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert W. Alvord", with a stylized flourish at the end.

Robert W. Alvord

RWA/bg  
Enclosures

SURFACE TRANSPORTATION BOARD  
WASHINGTON, D.C. 20423-0001

OFFICE OF THE SECRETARY

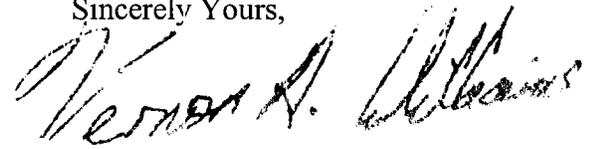
DATE: May 18, 1998

Robert W. Alvord  
Alvord and Alvord  
918 Sixteenth Street, NW., Ste. 200  
Washington, DC., 20006-2973

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of 49 U.S.C. 11301  
and 49 CFR 1177.3(c), on 5/18/98 at 11:40AM, and  
assigned recordation number(s). 17521-J, 17521-K, 17521-L, 18219-B, and 19851-L.

Sincerely Yours,



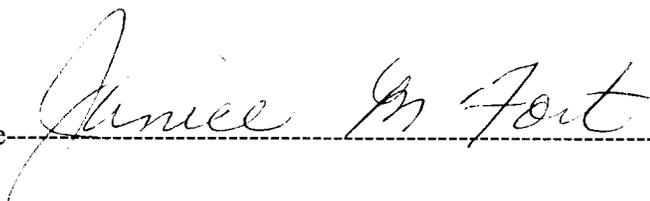
Vernon A. Williams

Enclosure(s)

130.00

\$-----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. In the event of an error or any questions concerning this fee, you will receive a notification after the Surface Transportation Board has an opportunity to examine your document.

Signature



MAY 18 '98

11-40 AM

FIRST AMENDMENT  
to  
EQUIPMENT LEASE SCHEDULE No. 005  
TO MASTER EQUIPMENT LEASE AGREEMENT

Schedule Number 005

Equipment Lease Schedule Number 005 dated as of December 23, 1997 between Heller Financial Leasing, Inc., as Lessor, and Duluth Missabe and Iron Range Railway Company, as Lessee, (the "Schedule") executed pursuant to Master Equipment Lease Agreement dated as of December 28, 1995, as amended, (the "Master Lease"), is hereby amended as follows:

I) 1. Section 4 of the Schedule is deleted in its entirety and replaced with the following:

"4. Stipulated Loss Value: Upon the occurrence of any Event of Loss or other event giving Lessor the right to require immediate payment of the Equipment's Stipulated Loss Value, Lessor shall calculate such Stipulated Loss Value by multiplying the Acquisition Cost of the particular item of Equipment to Lessor by the Stipulated Loss Factor (as set forth on Annex B attached hereto and made a part hereof) for the next Base Rent payment date or Renewal Term Rent payment date, as applicable, immediately following the Event of Loss or such other event (or for any such payment resulting from an event occurring during the Interim Term, the first Stipulated Loss Factor on Annex B shall apply)."

2. Sections 5(a) and 5(b) of the Schedule are deleted in their entirety and replaced with the following:

"(a) Renew. Provided no Event of Default has occurred or is continuing and this Schedule has not been earlier terminated, this Schedule shall automatically renew at the Termination Date, for all, but not less than all, of the Equipment for a two year period ("Renewal Lease Term"); unless, Lessee no later than two hundred and seventy (270) days prior to the Termination Date, gives Lessor written notice of Lessee's intention to terminate the Lease on the Termination Date. The Renewal Lease Term will be subject to the same terms and conditions as the Base Term, provided that rent payments during the Renewal Lease Term shall be payable quarterly, in arrears, in eight (8) installments of \$110,214 each (the "Renewal Term Rent") commencing on April 1, 2006 and continuing on the first business day of each succeeding quarter thereafter provided the final installment shall be due on January 1, 2008 (the "Renewal Termination Date"). If the Lease is terminated on the Termination Date, Lessee shall, in addition to its obligations pursuant to Paragraphs (b) and (c) of this Section and Section 6 (as applicable), pay Lessor on the Termination Date a reinvestment premium calculated as the Make Whole Amount (as defined below)."

"(b) Purchase. Provided no Event of Default has occurred or is continuing and this Schedule has not been earlier terminated, Lessee shall purchase all, but not less than all, of Lessor's interest in the Equipment then subject to this Schedule, on the Termination Date (if

Lessee has given notice to Terminate the Lease) or the Renewal Termination Date for an amount (the "Purchase Option Amount), payable in immediately available funds, equal to the sum of (A) the "Estimated Residual Value" (as herein defined) of such Equipment, plus (B) the Base Rent or Renewal Term Rent due and payable for such Equipment on the Termination Date or the Renewal Termination Date, as applicable, plus (C) any applicable sales, excise or other taxes imposed as a result of such sale (other than gross or net income taxes attribute to such sale), provided Lessee may, no later than two hundred and seventy (270) days prior to the Termination Date or Renewal Termination Date, as applicable, give Lessor written notice of Lessee's intention not to purchase the Equipment. Lessor's sale of its interest in the Equipment shall be on an as-is, where-is basis, without any representation or warranty by, or recourse to, Lessor except that there are no Lessor Liens. Lessee shall have the right to assign its right to purchase the Equipment under this Section 5(b) on not less than ten (10) days' prior written notice to Lessor; provided such assignment shall not affect or impair Lessee's obligations hereunder, including, without limitation, the obligation to pay the Purchase Option Amount to Lessor on the Termination Date or the Renewal Termination Date, as applicable."

3. Annex - B to the Schedule is deleted in its entirety and replaced with Annex B attached hereto.

All other terms and provisions shall remain in full force and effect.

II) The Master Lease as it relates to the Schedule only shall be amended as follows:

1. "Term" shall mean the period beginning on the Acceptance Date through the Termination Date or Renewal Termination Date, as applicable, more fully defined in the Schedule.

2. "Estimated Residual Value" shall have the meaning as set forth in the Schedule.

3. In Section 14 (e) the words "sells" and "otherwise disposes" shall be deleted in the first sentence,

4. Notwithstanding anything contrary in the Master Lease, including Section 18(n), none of the Equipment covered by the Schedule shall secure any of Lessee's obligations under any other schedule (each of which is an independent Lease), none of the Equipment covered by any other schedule shall secure any of Lessee's obligations under the Schedule, the occurrence of an Event of Default under the Schedule shall not constitute an Event of Default under any other schedule and the occurrence of an Event of Default under any other schedule shall not constitute an Event of Default under the Schedule.

All other terms and provisions shall remain in full force and effect.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Amendment on this \_\_\_\_ day of May, 1998.

Lessor

Lessee

HELLER FINANCIAL LEASING, INC.

DULUTH, MISSABE AND IRON RANGE  
RAILWAY COMPANY

By: David West

By: F.J. Habic

Name: David West

Name: F.J. Habic

Title: Vice President

Title: Vice President-Operations

**STATE OF GEORGIA**

**COUNTY OF FORSYTH**

On the 11<sup>th</sup> day of May, 1998, before me personally appeared David West, with whom I am personally acquainted and known to me to be the individual who executed the foregoing instrument, who being duly sworn, did depose and say that he is a Vice-President of Heller Financial Leasing, Inc. the Delaware corporation described in and which executed the foregoing instrument, and that he signed his name thereto pursuant to the authority of the board of directors of said corporation for and on behalf of said corporation.

Witness my hand, at office, this 11<sup>th</sup> day of May, 1998.

  
NOTARY PUBLIC

Commission Expiration Date: 6/16/2000



**ANNEX - B**

<b><u>Date</u></b>	<b><u>Stipulated Loss Factor</u></b>
Jan-98	105.00%
Apr-98	104.48%
Jul-98	103.94%
Oct-98	103.40%
Jan-99	102.84%
Apr-99	102.28%
Jul-99	101.70%
Oct-99	101.11%
Jan-00	100.26%
Apr-00	99.65%
Jul-00	99.03%
Oct-00	98.39%
Jan-01	97.50%
Apr-01	96.84%
Jul-01	96.16%
Oct-01	95.48%
Jan-02	94.53%
Apr-02	93.81%
Jul-02	93.09%
Oct-02	92.35%
Jan-03	91.34%
Apr-03	89.80%
Jul-03	88.22%
Oct-03	86.61%
Jan-04	84.73%
Apr-04	83.06%
Jul-04	81.36%
Oct-04	79.62%
Jan-05	77.60%
Apr-05	75.80%
Jul-05	73.96%
Oct-05	72.09%
Jan-06	69.93%
Apr-06	67.98%
Jul-06	66.00%
Oct-06	63.97%
Jan-07	61.66%
Apr-07	59.56%
Jul-07	57.41%
Oct-07	55.23%
Jan-08	53.00%

CONSENT AND REAFFIRMATION

The undersigned Guarantor of the Indebtedness of Lessee at any time owing to Lessor hereby (i) acknowledges receipt of a copy of the foregoing First Amendment to Equipment Lease Schedule to Master Equipment Lease Agreement; (ii) consents to Lessee's execution and delivery thereof; (iii) agrees to be bound thereby; and (iv) affirms that nothing contained therein shall modify in any respect whatsoever its guaranty of Lessee's obligations and reaffirms that such guaranty is and shall remain in full force and effect.

TRANSTAR, INC.

By:



Name: F.J. Habic

Title: Vice President-Operations