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INTERSTATE COMMERCE COMMISSION

INTERNATIONAL SQUARE BUILDING
1825 EYE STREET, N W
WASHINGTON, D C 20006

June 26, 1990

1903/04 SHELL TOWER
50 RAFFLES PLACE
SINGAPORE 0104

515 SOUTH FIGUEROA STREET
LOS ANGELES, CA 90071

DIRECT DIAL NUMBER

Secretary
Interstate Commerce Commission 0-178A003
Room 2215
12th & Constitution Ave. N.W.
Washington, D.C. 20423

New Number \$15.00 filing fee

Dear Secretary:

Enclosed for recordation with the Interstate Commerce Commission pursuant to 49 USC Section 11303 are executed counterparts of a Lease dated as of June 1, 1990 between Grand Trunk Western Railroad Company, as lessee, and Meridian Trust Company, as lessor. The addresses of the parties are as follows:

Grand Trunk Western Railroad Company - Lessee
1333 Brewery Park Boulevard
Detroit, MI 48207

Meridian Trust Company - Lessor
35 North Sixth Street
Reading, PA 19601

Enclosed is our check in the amount of \$15.00.

Please accept one counterpart for filing, stamp the remaining counterpart with your recordation number and return it and your fee receipt to the person presenting this matter for filing.

Very truly yours,

Christopher Fink
Christopher Fink

JUN 27 9 40 AM '90
MOTOR OPERATING UNIT

Christopher Fink

16905

REGISTERED TO FILED 1990

JUN 27 1990 -9 45 AM

INTERSTATE COMMERCE COMMISSION

ANNEX A
TO

PARTICIPATION AGREEMENT

LEASE OF RAILROAD EQUIPMENT

dated as of June 1, 1990

Between

GRAND TRUNK WESTERN RAILROAD COMPANY,
as Lessee,

and

MERIDIAN TRUST COMPANY,
as Lessor.

LEASE OF RAILROAD EQUIPMENT

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LEASE OF RAILROAD EQUIPMENT dated as of June 1, 1990, between GRAND TRUNK WESTERN RAILROAD COMPANY, a Michigan corporation (the "Lessee") and MERIDIAN TRUST COMPANY, not in its individual capacity but solely as Trustee (the "Lessor").

In consideration of the agreements hereinafter set forth, the Lessor hereby leases the Units as are accepted under this Lease to the Lessee upon the following terms and conditions.

Capitalized terms used herein, if not otherwise defined herein, shall have their respective meanings as set forth in Annex D to the Participation Agreement.

SECTION 1. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units. Upon such delivery, the Lessee will cause an employee or agent of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit on behalf of the Lessor and itself hereunder whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee, shall constitute acknowledgement by the Lessee that such Unit meets the Specifications for such Unit and shall be subject thereafter to all the terms and conditions of this Lease. The Lessee will promptly execute and deliver to the Lessor a Certificate of Acceptance for such Unit, subject to the limitation that the Macrs Portion of the aggregate Purchase Price of all Units purchased by the Owner under this Lease on Closing Dates after September 30, 1990 shall not exceed 40% of the Macrs Portion of the aggregate Purchase Price of all Units purchased by the Owner under this Lease and the limitation that no Closing Date shall occur after December 31, 1990.

SECTION 2. Rent. The Lessee agrees to pay to the Lessor, as rental for each Unit subject to this Lease, 30 consecutive semiannual payments, in arrears or advance as shown on Schedule B hereto, on January 2 and July 2 of each year commencing July 2, 1991 ("Basic Rent"). The foregoing Basic Rent, the Termination Value and the Casualty Values set forth in Schedule C hereto are subject to adjustment as provided in the Tax Agreement. The Lessee and the Lessor agree that Basic Rent and Casualty Values are subject to adjustment as set forth in Section 13 of the Participation Agreement in the manner contemplated by Section 13 of the Participation Agreement.

In addition to the foregoing Basic Rent, the Lessee agrees to pay to the Lessor, or to whosoever shall be entitled thereto, any and all Supplemental Rent, promptly as the same shall become

due and owing, or, where no due date is specified, promptly after demand by the person entitled thereto.

If any of the payment dates for Basic Rent referred to above is not a business day the Basic Rent otherwise payable on such date shall be payable with the same force and effect on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in Detroit, Michigan, New York, New York or Reading, Pennsylvania are authorized or obligated to remain closed.

This Lease is a net lease and the Lessee shall not be entitled to any abatement of Rent, reduction thereof or setoff against Rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due to, or by reason of, any past, present or future claims of the Lessee against the Lessor under this Lease 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 any of the Units or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against Lessee's use of all of the Units, the taking or requisitioning of any of the Units by condemnation or otherwise, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency, bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Rent payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each Rent paid by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever. All payments under the Lease shall be made by bank wire transfer of immediately available funds at, and not later than 11:00 a.m. local time, to Meridian Bank - Philadelphia, ABA NO. 031000095 for credit to Meridian Asset Management for further credit to Corporate Trust

Account NO. 01313851, reference Grand Trunk.

SECTION 3. Term of Lease. The term of this Lease as to each Unit shall begin on the date of the delivery to and acceptance by the Lessee of such Unit and, subject to the provisions of Sections 6, 9 and 12 hereof, shall terminate on January 2, 2006; provided, however, that all the obligations of the Lessee, except for the payment of Basic Rent and the furnishing of annual reports, shall continue until surrender of the Units in accordance with Section 13 hereof.

If this Lease is assigned as security by the Lessor to the Lender, then so long as (i) no Event of Default exists hereunder and (ii) the assignee receives payments due from the Lessee under the assignment, this Lease may not be terminated and the Lessee shall be entitled to the rights of possession, use and assignment provided under Section 11 hereof.

SECTION 4. Identification Marks. The Lessee, so long as this Lease shall remain in effect, will cause each Unit to be kept numbered with the road number set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of such Unit, in letters not less than one inch in height, the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION" or other appropriate markings designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's title to such Unit and the rights of the Lessor under this Lease. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such legend shall have been so marked on both sides thereof and will replace promptly any such legend which may be removed, obliterated, defaced or destroyed. The Lessee will not change the road number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Lessor and filed by the Lessee in all public offices where this Lease shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Lessor an opinion of counsel to that effect and to the further effect that such filing, recordation and deposit will protect the Lessor's interest in such Units and that no filing, recording, depositing or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Lessor in such Units.

Except as above provided, the Lessee, so long as this Lease shall remain in effect, will not allow the name of any person, association or corporation to be placed on the Units as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Units to be lettered with the names or initials or other insignia customarily

used by the Lessee or its affiliates on railroad equipment used by them of the same or similar type for convenience of identification of their rights to use the Units as permitted under this Lease.

SECTION 5. Impositions. All payments to be made by the Lessee hereunder (including all payments to be made under this Section 5) will on an after tax basis be free of expense to Indemnified Persons for collection or other charges and will be free of expense to any Indemnified Person with respect to any Impositions now or 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, all of which Impositions the Lessee assumes and agrees to pay within five business days of 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 Unit or for the use of operation thereof or upon the earnings arising therefrom or upon any Indemnified Person solely by reason of its ownership thereof and will keep at all times all and every part of such Unit 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 Unit; provided, however, that the Lessee shall be under no obligation to pay any Impositions so long as it is contesting (and provided (i) Lessor receives an opinion of counsel which may be inside counsel to the Lessee or selected by Lessee and reasonably acceptable to Lessor that a reasonable basis exists for the initiation and continuation of such contest pursuant to the standards of ABA Formal Opinion 85-352, (ii) the amount in controversy exceeds \$25,000, (iii) the Lessee shall advance funds necessary to pay any Impositions due on an after-tax basis and (iv) the Lessee shall have agreed to indemnify the Indemnified Person in the event of an unsuccessful contest; and further provided that no appeal shall be permitted to the Supreme Court of the United States) in good faith and by appropriate legal proceedings such Impositions, appropriate reserves have been made in respect thereof and the nonpayment thereof does not adversely affect the title, property or rights of the Lessor hereunder. If any Impositions shall have been charged or levied against any Indemnified Person directly and paid by such Indemnified Person, the Lessee shall reimburse such Indemnified Person within five business days of presentation of an invoice therefor; provided, however, that the Lessee shall not be obligated to reimburse such Indemnified Person for any Impositions so paid unless such Indemnified Person shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for such Indemnified Person, such counsel to be reasonably acceptable to the Lessee) or unless the Lessee shall have approved the payment thereof.

In the event any reports with regard to Impositions are required to be made on the basis of individual Units or

otherwise, the Lessee will, where permitted to do so under applicable rules or regulations, make and timely file such reports in such manner as to show the interest of the Lessor in the Units as shall be reasonably satisfactory to the Lessor or, where not so permitted, will notify the Lessor of such requirement and will prepare and deliver such reports to the Lessor within a reasonable time prior to the time such reports are to be filed in such manner as shall be reasonably satisfactory to the Lessor.

In the event that, during continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any Impositions, pursuant to this Section 5, such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

The parties hereto acknowledge that the Units will become a part of the mass of property used by the Lessee in its operations as a common carrier by rail. Consequently, the parties agree that the Lessee shall include the Units in the ad valorem tax returns to be filed by the Lessee in the applicable states or localities and that the Lessor shall not include the Units in any ad valorem tax returns filed by it in such states or localities unless such inclusion is required by law.

SECTION 6. Maintenance; Payment for Casualty Occurrences; Insurance. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in the same operating order, repair and condition as when accepted by the Lessee under the Lease, ordinary wear and tear excepted and according to the Lessee's standards for similar units owned or leased by the Lessee, in compliance with all applicable regulatory requirements and in condition required for interchange.

In the event that any Unit shall be or become lost, stolen, totally destroyed or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States Government for a period which shall exceed the then remaining term of this Lease or by any other governmental entity resulting in loss of possession by the Lessee for the lesser of a period of 90 consecutive days or a period which shall exceed the then remaining term of this Lease (each such occurrence being hereinafter called a "Casualty Occurrence") prior to the return of such Unit in the manner set forth in Section 13 hereof, the Lessee shall, within 30 days after it shall have determined that such Unit has suffered a Casualty Occurrence, fully notify the Lessor thereof and shall continue making all payments provided for in this Lease in respect of such Unit until the next occurring Casualty Payment Date. On such Casualty Payment Date the Lessee shall pay to the Lessor the Casualty Value of such

Unit as of the date of such payment in accordance with Schedule C hereto, plus the Basic Rent in respect of such Unit then due and payable in arrears. Upon the making of all such payments by the Lessee in respect of any Unit, the Basic Rent for such Unit shall thereafter cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent, to dispose of (at Lessee's expense) any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable under the circumstances on an "as is, where is, and with all faults" basis in accordance with the Lessee's normal procedures. Provided that the Lessee has previously paid the Casualty Value to the Lessor and provided no Event of Default has occurred, the Lessee shall be entitled to the net proceeds of such sale after deductions of any cost or expense incurred in disposing of such Unit to the extent they do not exceed the Casualty Value of such Unit, and shall pay any such excess to the Lessor.

Whenever any Unit shall suffer a Casualty Occurrence at the end of the term of this Lease or after termination of this Lease and before such Unit shall have been returned in the manner provided in Section 13 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit set forth in Schedule C hereto as of the payment date for Basic Rent immediately preceding such Casualty Occurrence. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent, to dispose of any Unit suffering such Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is, and with all faults" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor and provided no Event of Default has occurred, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any such excess to the Lessor.

Except as hereinabove in this Section 6 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the responsibility for and risk of, any Casualty Occurrence to any Unit after delivery to and acceptance thereof by the Lessee hereunder.

The Lessee will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained types and amounts of insurance in respect of the Units at the time subject hereto and the use and operation thereof, including, without limitation, property insurance and public liability insurance, in

such amounts, for such risks, on such terms, with such endorsements and with such insurance companies as are at least comparable to industry standards for Class I railroads, it being understood that the industry standard for Class I railroads at present allows for self-insurance for Casualty Occurrences. The Lessee hereby assigns and transfers to the Lessor and the Lender, as their interests may appear, all right, title and interest in and to any insurance proceeds paid under any policy of insurance to the extent such proceeds relate to the Units or the use and operation thereof as aforesaid. The Lessee shall deliver to the Lessor evidence of the insurance required to be maintained pursuant to this Section 6 not less than 15 days prior to the expiration dates of the expiring policies.

In the event of failure on the part of the Lessee to provide and furnish any of the aforesaid insurance, the Lessor, after notice to the Lessee, may, but shall not be obligated to, procure such insurance and the Lessee shall, upon demand, reimburse the Lessor for all expenditures made by the Lessor for such insurance, together with interest thereupon computed at the rate set forth in Section 15 in respect of overdue Rent from the date of the Lessor's payment until reimbursed by the Lessee.

Any policies of insurance carried in accordance with this paragraph shall name the Lessor and the Lender as additional insureds or loss payees as their respective interests may appear.

If the Lessor shall receive any insurance proceeds from insurance maintained by the Lessee pursuant hereto or condemnation payments in respect of a Unit suffering a Casualty Occurrence, the Lessor shall, if no Event of Default exists and no event has occurred which with the lapse of time or the giving of notice would be an Event of Default and subject to the Lessee having made payment of the Casualty Value in respect of such Unit, pay such proceeds or condemnation payments (up to the amount of the Casualty Value paid) to the Lessee. All insurance proceeds received by the Lessor in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

SECTION 7. Annual Reports. On or before March 31 in each year, commencing with the calendar year 1991, the Lessee will cause to be furnished to the Lessor (at the address shown in Section 16 hereof) an accurate statement, as of the preceding December 31, showing the amount, description and numbers of the Units (a) then leased hereunder, (b) that have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Lease in the case of the first such statement) and (c) then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs and setting forth such other information regarding the condition and state of repair of

the Units as the Lessor may reasonably request, and stating that, in the case of all Units repainted or repaired during the period covered by such statement, the markings required by Section 4 hereof shall have been preserved or replaced. The Lessor shall have the right at its sole cost, risk and expense, by its authorized representatives, to inspect the Units and the Lessee's records and maintenance policies with respect thereto (including those relating to any use of the Units outside the United States) at such reasonable times as the Lessor may request during the continuance of this Lease.

SECTION 8. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSEE ACKNOWLEDGES AND AGREES THAT (I) EACH UNIT IS OF A SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY AND ACCEPTABLE TO THE LESSEE, (II) THE LESSEE IS SATISFIED THAT EACH UNIT IS SUITABLE FOR ITS PURPOSES, (III) THE LESSOR IS NOT A MANUFACTURER NOR A DEALER IN PROPERTY OF SUCH KIND, (IV) THE LESSOR LEASES EACH UNIT "AS-IS", "WHERE-IS", "WITH ALL FAULTS", AND LESSOR DISCLAIMS ANY OTHER WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING WITHOUT LIMITATION, THE CONDITION, FITNESS FOR ANY PARTICULAR PURPOSE, DESIGN, OPERATION OR MERCHANTABILITY THEREOF, THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREOF OR CONFORMITY THEREOF TO SPECIFICATIONS, FREEDOM FROM PATENT OR TRADEMARK INFRINGEMENT OR THE ABSENCE OF ANY LATENT OR OTHER DEFECT, WHETHER OR NOT DISCOVERABLE, OR COMPLIANCE OF ANY UNIT WITH ANY APPLICABLE LAW, AND (V) THE LESSOR SHALL NOT BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING LIABILITY IN TORT, STRICT OR OTHERWISE), it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation, or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that all Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all Applicable Laws, and in the event that, prior to the expiration of this Lease or any renewal thereof and the return of all Units

as provided in Section 10 or 13 hereof, such laws or rules require any alteration, replacement, addition or modification of or to any part of any Unit, the Lessee will comply therewith at its own expense; provided, however, that the Lessee may at its own expense, in good faith contest the validity or application of any Applicable Law in any reasonable manner which does not, in the reasonable opinion of the Lessor, adversely affect the property or rights of the Lessor under this Lease. So long as no Event of Default shall have occurred and be continuing the Lessee, at its own cost and expense, may furnish additions, modifications and improvements to any Unit during the term of this Lease provided that such additions, modifications and improvements (a) are readily removable without causing material damage to such Unit and (b) do not diminish its utility, value or economic life. The additions, modifications and improvements made by the Lessee under the first sentence of this paragraph shall be owned by the Lessor and shall comply with Applicable Laws, and the additions, modifications and improvements made by the Lessee under the second sentence of this paragraph shall (unless any such addition, modification or improvement is a replacement of or substitution for any such original part or unless such addition, modification or improvement is not removed by the Lessee at the time of delivery of possession by the Lessee pursuant to Section 10 or 13 hereof) be owned by the Lessee.

The Lessee agrees to indemnify, protect and hold harmless on an after tax basis each Indemnified Person from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as a result of (i) the entering into or the performance of the Participation Agreement or this Lease or any of the instruments or agreements referred to therein or herein or contemplated thereby or hereby, or any amendment, supplement, modification or waiver thereof or any transactions contemplated thereby, (ii) the ownership of any Unit, (iii) the ordering, acquisition, use, operation, maintenance, condition, rebuilding, purchase, delivery, rejection, storage or return of any Unit or (iv) any accident in connection with the operation, use, condition, rebuilding, possession, storage or return of any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in Section 13 of this Lease, including without limitation any claim based upon doctrines of product liability or strict or absolute liability in tort or by statute imposed. Each Indemnified Person as a condition of being indemnified hereunder, shall give the Lessee, promptly upon obtaining knowledge thereof, written notice of any claim or liability to be indemnified against hereunder in respect of such Indemnified Person; provided, however, that the failure of such Indemnified Person to so notify the Lessee shall not affect the validity of the indemnified claim unless the Lessee's ability to

contest the claim is materially adversely affected. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the delivery of the Units or the full payment and performance of all obligations under this Lease or the expiration or termination of the term of this Lease.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports of which the Lessee is aware (other than income tax returns) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor of the Units or the leasing thereof to the Lessee.

SECTION 9. Default. If, during the continuance of this Lease, one or more of the following events (an "Event of Default") shall occur:

A. default shall be made in the payment of Basic Rent, Casualty Value or Termination Value by the Lessee or the Guarantor and such default shall continue for five days;

B. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee or the Guarantor contained herein or in the Participation Agreement (including payment of Supplemental Rent) and such default shall continue for 30 days after written notice from the Lessor to the Lessee specifying the default and demanding that the same be remedied;

C. a petition for reorganization under Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Lessee or the Guarantor; provided, however, if such petition was not filed by the Lessee or the Guarantor, as the case may be, the default hereinabove specified in this subdivision C shall not become an event of default until 60 days after such petition has been filed;

D. any other proceedings shall be commenced by or against the Lessee or the Guarantor for any relief which includes, or might result in, any modification of the obligations of the Lessee or the Guarantor hereunder or under the Participation Agreement 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 readjustments of such obligations); provided, however, if such proceedings were not commenced by the Lessee or the Guarantor, as the case may be, the default hereinabove specified in this

subdivision D shall not become an event of default until 60 days after such proceedings shall have been commenced; or

E. any of the Lessee's or the Guarantor's representations or warranties made herein or in the Participation Agreement or any statement or certificate at any time given in writing pursuant hereto or in connection herewith (other than in the Tax Indemnity Agreement) shall be breached or found to be false or misleading in any material respect;

then, in any such case, the Lessor, at its option, may:

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

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell (at public or private sale), operate, keep idle, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Lessor shall, nevertheless, have a right to recover from the Lessee

(i) any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing Basic Rent for any number of days less than a semiannual period by multiplying the Basic Rent for such semiannual period by a fraction of which the numerator is such number of days and the denominator is 180); and

(ii) as damages for loss of the bargain and not as a penalty an amount equal to the excess, if any, of the Casualty Value as of the payment date for Basic Rent on or next preceding the date of termination over the amount the Lessor reasonably estimates

to be the sales value of such Unit (as is, where is) at such time; provided, however, that in the event the Lessor shall have sold any Unit, in a commercially reasonable manner, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clause (ii) of this part (b) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the payment date for Basic Rent on or next preceding the date of termination over the net proceeds of such sale; provided further, however, that in lieu of selling any Unit as set forth in the foregoing clause, the Lessor may transfer title to and the ownership interest in such Unit to the Lessee by quitclaim bill of sale and recover from the Lessee as liquidated damages for loss of a bargain and not as a penalty an amount equal to the Casualty Value for such Unit as of the payment date for Basic Rent on or next preceding the date of termination.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

Should the Lessee fail to make any payment or to do any act as provided by this Lease, then the Lessor shall have the right (but not the obligation), without notice to the Lessee of its intention to do so and without releasing the Lessee from any obligation hereunder to make or to do the same, to make advances to preserve the Units or the Lessor's title thereto, and to pay, purchase, contest or compromise any insurance premium, encumbrance, charge, tax, lien or other sum which in the reasonable judgement of the Lessor appears to affect the Units, and in exercising any such rights, the Lessor may insure any liability and expend whatever amounts in its reasonable discretion it may deem necessary therefor. All sums so incurred or expended by the Lessor shall be due and payable by the Lessee within ten (10) days of notice thereof.

The Lessee agrees to give prompt written notice to the Lessor of any event which has occurred and is continuing which, with the giving of notice or with the passage of time or both, would constitute an Event of Default under the Lease.

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 the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the Basic Rent due hereunder, and agrees to pay Basic Rent regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the 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.

SECTION 10. Return of Units Upon Default. If this Lease shall terminate pursuant to Section 9 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the operating order, repair and condition required pursuant to Section 6, and shall have removed therefrom all additions, modifications and improvements which the Lessee owns pursuant to Section 8 hereof. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged to return the Units so interchanged) place such Units upon such storage tracks of the Lessee in the United States as the Lessee reasonably may designate;

(b) permit the Lessor to store such Units on such tracks of the Lessee in the United States at the risk of the Lessee without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Lessor; and

(c) transport the same to any place on the lines or railroad operated by it or any of its affiliates or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage, insuring and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and 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 Units. During any storage period, the Lessee will, at its own cost and expense, insure, maintain and keep the Units in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, 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 death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence.

The Lessee hereby waives any and all claims against the Lessor and its agents for damages of whatever nature in connection with any retaking of the Units in any reasonable manner.

All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to .03098% of the Purchase Price of such Unit. Nothing contemplated by this paragraph, including the payment by the Lessee of any amounts pursuant hereto shall be deemed to relieve the Lessee of its obligation to assemble, deliver and store the Units or affect the Lessor's rights and remedies with respect to such obligation.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 10, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney-in-fact of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of such Unit in the name and on behalf of the Lessee from whosoever shall be in possession of such Unit at the time. This power of attorney is coupled with an interest and is irrevocable.

SECTION 11. Assignment; Possession and Use. This Lease shall be assignable 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. Without the prior written consent of the Lessor, the Lessee shall not assign or transfer its leasehold interest under this Lease in any of the Units or sublease any of the Units, except to the extent

permitted by the provisions of the next succeeding paragraph hereof; and any such assignment or transfer without said consent shall be void. The Lessee, at its own expense, will promptly discharge or cause to be duly discharged any and all sums claimed by any party which if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance which the Lessor is obligated to discharge pursuant to Section 15 of the Participation Agreement), upon or with respect to any Unit or the interest of the Lessor or the Lessee therein, and will promptly discharge any such lien, charge, security interest or other encumbrance which arises. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the next succeeding paragraph hereof.

So long as no Event of Default exists hereunder, the Lessee shall be entitled to the possession of the Units and to the use of the Units by it in any lawful manner whatsoever in the United States, Canada and Mexico upon lines of railroad owned or operated by it or any affiliate or upon lines of railroad over which the Lessee or any affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract and shall be entitled to permit the use of the Units by affiliates or connecting and other carriers in the usual interchange of traffic pursuant to interchange or run-through agreements and to sublease the Units to any of its affiliates or to any railroad company incorporated in the United States of America or any state thereof or the District of Columbia, but only upon and subject to all the terms and conditions of this Lease, for a term not exceeding the applicable term of this Lease and in the case of a sublessee that is not an affiliate, for a term that is the lesser of three years or the applicable term of this Lease. The Lessee may receive and retain compensation for the use of any of the Units from other railroads so using such Units. Any sublease permitted by this paragraph shall be subject and subordinate to the rights and remedies of the Lessor under this Lease in respect of the Units covered by such sublease.

The Lessee will not knowingly sublease any Units to any person which is at the time a party in interest with respect to any employee benefit plan the assets of which were used by the Lessor in making its investment pursuant to this Agreement, all within the meaning of ERISA.

Nothing in this Section 11 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder) into

or with which the Lessee shall have become merged or consolidated or which shall have acquired the railroad properties of the Lessee as an entirety or substantially as an entirety; provided that (i) such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease; (ii) such assignee or transferee shall expressly assume the obligations of the Lessee under this Lease, the Participation Agreement and the Tax Indemnity Agreement; and (iii) the obligations of such assignee or transferee shall be guaranteed by the Guarantor.

SECTION 12. Renewal Option; Purchase Option; Termination Option. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may elect, by written notice delivered to the Lessor not less than 180 days prior to the end of the original term of this Lease as to any Series of Units (or, in the event the Lessee extends the term of this Lease as to such Series for an additional one-year term, not less than 180 days prior to the end of that extended term) to extend the term of this Lease in respect of all but not fewer than all, the Units of such Series then covered by this Lease for an additional one-year period commencing on the scheduled expiration of the original term or the first extended term of this Lease, as the case may be, at a semiannual rental payable in arrears in semiannual payments, in an amount equal to the Fair Market Rental. Such rental payments will be made on January 2 and July 2 in each year of the applicable extended term. The determination of Fair Market Rental so made shall be conclusively binding upon both Lessor and Lessee and the Lessee shall then either exercise or not exercise the option. The expenses and fees of the Appraiser shall be split equally between the Lessee and the Lessor.

Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, at the end of the original term of this Lease as to each Series of Units or at the end of a renewal period as to a Series of Units as provided for in the first paragraph of this Section 12, the Lessee may elect to purchase all but not less than all the Units of such Series then subject to this Lease at the lesser of the then Fair Market Value of such Units or an amount equal to 38.59% of the Purchase Price of such Units by giving written notice to the Lessor not less than 180 days prior to the expiration of such term. The determination of Fair Market Value shall be conclusively binding upon both Lessor and Lessee and the Lessee shall then either exercise or not exercise its option. The fees and expenses of the Appraiser shall be split equally between the Lessor and the Lessee.

Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee shall have the option as to each Series to terminate this Lease on January 2,

2004 by purchasing the Units then comprising that Series by paying the greater of the then Fair Market Value or an amount equal to the then Casualty Value of such Units plus 1.07% (the "Termination Value") by giving written notice to the Lessor no later than July 2, 2003. The determination of Fair Market Value shall be conclusively binding upon both Lessor and Lessee and the Lessee shall then either exercise or not exercise its option. The fees and expenses of the Appraiser shall be split equally between the Lessor and the Lessee.

SECTION 13. Return of Units Upon Expiration of Term. After the expiration of the original or any extended term of this Lease, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Units to the Lessor upon such storage tracks of the Lessee in the United States as the Lessee may designate and permit the Lessor to store such Units on such tracks for a period not exceeding 30 days, and transport such units at any time within such 30-day period, to one or more connecting carriers for shipment, all as directed by the Lessor, the movement, storage and insurance of such Units to be at the expense and risk of the Lessee. During any such storage period, the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any Unit, 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 death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this Section 13 shall (i) be in the operating order, repair and condition required pursuant to Section 6, (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable, and/or the applicable rules of any governmental agency or other organization with jurisdiction, (iii) have removed therefrom by the Lessee without cost or expense to the Lessor all additions, modifications and improvements which the Lessee owns pursuant to Section 8 hereof and (iv) be in compliance with all Applicable Laws. The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided are of the essence of this Lease, and, upon application to any court 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 Units.

In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 30 days after the end of the term of this Lease, or any extended term, then the Lessee shall pay the Lessor for each day thereafter an amount equal to .03098% of the Purchase Price of such Unit.

SECTION 14. Recording; Expenses. The Lessee, at its own expense, will cause this Lease to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. Section 11303 and deposited with Registrar General of Canada (notice of such deposit to be forthwith given in The Canada Gazette) pursuant to Section 86 of the Railway Act of Canada. The Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, reregister, rerecord or redeposit whenever required) any and all other instruments required by law or reasonably requested by the Lessor for the purpose of proper protection, to the Lessor's reasonable satisfaction, of the Lessor's interest in the Units, or for the purpose of carrying out the intention of this Lease; and the Lessee will promptly furnish to the Lessor evidence of all such filing, registering, recording or depositing, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Lessor. This Lease shall be filed with the Interstate Commerce Commission and deposited with the Registrar General of Canada pursuant to Section 86 of the Railway Act of Canada and the provision will have been made for publication of notice of such deposit in The Canada Gazette prior to the delivery and acceptance hereunder of any Unit.

SECTION 15. Interest on Overdue Obligations and Rent. Anything to the contrary herein contained notwithstanding, any nonpayment of Rent shall result in the obligation on the part of the Lessee promptly to pay an amount equal to the prime rate of Chase Manhattan Bank, N.A. plus one and one-half per cent per annum for the period of time during which it is overdue or such lesser amount as may be legally enforceable.

SECTION 16. Notices. Any notice required or permitted to be given by any party hereto to any other party or parties shall be deemed to have been received by the addressee on the date of actual receipt (if such date is a business day, otherwise on the next business day), addressed as follows:

(a) if to the Lessor, at 35 North Sixth Street, Reading, Pennsylvania 19601, attention of Corporate Trust Department;

(b) if to the Lessee, at 1333 Brewery Park Boulevard, Detroit, Michigan 48207, Attention of Treasurer;

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

SECTION 17. Effect and Modification of Lease. Except for the Participation Agreement and the Tax Indemnity Agreement, this Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units

and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and the Lessee.

SECTION 18. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument. It is not necessary that the parties hereto all sign the same counterpart as long as each party shall sign a counterpart and such counterpart is delivered to Milbank, Tweed, Hadley & McCloy at their offices in New York, New York, whereupon this Lease shall become effective. Although this Lease is dated as of the date first set forth above for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

SECTION 19. Immunities. Each and all of the representations, warranties, covenants and agreements herein made on the part of the financial institution acting as Lessor hereunder are made and intended not as personal representations, warranties, covenants and agreements by said institution or for the purpose or with the intention of binding said institution personally but are made and intended for the purpose of binding only the Trust Estate (as such term is used in the Trust Agreement) and (except as aforesaid) this agreement is executed and delivered by said institution solely in the exercise of the powers expressly conferred upon said institution as trustee under the Trust Agreement; and no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said institution on account of any representation, warranty, covenant or agreement herein of the Trustee (except in the case of gross negligence or willful misconduct of the Trustee), either expressed or implied.

SECTION 20. Law Governing; Severability. The terms of this Lease and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303 and such additional rights arising out of the filing, recording or deposit hereof, if any.

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 provision in any other jurisdiction.

This Lease shall be binding upon and shall inure to the benefit of, and shall be enforceable by, the parties hereto and their respective successors and permitted assigns.

It is the intent of the parties to this Lease that it will be a true lease and not a "conditional sale," and that the Lessor shall at all times be considered to be the owner of the Units which are the subject of the Lease and that this Lease conveys to the Lessee no right, title or interest in the Units except as Lessee.

All warranties, representations, indemnities and covenants made by any party hereto, herein or in any certificate or other instrument delivered by any such party or on the behalf of any such party under this Lease, shall be considered to have been relied upon by each other party hereto regardless of any investigation made by any such party or on behalf of any such party.

IN WITNESS WHEREOF, each of the parties hereto, pursuant to due authority, has caused this instrument to be duly executed in its name by its officers, thereunto duly authorized, all as of the date first above written, and each of the undersigned signatories hereto declares pursuant to 28 U.S.C. Section 1746 under penalty of perjury that the foregoing is true and correct and was executed on the date indicated below its signature.

MERIDIAN TRUST COMPANY,
not in its individual capacity but
solely as Trustee,

by



Title: ACCOUNT OFFICER
Name: Jay I. Brouer

Executed on 6/26/90.

GRAND TRUNK WESTERN RAILROAD COMPANY,

by

Title: Treasurer
Name: Bonnie M. Reyes

Executed on _____.

LEASE OF RAILROAD EQUIPMENT
Schedule A - List of Equipment

<u>Quantity</u>	<u>Equipment Mechanical Designation</u>	<u>Description</u>	<u>Railroad Road Numbers **</u>	<u>Unit Cost (\$000's)</u>		
				<u>ADR</u>	<u>MACRS</u>	<u>TOTAL</u>
9 (E1)*	GP - 9	Rebuilt Diesel Electric Locomotives	GTW 4609 - 4617	\$75	\$375	\$450
8 (E2)	GP 38 - 2	Rebuilt Diesel Electric Locomotives	GTW 6221 - 6228	\$275	\$525	\$800
1 (E3)	GP 38 - 2	Rebuilt Diesel Electric Locomotives	GTW 5725	\$0	\$800	\$800
2 (E4)	GP 38	Rebuilt Diesel Electric Locomotives	CV 5800 - 5801	\$200	\$525	\$725
96 (E5)	A432	Rebuilt 50' 70 ton Cushion Underframe XL Boxcars	GTW 309300 - 309399	\$20	\$20	\$40
112 (E6)	A602	Rebuilt 60' 70 ton Cushion Underframe XP Boxcars	GTW 384100 - 384211	\$17.5	\$22.5	\$40

* - E designations used to tie Units to Closings in Schedule D.
 Builder's Specifications: See Attached Exhibits.
 Place of Delivery: E1-E4 Battle Creek, Michigan.
 E5-E6 Port Huron, Michigan.

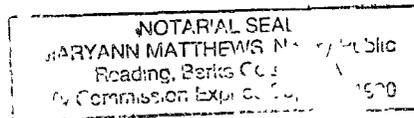
** - Notwithstanding anything herein to the contrary, this Schedule A and the Lease to which it is attached will cover only those Units that are rebuilt by the Builder, delivered and settled for. After December 31, 1990, if necessary, this Schedule A will be amended (and a supplement will be filed with the Interstate Commerce Commission) to describe only those Units actually delivered to the Lessee pursuant to this Lease and to designate the particular Railroad Road Numbers thereof.

ACKNOWLEDGEMENT

COMMONWEALTH OF PENNSYLVANIA :
:
COUNTY OF BERKS :

On this 26 day of June, 1990, before me, the undersigned Notary Public, duly commissioned and qualified within the State and County aforesaid, personally came and appeared Jay T. Bauer, who being by me duly sworn did say that he is an Account Officer of Meridian Trust Company, a Pennsylvania trust company, Owner Trustee under the Trust Agreement, and that the seal affixed to the foregoing instrument is the seal of said trust company and that said instrument was signed and sealed on behalf of said trust company by authority of its Board of Directors and that he acknowledged said instrument to be the free act and deed of said trust company.

Maryann Matthews
Notary Public
My Commission Expires: 9/27/90



LEASE OF RAILROAD EQUIPMENT

Exhibit I to Schedule A -- Locomotive Specifications

GRAND TRUNK WESTERN RAILROAD COMPANY
1990 REBUILT LOCOMOTIVE PROGRAM

REBUILDING SPECIFICATIONS
ELECTRIC DIESEL LOCOMOTIVES

CARBODY - All fixtures, controls and components removed and reconditioned or renewed. Exterior is sand blasted, straightened, patched, repaired, or renewed where necessary, primed and painted. GP 9 Units are rebuilt by removing the cab and short hood, removing the floor of the short hood, sand blasting frame, installing all new conduits, all new air and water pipes, applying new fuel tank, air reservoirs, traction motor ducts, ballast in short hood frame, electrical cabinet with all new components, a.c. cabinet at equipment rack, new cab with control stand with a short nose and clean cab configuration.

ENGINE - Disassembled, cleaned, inspected, all components qualified, renewed or rebuilt according to latest manufacturer recommended procedures. Remanufactured injectors and governor applied. Engine is load tested in the locomotive for six hours.

COMPRESSOR - Rebuilt compressor applied.

MAIN TRACTION ALTERNATOR - AR10 disassembled, cleaned, inspected and reassembled with new bearing.

TRUCKS - Disassembled, cleaned, inspected, welded, ground, rebushed, assembled with new or qualified springs and brake rigging. Rebuilt traction motors and new wheel sets applied.

ELECTRICAL SYSTEMS - All traction equipment, motors, main generator or traction alternator, companion alternator, auxiliary generator, and traction blower, are cleaned, disassembled, inspected, reworked according to individual specification, reassembled using new bearings and installed. Wiring is inspected, tested and replaced as necessary. Relays, contactors and switch gear are rebuilt or qualified according to the individual specification. GP 9 Units are completely rewired and a new electrical control system used in a new electrical cabinet. GP 9 Units are thereby modernized to a "state of the art" configuration.

AIR SYSTEM - A schedule of 26L air brake is standard for all rebuilt Units. When Units were previously so equipped, all fittings, pipes and fixtures are inspected and tested. On GP 9

Units a new equipment rack with fixtures, all new pipes and newly rebuilt 26L valves are installed and tested.

MISCELLANEOUS REPAIRS - Rewiring as necessary, wreck repair as necessary.

ADDITIONS - Electronic speed indicator/recorder, radio and telemetry devices applied. Electronic cab heaters, 18kw auxiliary generators installed.

ADDITIONAL SPECIFICATIONS FOR GP 38-2 UNITS - These units have electrical control cabinets with modular excitation control and solid state components along with improved switch gear (high voltage/high current) and more precise controls. Circuits are tested and repaired if defective. Qualified modules are applied.

LEASE OF RAILROAD EQUIPMENT

Exhibit II to Schedule A -- 50' Boxcar Specifications

SPECIFICATIONS
FREIGHT CAR REPAIRS
50 FT 6 INCH 70 TON BOX CARS

AIR BRAKES:

1. Brake equipment must be removed and reconditioned in accordance with AAR Standards S-478 and S-484. Before leaving shop, cars must be tested in accordance with AAR Standard S-486. Any defective equipment found to be replaced or repaired before stenciling COT&S date on car.
2. Air hoses seven years old or on which the date is obliterated, or which have defects listed in AAR Interchange Rule 5-A must be replaced. Replacement hoses to have wipe lip couplings and nipples in accordance with AAR Standard S-491 and must be assembled by ferrule clamping.
3. Other flexible hoses on car must be inspected and renewed if any defects listed in Interchange Rule 5 are found. Replacement hose assemblies must meet AAR Specification M-927, latest revision.
4. Any compression fittings found, which were used to make repairs to air brake piping must be removed, and repairs made with welded fittings.
5. Slack adjusters bent, broken, worn, missing or inoperative must be renewed. Replacement slack adjusters to be double jaw type, applied in accordance with instructions in AAR Manual of Standards and Recommended Practices RP-400. If reconditioned adjusters are applied they must be reconditioned in accordance with AAR Specification S-423.
6. Brake pins worn as follows to be replaced:
 - 1-3/32" original diameter, replace if worn to 1" or less diameter.
 - 1-7/32" original diameter, replace if worn to 1-1/8" or less diameter.
7. Brake rods, levers, guides, fulcrums and flexible hose supports worn more than 15% or original section missing must be renewed or repaired. Any cracks or fractures must not be welded. Holes worn more than 15% of original size must be repaired.

Holes may be built up providing 80% of original material remains.

8. All brake shoes (composition type) worn to 1" or less thickness including lining and backing plate, to be replaced, as well as shoes broken and part missing.

9. End of car hose support components must be inspected for proper travel and operation. Any binding or restriction in travel must be corrected.

HAND BRAKES:

1. If inoperative due to mechanical cause, bent, broken, or has worn out or broken vertical chain, replace. (AAR Group B, with long release lever and shallow wheel).

TRUCKS:

1. All truck bolsters (careful inspection in such areas under center pin), broken, cracked, bent, patched or worn or corroded where any section is reduced 20% must be replaced or repaired. Building up of worn surfaces or welding of cracks permitted only in cross-hatched area (Figure D, AAR Interchange Rule 47) provided the remaining material in the part to be built up is equal to 60% of original section, or the crack does not extend more than 40% through the cross-sectional area of the casting. Bolster rims, friction pockets and gibs may be built up if more than 40% of original material remains.

2. If total lateral clearance between bolster side frame columns exceeds 1 1/4", gibs must be repaired or replaced.

3. Vertical bowl wear liner loose or missing, or with 2 or more complete vertical cracks must be replaced. Cracks in weld joint between liner and rim exceeding 50% of total length must be repaired by an approved procedure. If diameter inside vertical wear ring exceeds 14-3/8" in any direction, replace vertical liner. If liner is missing and bolster bowl rim is worn to 14-5/8" or more in any direction new rim to be applied to bolster, using care to follow manufacturers instructions for application.

4. If horizontal bolster bowl liner failed into 2 or more pieces or has a piece missing it must be replaced. If the depth of the bowl is 2 inches or more, with liner in place, repairs must be made to reduce center plate engagement to 1-3/4", +1/32, -1/16. A minimum of 1/16" clearance between bolster rim and body center plate base must be maintained in all cases.

5. Friction castings worn to within 3/16" or less of wear indicator to be replaced. If replacement required, both castings at that end of bolster to be replaced.

6. Barber Friction Pocket to be checked with Barber #6 gauge. If gap exceeds 1/4" bolster pocket must be repaired by application of Barber Bolster Pocket Wear Plate or built up by welding. Barber instructions for repair to be followed.
 7. Side bearings cracked, broken, loose or missing (including rollers) or bent or worn in excess of 1/8" must be replaced.
 8. All side frame broken, cracked, bent, patched, worn or corroded more than 25% in any section must be repaired or replaced. Building up of worn surfaces or welding or cracks permitted only in cross-hatched area (AAR Interchange Rule 48, Figure A), provided the material remaining in the part to be built up is equal to 60% of the original section, or the crack does not extend more than 40% through the cross-sectional area of the casting. Column guides may be built up if more than 40% through cross-sectional area of casting and is stress relieved per AAR Interchange Rule 82, Section D.
 9. Side frame column wear plates missing, broken or worn to 1/4" thickness or less to be replaced. Loose plates to be reattached provided not worn in excess of 1/8".
 10. Side frame pedestal and roof to be checked per AAR Standard S-327. Roof liners to be applied if required by specification. (Snap in liners not approved.)
 11. Roller bearing frame keys to be applied to all locations where missing.
 12. All broken, missing or not standard to car springs to be replaced. D-5 truck springs which have a free height of 9-7/8" or less to be replaced. Barber Outer Coil Springs with a free height of 10-11/16" or less and Barber Inner Coil Springs with a free height of 11" or less to be replaced.
 13. Wheels to be changed, if any of the following is found:

Flange	-	1" or less thickness.
Flange	-	1-3/8" or more height.
Rim	-	1" or less thickness.
- All defects shown in AAR Interchange Rule 41, including prohibited types of wheels. GTW Inspector to determine procedure in questionable cases.
14. Brake beams must be inspected. Any beams not complying with the requirements of AAR Interchange Rule 6, to be replaced or repaired. Brake heads must be of a design to reject application of cast iron brake shoes.
 15. Roller bearing adapters must be checked in accordance with

AAR Interchange Rule 37 and replaced if required by rule.
Replacement adapters to have hardened crown and thrust shoulders.

16. Any roller bearings found with lube fittings to be replaced or converted to NFL type.

17. Center plate must be lubricated in accordance with AAR Interchange Rule 47-E-4 before reapplication of trucks to car.

COUPLERS:

1. Any coupler found out of gauge, broken or cracked as covered by AAR Interchange Rules 16A and 17A must be renewed. Minimum rear wall thickness (Dimension "C", Rule 17, Figure A) is to be 3-1/8".

2. Coupler heads having a section broken out within the shaded area, cracks in shaded area extending beyond area, or any cracks or breaks in the unshaded area to be replaced. (AAR Interchange Rule 161, Figure C.)

3. If coupler shank (disregarding wear plate) is worn 1/4" deep or more in bottom wall, it must be replaced.

4. Coupler wear plate worn to 1/8" thickness or less to be replaced if standard to coupler.

5. Coupler bent out of alignment with head 1/2" or more is to be replaced.

6. All couplers to have E50HTE or E50AE knuckles. Any locks replaced to be E42AE type.

7. Coupler height (empty car) to be 32 1/2" minimum, 34 1/2" maximum when car is retrucked. Shimming of coupler carrier to be in accordance with AAR Interchange Rule 16E. All coupler carriers cracked, broken, bent or missing to be renewed.

8. With knuckle closed and coupler centered on carrier there must be 1/4" to 1/2" clearance between operating rod and locklift lever.

9. Minimum diameter of Y-47 coupler and yoke pin at any point is to be 3-3/8". Bend in pin must not exceed 1/16" in total length. Replace pin if either of these conditions is found.

10. Uncoupling rigging must be completely functional and capable of easy operation with coupler in all positions which could occur during operation of car.

CUSHION UNIT:

1. Remove cushion unit and yoke from car. Check oil level in hydraulic unit per Keystone Maintenance Instructions. Seal allows a small amount of weepage to provide shaft lubrication. Extremely heavy oil stains, however, indicate problems with unit, which should receive major servicing. If unit requires addition of oil ESSO 1990 or equivalent is to be used. Capacity of unit is 23 1/4 quarts. If over 15 quarts must be added, hydraulic unit must be repaired. Units which have had to oil checked and/or oil added to be stenciled oil checked, day-month-year date.
2. Inspect yoke for excessive wear or galling, damage due to derailments or other causes. Repair as necessary.
3. Wear plates in cushion unit pocket area broken, cracked or excessively worn to be repaired, or replaced.
4. Check spring tube for dents. Any dent over 1/8" deep will interfere with spring operation and must be replaced.
5. Unit support, yoke carrier and return spring mounting bolts must be in place and pulled tight at reassembly of unit. It is recommended that bolts be torqued to 230-290 ft-lbs.
6. Unit to remain in neutral position with no other car coupled to it, after reinstallation.
7. Coupler pin supports must be in good condition and fully functional.

CARBODY:

1. All bent, cracked, loose, worn or missing sills, top side plates, crossbearers, cross ties, body bolsters, air brake supports, etc. must be straightened, repaired, or rewelded as required to restore them to a fully functional condition.
2. If body center plate is found to be less than 13 1/4" in diameter in any direction it must be repaired to restore it to full 13-3/4" dimension. If impossible to repair, replace in kind. Combined center filler/center plate is Berwick Forge Dwg. 31-21193.
3. All bent, cracked, loose, worn or missing striker assemblies and coupler carriers must be straightened, repaired or renewed to restore to full functional condition.
4. All handholds, sill steps and crossover boards must be in good condition and securely fastened to car.
5. All corner, side and door posts bent, cracked or broken to be repaired and straightened to restore to a fully functional

condition.

6. All side sheets cracked, broken or having holes punched in them to be repaired. Loose, missing or damaged rivets to be replaced (Huck type satisfactory).
7. Roof to be checked for leaks. Any evidence of leakage found will require repairs to eliminate leak. If patch plates are applied for repair they must be painted to match roof.
8. All interior DF2 belt rails must be in correct position, straight, and securely fastened to interior of car. Bent, torn, or otherwise damaged track to be replaced in kind or repaired so as to be completely functional and freely accept crossbars. It should be noted that proper repair and operation is especially critical in the first five feet either side of door opening. Reference Evans Products drawing DF-213380 for details.
9. Interior rub rails must be in correct position, straight and securely fastened to posts. Missing rub rails may be replaced by a design which is functionally equivalent to that in car. However, any joints with existing rub rail must be smooth and not catch on lading when it is moved into or out of car.
10. All floor plates to be flat and securely attached to underframe. Any repairs or replacement of floor to be Tri-Ten steel or equivalent.
11. Sill carriers to be shimmed, if necessary with Hallond/Zeftec wear eliminators.

DOORS:

1. Doors are 10' sliding doors (Youngstown).
2. Door must function properly in all respects, and operate easily when opened and closed. Hold open devices to be fully operational, any missing parts to be replaced.
3. All stops must be in place and perform their intended function.
4. All doors to be lubricated and inspected in accordance with AAR Manual of Standards and Recommended Practices, Section H, Part III.
5. All door tracks to be inspected for wear and repaired accordingly.

MISCELLANEOUS:

1. Cars to qualify for AAR rebuilt status when shopping is

completed. Cost figures and strength calculation, if required, must be provided in form suitable for submission to AAR for rebuilt approval.

2. Cars to be repainted, exterior GTW Standard Blue. Interior of car to receive one coat of non-yellowing white enamel. Floors to receive anti-skid coating. Insure items listed by AAR/FRA be covered during sand blast and paint operation.

3. All cars to have GTW reporting marks and number applied when stenciled. Stenciling arrangement to be provided, reflecting current requirements at time of starting program.

4. Cars to be reweighed and stenciled after all work is completed.

5. Cars to be light tested before final release.

6. Cars must meet all AAR Interchange Rule requirements and FRA Safety Appliance and Safety Standards when completed, even if not specifically covered elsewhere in these specifications.

OFFICE OF CHIEF MECHANICAL OFFICER
BATTLE CREEK, MICHIGAN

August 25, 1989

LEASE OF RAILROAD EQUIPMENT

Exhibit III to Schedule A -- 60' Boxcars Specifications

EXHIBIT

SPECIFICATION AAR RULE 88 REBUILT
FREIGHT CAR REPAIRS
60 FT 9 INCH 70 TON BOX CARS
ROLLER BEARING TRUCKS
22 DF-1 BELTS

AIR BRAKES:

1. Brake equipment must be removed and reconditioned in accordance with AAR Standards S-478 and S-484. Before leaving shop, cars must be tested in accordance with AAR Standard S-486. Any defective equipment found to be replaced or repaired before stenciling COT&S date on car. (Cars now equipped with AB valves; ABD - new or reconditioned valves to be applied.)
2. Air hoses seven years old or on which the date is obliterated, or which have defects listed in AAR Interchange Rule 5-A must be replaced. Replacement hoses to have wiper lip couplings and nipples in accordance with AAR Standard S-491 and must be assembled by ferrule clamping.
3. Other flexible hoses on car must be inspected and renewed if any defects listed in Interchange Rule 5 are found. Replacement hose assemblies must meet AAR Specification M-927, latest revision.
4. Brake piping must conform to S-424, welded fittings.
5. Slack adjusters bent, broken, worn, missing or inoperative must be renewed. Replacement slack adjusters to be double jaw type, applied in accordance with instructions in AAR Manual of Standards and Recommended Practices RP-400. If reconditioned adjusters are applied, they must be reconditioned in accordance with AAR Specification S-423.
6. Brake pins worn as follows to be replaced:
 - 1-3/32" original diameter, replace if worn to 1" or less diameter.
 - 1-7/32" original diameter, replace if worn to 1-1/8" or less diameter.
7. Brake rods, levers, guides, fulcrums and flexible hose supports worn more than 15% or original section missing must be

renewed or repaired. Any cracks or fractures must not be welded. Holes worn more than 15% of original size must be repaired. Holes may be built up providing 80% of original material remains.

8. All brake shoes (composition type) worn to 1" or less thickness including lining and backing plate, to be replaced, as well as shoes broken and part missing.

9. End of car hose support components must be inspected for proper travel and operation. Any binding or restriction in travel must be corrected.

HAND BRAKES:

1. If inoperative due to mechanical cause, bent, broken, or has worn out or broken vertical chain, replace.

TRUCKS:

1. All truck bolsters (careful inspection in such areas under center pin), broken, cracked, bent, patched or worn or corroded where any section is reduced 20% must be replaced or repaired. Building up of worn surfaces or welding of cracks permitted only in cross-hatched area (Figure D, AAR Interchange Rule 47) provided the remaining material in the part to be built up is equal to 60% of original section, or the crack does not extend more than 40% through the cross-sectional area of the casting. Bolster rims, friction pockets and gibs may be built up if more than 40% of original material remains.

2. If total lateral clearance between bolster side frame columns exceeds 1 1/4", gibs must be repaired or replaced.

3. Vertical bowl wear liner loose or missing, or with 2 or more complete vertical cracks must be replaced. Cracks in weld joint between liner and rim exceeding 50% of total length must be repaired by an approved procedure. If diameter inside vertical wear ring exceeds 14-3/8" in any direction, replace vertical liner. If liner is missing and bolster bowl rim is worn to 14-5/8" or more in any direction new rim to be applied to bolster, using care to follow manufacturers' instructions for application.

4. If horizontal bolster bowl liner failed into 2 or more pieces or has a piece missing it must be replaced. If the depth of the bowl is 2 inches or more, with liner in place, repairs must be made to reduce center plate engagement to 1-3/4", +1/32, -1/16. A minimum of 1/16" clearance between bolster rim and body center plate base must be maintained in all cases.

5. Friction castings worn to within 3/16" or less of wear, indicator to be replaced. If replacement required, both castings at that end of bolster to be replaced.

6. Barber Friction Pocket to be checked with Barber #6 gauge. If gap exceeds 1/4", bolster pocket must be repaired by application of Barber Bolster Pocket Wear Plate or built up by welding. Barber instructions for repair to be followed.
7. Side bearings cracked, broken, loose or missing (cages), application of constant side bearings, manufacturers' application and tolerance standards - TTC70 or TTC70R.
8. All side frame broken, cracked, bent, patched, worn or corroded more than 25% in any section must be repaired or replaced. Building up of worn surfaces or welding or cracks permitted only in cross-hatched area (AAR Interchange Rule 48, Figure A), provided the material remaining in the part to be built up is equal to 60% of the original section, or the crack does not extend more than 40% through the cross-sectional area of the casting. Column guides may be built up if more than 40% through cross-sectional area of casting and is stress relieved per AAR Interchange Rule 82, Section D.
9. Side frame column wear plates missing, broken or worn to 1/4" thickness or less, to be replaced. Loose plates to be reattached provided not worn in excess of 1/8".
10. Side frame pedestal and roof to be checked per AAR Standard S-327. Roof liners to be applied if required by specification. (Snap in liners not approved.)
11. Roller bearing frame keys to be applied to all locations where missing.
12. All truck suspension springs are to be gauged for free height, and those which are broken, missing or not standard to the car to be replaced. D-4 outer coil springs with a free height of 9-1/2" or less to be replaced. Barber side coil springs with a free height of 10-3/4" or less are to be replaced. The original spring group of 7 outer coil D-4, 4 inner coil D-4, and 2 Barber side springs will be changed to 4 outer coil D-4 and 2 Barber side springs to accommodate the very light loading conditions anticipated for the rebuilt car. (SEE ATTACHMENT FOR SPRING GROUPING - PACKAGE "A")
13. Wheels to be changed, if any of the following is found:
- | | | |
|--------|---|------------------------|
| Flange | - | 1" or less thickness. |
| Flange | - | 1-3/8" or more height. |
| Rim | - | 1" or less thickness. |
14. All defects shown in AAR Interchange Rule 41, including prohibited types of wheels. GTW Inspector to determine procedure in questionable cases. Wheels to be heat-treated, curved-plate design.

15. Brake beams must be inspected. Any beams not complying with the requirements of AAR Interchange Rule 6, to be replaced or repaired, brake heads must be of a design to reject application of cast iron brake shoes.

16. Roller bearing adapters must be checked in accordance with AAR Interchange Rule 37 and replaced if required by rule. Replacement adapters to have hardened crown and thrust shoulders.

17. Any roller bearings found with lube fittings to be replaced or converted to NFL type.

18. Center plate must be lubricated in accordance with AAR Interchange Rule 47-E-4 before reapplication of trucks to car.

COUPLERS:

1. Application of bottom shelf couplers per Rule 88 and Federal Regulation Title 49 (Part 179.14).

2. Coupler height (empty car) to be 32-1/2" minimum, 34-1/2" maximum when car is re-trucked. Shimming of coupler carrier to be in accordance with AAR Interchange Rule 16E. All coupler carriers cracked, broken, bent or missing to be renewed.

3. With knuckle closed and coupler centered on carrier, there must be 1/4" to 1/2" clearance between operating rod and locklift lever.

4. Minimum diameter of Y-47 coupler and yoke pin at any point is to be 3-3/8". Bend in pin must not exceed 1/16" in total length. Replace pin if either of these conditions is found.

5. Uncoupling rigging must be completely functional and capable of each operation with coupler in all positions which could occur during operation of car.

DRAFT GEARS:

1. Must be dropped and inspected and comply to Spec. M-901B (10 years and older). Reconditioned or new.

2. Lugs to be repaired if worn (no shims).

CUSHION UNITS:

TO BE REPLACED 100%.

1. Lugs in cushion unit pocket area broken, cracked, or excessively worn must be replaced.

2. Unit to remain in neutral position with no other car coupled

to it, after reinstallation.

3. RESTRICTIONS TO BE TAKEN: Before dropping cushion unit completely out of pocket, gag the cushion unit as follows: use 1-1/2" x 3/8" safety strap welded to the edges of the cushion unit base plates at each side of the base plate before removing unit from cushion pocket.

CARBODY:

1. All bent, cracked, loose, worn or missing sills, top side plates, crossbearers, cross ties, body bolsters, air brake supports, etc., must be straightened, repaired, or rewelded as required to restore them to a fully functional condition.
2. If body center plate is found to be less than 13 1/4" in diameter in any direction, it must be repaired to restore it to fully 13-3/4" dimension. If impossible to repair, replace in kind. Center plate is Pullman Standard Dwg. U20-091.
3. All bent, cracked, loose, worn or missing striker assemblies and coupler carriers must be straightened, repaired or renewed to restore to full functional condition.
4. All handholds, sill steps and crossover boards must be in good condition and securely fastened to car.
5. All corner, side and door posts bent, cracked or broken to be repaired and straightened to restore to a fully functional condition.
6. All side sheets cracked, broken or having holes punched in them to be repaired. Loose, missing or damaged rivets to be replaced (Huck type satisfactory).
7. Roof to be checked for leaks. Any evidence of leakage found will require repairs to eliminate leak. If patch plates are applied for repair they must be painted to match roof. (Caulk roofs 100%.)
8. (383458-484 rub rails) (383485-575 22 DF-1 belts)

Twenty-two interior DF-1 belt rails must be in correct position, straight, and securely fastened to interior of car. Bent, torn, or otherwise damaged track to be replaced in kind or repaired so as to be completely functional and freely accept crossbars. It should be noted that proper repair and operation is especially critical in the first five feet either side of door opening. Reference Evans Products drawing DF-213380 for details.
9. The sides and ends of the car are to be raised to provide a clear door opening of 12 feet 9 inches. The roof will be removed from the sides and ends, and will be repaired for re-application. The sides and ends will have extension panels applied to raise the roof to the necessary height above the car floor. The doorway opening will be raised accordingly. Door width will not be changed.
10. Sill carriers to be shimmed, if necessary, with

Holland/Zeftec wear eliminators.

11. Wood deck with perforated steel plate applied:

- a) Spark shields in eight (8) deck locations over trucks S-225.
- b) All deteriorated, broken, burnt deck to be removed and replaced.
- c) Floor capacity 25K.
- d) Perforated steel floor should be removed and replaced if:
 1. Torn
 2. Piece missing, patch making it smooth
 3. Stretched out of shape
 4. Rebolt plate (bolts missing)
 5. Floor must be smooth with no objects that will catch containers.

DOORS:

1. Doors are 10' sliding doors (Youngstown).
2. Door must function properly in all respects, and operate easily when opened and closed. Hold open devices to be fully operational, any missing parts to be replaced. (Clear opening 10' wide, 12' 9" high).
3. All stops must be in place and perform their intended function.
4. All doors to be lubricated and inspected in accordance with AAR Manual of Standards and Recommended Practices, Section H, Part III.
5. All door tracks to be inspected for wear and repaired accordingly.
6. Application of anti-pilferage locking arrangement.

MISCELLANEOUS:

1. Cars to qualify for AAR rebuilt status when shopping is completed. Cost figures and strength calculation, if required, must be provided in form suitable for submission to AAR for rebuilt approval.
2. Cars to be repainted, exterior GTW Standard Blue. Interior of car to receive one coat of non-yellowing white enamel. Floors to receive anti-skid coating. Insure items listed by AAR/FRA be covered during sandblast and paint operation.

3. All cars to have GTW reporting marks and number applied when stenciled. Stenciling arrangement to be provided, reflecting current requirements at time of starting program. (GTW 384100-211).

4. Cars to be reweighed and stenciled after all work is completed. Load limit of car restenciled to reflect reduced spring capacity. (SYMBOL * NEXT TO CAPACITY).

5. Cars to be light tested before final release.

6. Cars must meet all AAR Interchange Rule requirements and FRA Safety Appliance and Safety Standards when completed, even if not specifically covered elsewhere in these specifications.

CARBODY MODIFICATION:

1. Raise roof 21 inches.

- a) Modify 10" sliding doors
- b) Modify end sheets
- c) Add required DF-1 belts and design

All workmanship and design must conform to AAR Specification M-1001 for design and construction of freight cars.

OFFICE OF:
CHIEF MECHANICAL OFFICER
BATTLE CREEK, MICHIGAN

FEBRUARY 28, 1990

LEASE OF RAILROAD EQUIPMENT

Schedule B - Basic Rent Schedule

<u>Date</u>	<u>Percentage of Purchase Price</u>	<u>Advance/ Arrears</u>
July 2, 1991	3.90000000%	Arrears
January 2, 1992	6.16938173%	Arrears
July 2, 1992	3.90000000%	Arrears
January 2, 1993	6.16983173%	Arrears
July 2, 1993	3.89697200%	Arrears
January 2, 1994	6.17240972%	Arrears
July 2, 1994	3.78604441%	Arrears
January 2, 1995	6.28333731%	Arrears
July 2, 1995	3.66430139%	Arrears
January 2, 1996	6.40508034%	Arrears
July 2, 1996	3.53068841%	Arrears
January 2, 1997	6.53869332%	Arrears
July 2, 1997	4.23416567%	Arrears
January 2, 1998	8.07285644%	Arrears
January 2, 1998	8.95612146%	Advance
July 2, 1998	3.35090065%	Advance
January 2, 1999	9.96586044%	Advance
July 2, 1999	2.34116167%	Advance
January 2, 2000	10.35661373%	Advance
July 2, 2000	1.95040838%	Advance
January 2, 2001	10.78741795%	Advance
July 2, 2001	1.51960416%	Advance
January 2, 2002	11.26237818%	Advance
July 2, 2002	1.04464393%	Advance
January 2, 2003	11.78602028%	Advance
July 2, 2003	.52100183%	Advance
January 2, 2004	12.30702211%	Advance
July 2, 2004	.00000000%	Advance
January 2, 2005	11.84685543%	Advance
July 2, 2005	<u>.46016668%</u>	Advance
	<u>171.17948935%</u>	
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LEASE OF RAILROAD EQUIPMENT

Schedule C - Casualty Value Schedule

<u>Date</u>	<u>Percentage of Purchase Price</u>
January 2, 1991	105.77161427%
July 2, 1991	107.98642059%
January 2, 1992	107.63143632%
July 2, 1992	109.04177785%
January 2, 1993	107.94168604%
July 2, 1993	108.67268765%
January 2, 1994	106.93959035%
July 2, 1994	107.32556477%
January 2, 1995	105.07879903%
July 2, 1995	105.20582379%
January 2, 1996	102.47775818%
July 2, 1996	102.47775818%
January 2, 1997	99.46975328%
July 2, 1997	98.68045167%
January 2, 1998	94.01338885%
July 2, 1998	87.78871340%
January 2, 1999	87.13859575%
July 2, 1999	79.51389697%
January 2, 2000	79.51389697%
July 2, 2000	71.26862699%
January 2, 2001	71.71417035%
July 2, 2001	62.97032811%
January 2, 2002	63.60117923%
July 2, 2002	54.11362907%
January 2, 2003	54.98648093%
July 2, 2003	44.72861376%
January 2, 2004	45.91991437%
July 2, 2004	34.89870913%
January 2, 2005	36.39583102%
July 2, 2005	25.42393985%
January 2, 2006	26.00000000%

LEASE OF RAILROAD EQUIPMENT

Schedule D - Schedule of Closings

<u>Assumed Closing Dates</u>	<u>Equipment Assumed To Be In Closing</u>	<u>Tax Allocation</u>		<u>Total Purchase Price</u>
		<u>ADR</u>	<u>MACRS</u>	
		-----(\$000's)-----		
June 27, 1990	4 E-1, 3 E-2 1 E-3, 2 E-4 96 E-5	\$3,445	\$6,845	\$10,290
September 26, 1990	3 E-1, 2 E-2 112 E-6	\$2,735	\$4,695	\$7,430
December 27, 1990	2 E-1 3 E-2	<u>\$975</u>	<u>\$2,325</u>	<u>\$3,300</u>
		<u>\$7,135</u>	<u>\$13,865</u>	<u>\$21,020</u>
		=====	=====	=====