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RECORDATION NO. 20589 FILED 1997

ALVORD AND ALVORD
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SUITE 200
WASHINGTON, D C

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ELLSWORTH C. ALVORD (1964)

20006-2973

RECORDATION NO. 20589-ABC, D
OF COUNSEL
URBAN A. LESTER

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MAR 20 1997 - 11 15 AM

March 19, 1997

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

MAR 20 11 11 AM '97

RECEIVED
SURFACE TRANSPORTATION
BOARD

Dear Mr Williams

Enclosed for recordation pursuant to the provisions of 49 U S C Section 11301(a), are two (2) copies of a Master Equipment Lease Agreement, dated as of November 29, 1996, a primary document as defined in the Board's Rules for the Recordation of Documents and two (2) copies of the following secondary documents related thereto Schedule Number 1 and Bill of Sale, both dated as of November 29, 1996, and Schedule Number 2 and Bill of Sale, both dated as of January 28, 1997

The names and addresses of the parties to the enclosed documents are

Master Equipment Lease Agreement and Schedule Numbers 1 and 2

Lessor. LaSalle National Leasing Corporation
135 South LaSalle Street
Chicago, Illinois 60603

Lessees. Relco Locomotives
113 Industrial Avenue
Minooka, Illinois 60442

Relco Finance Corporation
24425 South Kankakee Street
Manhattan, Illinois 60442

Jerico of Gonzales, Inc.
24425 South Kankakee Street
Manhattan, Illinois 60442

Mr. Vernon A. Williams
March 19, 1997
Page 2

Bills of Sale

Sellers: Relco Locomotives
113 Industrial Avenue
Minnoka, Illinois 60442

Relco Finance Corporation
24425 South Kankakee Street
Manhattan, Illinois 60442

Jerico of Gonzales, Inc
24425 South Kankakee Street
Manhattan, Illinois 60442

Buyer LaSalle National Leasing Corporation
135 South LaSalle Street
Chicago, Illinois 60603

A description of the railroad equipment covered by the enclosed documents is:

eight (8) RE locomotives identified on Schedule Number 1 and four (4)
RE locomotives identified on Schedule Number 2

Also enclosed is a check in the amount of \$120 00 payable to the order of the
Surface Transportation Board covering the required recordation fee

Kindly return stamped copies of the enclosed documents to the undersigned

Very truly yours,



Robert W Alvord

RWA/bg
Enclosures

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

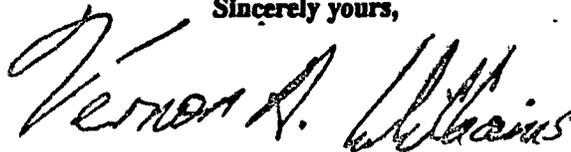
3/20/97

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 Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 3/20/97 at 11:15AM, and assigned recordation number(s). 20589, 20589-A, 20589-B, 20589-C, 20589-D, 17355-C, 17355-C, 18318-A, 18816-S, 18942-D, 19111-ZZZZZ, 19111-AAAAAA, 19111-BBBBBB, 19961-E, 20328-B and 20329-B.

Sincerely yours,

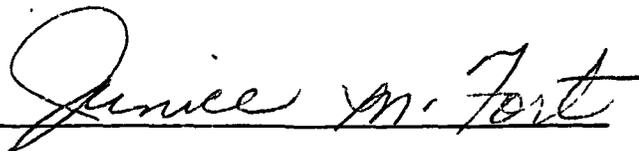


Vernon A. Williams
Secretary

Enclosure(s)

\$ 384.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature



MASTER EQUIPMENT LEASE AGREEMENT

MAR 20 1997 11 43 AM

This Master Equipment Lease Agreement (the "**Agreement**"), dated as of the 29th day of Nov., 1996 is entered into between **LaSalle National Leasing Corporation** ("**Lessor**"), **Relco Locomotives, Inc.** ("**RLI**"), **Relco Finance Corporation** ("**RFC**") and **Jerico of Gonzales, Inc.** ("**JGI**"). Collectively, **RLI**, **RFC** and **JGI** are referred to herein as "**Lessee**" and all obligations of **RLI**, **RFC** and **JGI** hereunder shall be joint and several.

1. **Lease of Equipment.**

(a) *Lessor hereby agrees to lease to Lessee, and Lessee agrees to lease from Lessor, upon the terms and conditions hereinafter set forth, the units of personal property (individually, a "**Unit**" and collectively, the "**Equipment**") described in one or more Supplements (individually a "**Supplement**" and collectively the "**Supplements**") which may be executed and delivered from time to time by Lessor and Lessee pursuant to this Agreement.*

(b) *Lessor is not a manufacturer or supplier of any Equipment, and Lessor has not selected and will not select any Equipment for lease hereunder. All such Equipment shall have been (or shall hereafter be) acquired by Lessor from RLI, RFC and/or JGI, free and clear of any liens, security interests or other encumbrances, pursuant to one or more bills of sale containing representations and warranties with respect to the Equipment conveyed thereby, and assignments of any rights of Lessee in respect of the Equipment or components thereof, all in form and substance satisfactory to Lessor.*

(c) *Each Supplement covered by Equipment shall be considered a separate and enforceable lease incorporating the terms and conditions of this Agreement. An executed counterpart of this Agreement (including supplements, addenda or riders hereto) or mechanically reproduced copy hereof, together with an executed Supplement, shall be the original of the lease for the Equipment described on such Supplement and together they shall constitute and shall be referred to herein as the "**Lease Agreement**" or "**this Lease Agreement**" with respect to such Equipment. To the extent that this Lease Agreement constitutes chattel paper, as such term is defined in the Uniform Commercial Code of the applicable jurisdiction, no security interest in this Lease Agreement may be created or perfected through the transfer of possession of any counterpart other than the original of a Supplement. Lessor shall and does hereby retain full legal title to, and property in, the Equipment. It being expressly understood that this Lease Agreement is an agreement of lease only.*

2. **Lease Term.** *The term of lease of each Unit described in a Supplement shall commence on the date specified in the Supplement for such Unit and shall continue for the lease term specified therein; provided, however, that this Agreement shall be effective from and after the date hereof.*

3. **Rent, Net Lease.** *Lessee shall pay Lessor rent, without any deduction or set-off and without prior notice or demand, in respect of the lease of each Unit in the amounts and on the dates specified in the Supplement describing such Unit. All rent and other amounts due hereunder from Lessee to Lessor shall be paid to Lessor at its office at 135 South LaSalle Street 135/520, Chicago, Illinois 60603, or such other location as Lessor shall specify. In the event any rent or other amounts due hereunder shall not be paid promptly when due, Lessee shall pay Lessor, for the period during which such amount is past due, interest on such overdue amount from the due date to the date of payment at a rate per annum equal to the lesser of (a) one and one half percent (1½%) per month or (b) the*

maximum rate permitted by law.

This Agreement constitutes a non-cancelable net lease and the rent and other amounts due hereunder from Lessee to Lessor are absolutely and unconditionally owing and shall not be subject to any defense, claim, reduction, set off or adjustment for any reason whatsoever. Lessee shall promptly pay all costs, expenses and obligations of every kind and nature incurred in connection with the use or operation of the Equipment which may arise or be payable during the lease term of such Equipment hereunder, whether or not such cost, expense or obligation is specifically referred to herein.

4. **Lessee's Warranties.** Lessee represents and warrants to Lessor that:

(a) **Existence.** Each of RLI and RFC is a corporation duly organized, validly existing and existing in good standing under the laws of the State of Illinois and is duly qualified and in good standing as a foreign corporation authorized to do business in every jurisdiction where the nature of its business or ownership of its properties makes such qualification necessary. JGI is a corporation duly organized, validly existing and existing in good standing under the laws of the State of Louisiana and is duly qualified and in good standing as a foreign corporation authorized to do business in every jurisdiction where the nature of its business or ownership of its properties makes such qualification necessary.

(b) **Corporate Power.** Lessee has full right power and authority to execute and deliver this Agreement, each Supplement, and all related documents and perform its obligations under this Agreement, each Supplement, and all related documents.

(c) **Authorization; No-Conflict.** The execution and delivery of this Agreement and each Supplement, and the performance by Lessee of its obligations under this Agreement and each Supplement, are within Lessee's powers, have been duly authorized, have received all necessary governmental approvals (if any shall be required), and do not and will not contravene or conflict with any provision of law, or of any partnership or joint venture agreement, charter or by-laws of Lessee, or of any agreement, instrument or court or administrative order binding upon Lessee.

(d) **Litigation.** No judgments are outstanding against Lessee, nor is there now any pending or, to the knowledge of Lessee, threatened litigation, contested claim or governmental proceedings by or against the Lessee which, either individually or in the aggregate, would adversely affect the financial condition of Lessee or the ability of Lessee to perform its obligations under this Agreement or the Supplements.

(e) **Compliance with Laws.** Lessee is not in violation of any law, rule, regulation, order, writ, injunction or decree of any court or governmental agency or authority, a violation of which, either individually or in the aggregate, would adversely affect the financial condition of Lessee or the ability of Lessee to perform its obligations under this Agreement or the Supplements.

(f) **No Defaults.** There is no default by Lessee or by any other party under any material contract, lease, instrument or commitment to which Lessee is a party, a default under which, either individually or in the aggregate, would adversely affect the financial condition of Lessee or the ability of Lessee to perform its obligations under this Agreement or the Supplements.

(g) **Governmental Consents.** No authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the execution, delivery,

and performance by Lessee of this Agreement, the Supplements, or any related document.

(h) Validity and Binding Nature. This Agreement has been duly executed and delivered by a duly authorized officer of Lessee and constitutes a legal, valid and binding obligation of Lessee, enforceable against Lessee in accordance with its terms. Each Supplement and all documents related to this Agreement, when duly executed, will constitute legal, valid and binding obligations of Lessee, enforceable against Lessee in accordance with their respective terms.

(i) Financial Statements. Lessee's audited annual financial statements as of December 31, 1995 and Lessee's most recent company prepared interim financial statements as of July 31, 1996, copies of which have been furnished to Lessor and which constitute Lessee's most recent financial statements, have been (except that interim statements are subject to the addition of footnotes and year end adjustments) prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of Lessee's preceding fiscal year and present fairly the financial condition of Lessee as at the dates thereof, and the results of its operations for the periods then ended, and since such dates there has been no material adverse change in its financial condition or operations.

(j) Personal Property. Under the laws of the state or states in which the Equipment is to be located, the Equipment consists solely of personal property and not fixtures.

(k) Lessee Name and Address. The address stated below the signature of Lessee is the chief place of business and chief executive office of each of RLI, RFC and JGI, and none of RLI, RFC or JGI conducts business under any trade, assumed, or fictitious name.

5. Disclaimer of Warranties and Liability.

(a) DISCLAIMER OF WARRANTIES. Lessee represents that it has thoroughly inspected the Equipment and agrees and acknowledges: (1) that each Unit has been or will be ordered to Lessee's specifications from vendors of its choice and is of a size, design, capacity and manufacture selected by Lessee; (2) that Lessee is satisfied that each Unit is suitable for its purposes; (3) that Lessor is not the vendor's agent, a manufacturer or supplier of, a dealer in, or in the business of selling, equipment of the type or kind leased by Lessee hereunder; (4) THAT LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE ANY EXPRESS OR IMPLIED REPRESENTATION, WARRANTY OR COVENANT WHATSOEVER OF OR WITH RESPECT TO TITLE, NON-INFRINGEMENT OF PATENT OR COPYRIGHT, MERCHANTABILITY, DESIGN, QUALITY, CONDITION, FITNESS FOR ANY PARTICULAR PURPOSE, CAPACITY OF THE MATERIAL OR WORKMANSHIP IN THE EQUIPMENT, OR SUITABILITY FOR ANY PURPOSE OF THE EQUIPMENT OR ANY UNIT THEREOF OR ANY WARRANTY THAT THE EQUIPMENT WILL SATISFY THE REQUIREMENTS OF ANY LAW, RULE, REGULATION, SPECIFICATION OR CONTRACT WHICH PROVIDES FOR SPECIFIC MACHINERY, OPERATIONS OR SPECIAL METHODS. LESSEE WARRANTS THAT IN ENTERING INTO THIS AGREEMENT AND ANY SUPPLEMENT HERETO, IT HAS NOT AND WILL NOT HAVE RELIED ON ANY AFFIRMATION, DESCRIPTION OR SAMPLE WITH RESPECT TO THE EQUIPMENT PROVIDED BY LESSOR OR ANY AGENT OF LESSOR.

(b) DISCLAIMER OF LIABILITY. LESSEE AGREES THAT LESSOR IS NOT AND SHALL NOT BE LIABLE OR RESPONSIBLE TO LESSEE FOR ANY LIABILITY (INCLUDING BUT NOT LIMITED TO ANY STRICT LIABILITY IN TORT), CLAIM, LOSS, DAMAGES (WHETHER CONSEQUENTIAL OR OTHERWISE), COST OR EXPENSE OF ANY KIND OR NATURE WHATSOEVER, whether direct or indirect, caused or arising out of this Agreement, the Supplements,

or out of the purchase, ownership, delivery, lease, possession, rental, installation, use, operation, return, sale or disposition of the Equipment or any Unit thereof, hereunder or in connection herewith, or the inadequacy of the Equipment or any Unit thereof for any purpose, or any defect or deficiency therein, or any maintenance, repairs, servicing or adjustments thereto or delay by anyone in providing or failing to provide any thereof, OR ANY INTERRUPTION OR LOSS OF SERVICE OR USE THEREOF, OR ANY LOSS OF BUSINESS. Lessee further agrees that it will not set up or assert any claim of Lessor's liability or responsibility as a defense, counterclaim, set off, or abatement of any of the Lessee's obligations under this Agreement or any Supplement.

(c) Manufacturer's Warranties. Lessor shall, so long as no Event of Default (as defined in Section 14 hereof) has occurred and is continuing hereunder, make available to Lessee, at Lessee's expense, any rights of Lessor under any express or implied warranties of the manufacturer or vendor of the Equipment or any Unit thereof to the extent that any such rights are assignable.

6. Use of Equipment. Each Unit shall be exclusive property of Lessor, and Lessee shall have no rights therein except the right to use it so long as Lessee is not in default hereunder and to purchase it at the end of the lease term or any renewals thereof as and if provided for in the Supplement describing such Equipment. Lessee agrees that the Equipment will be used solely in the conduct of its business and with due care to prevent injury thereto or to any person or property, and in conformity with all applicable laws, ordinances, rules, regulations, and other requirements of any insurer or governmental body. Without limiting the generality of the foregoing, the Lessee represents, warrants and agrees that, in connection with its use of the Equipment: (a) it has obtained and will maintain all permits required under all applicable Environmental Laws (as defined below); (b) it will comply with any Environmental Laws; (c) it will immediately notify Lessor in writing of any governmental or regulatory action that is threatened or instituted pursuant to any Environmental Law and of any claim made or threatened by anyone resulting from the presence, release or discharge of any hazardous material; and (d) it will dispose of all hazardous material (including without limitation any oil or petroleum and any substance regulated under any Environmental Law) in accordance with all Environmental Laws. For purposes of this Agreement, "Environmental Laws" means any and all federal, state and local environmental, health and safety related laws, rules, regulations, ordinances, orders and directives including, without limitation, the Clean Air Act, the Clean Water Act, the Occupational Safety and Health Act, the Resource Conservation and Recovery Act, and the Comprehensive Environmental Response, Compensation and Liability Act. Lessee shall not permit the Equipment to become or remain a fixture to any real estate or an accession to any personalty not leased hereunder. Lessor or any duly authorized representative of Lessor may from time to time inspect the Equipment and Lessee's records with respect thereto wherever the same may be located. Lessee may sublease, pursuant to an "Authorized Sublease" (as defined in Section 16 hereof) any Unit for a term which expires not later than the date upon which the lease term of such Unit under this Agreement is specified to expire. Other than pursuant to an Authorized Sublease, Lessee shall not remove any Unit from the location specified in the Supplement describing such Unit or permit any lien, charge, encumbrance, security interest or other similar interest to arise or remain on any Unit. Lessee shall place and maintain on each Unit a notice conspicuously disclosing Lessor's ownership thereof. Lessee shall maintain on each Unit the serial and other identifying numbers, if any, set forth on the applicable Supplement, invoice or other document. Lessee acknowledges and agrees that Lessee has not obtained, and by execution hereof does not and will not have or obtain, any title to any unit of Equipment, nor any property right or interest, legal or equitable, therein, except solely as Lessee hereunder and subject to all limits hereof. Lessee further assigns to Lessor, as security for Lessee's obligations under this Agreement, all of Lessee's right, title and interest in and to each sublease or rental of any Units now existing or hereafter arising or entered into, regardless of whether such

sublease or rental is an Authorized Sublease.

7 **Maintenance of Equipment, Event of Loss.** Lessee shall at all times keep the Equipment in good repair, condition and working order, reasonable wear and tear excepted, and shall supply all parts, service, and other items required in the operation and maintenance thereof. Lessee shall not, without the written consent of Lessor, make any alterations, improvements or additions to the Equipment or install thereon any accessory or device. All parts, replacements and substitutions to or for any Unit, and all accessories or devices installed thereon shall immediately become Equipment and the property of Lessor. From and after the date of shipment by the vendor, Lessee assumes all risk of, and Lessee's obligations under this Agreement shall continue unmodified despite, any loss, theft, destruction, damage, condemnation, requisition or taking by eminent domain or other interruption or termination of use of any Unit regardless of the cause thereof. Lessor or its designated representative shall have the right to inspect the Equipment and all maintenance records with respect thereto, if any, at any reasonable time during normal business hours.

Upon the happening of any loss, theft or destruction of any Equipment or if any Equipment is, in the Lessor's opinion, damaged beyond repair, or any condemnation, requisition, taking by eminent domain or other interruption or termination of use of any Unit occurs regardless of the cause thereof (collectively, an "Event of Loss"), Lessee shall on the next subsequent rent payment date hereunder with respect to such Unit pay to Lessor the Casualty Value (as defined in the Supplement for such Unit and determined as of such next subsequent rent payment date) of such Unit. Upon payment of (i) such Casualty Value, (ii) any rent accrued and unpaid on such Unit to and including the rent payment date immediately preceding the Event of Loss, and (iii) payment of any other amount owing by Lessee hereunder, rent on such Unit shall cease and Lessor shall transfer to Lessee, without any representation or warranty of any kind, express or implied, whatever title to such Unit it may then have, on an AS IS, WHERE IS BASIS. Upon such transfer the lease of such Unit hereunder shall end.

8. **Insurance.** Lessee will at its own expense maintain liability insurance in amounts and with companies acceptable to Lessor covering the Equipment in the name of Lessor and Lessee in such form as is acceptable to Lessor and commonly maintained on comparable equipment by companies similarly situated. Lessee will cause each sublessee of any Units to carry and maintain in the names of Lessor and such sublessee insurance against all risks of physical damage to such Units as provided under a standard all-risk policy in an amount from time to time not less than the higher of (a) the Casualty Value of the Equipment or (b) the fair market replacement value of such Units. Lessee shall cause each sublessee of any Units to provide a standard loss payable endorsement stating (a) that Lessor shall receive at least 30 days advance notice of any material change in, or cancellation of, such policy, (b) that such policy shall not be invalidated by any breach of any warranty or condition by Lessee or such sublessee, and (c) that all physical damage losses thereunder will be adjusted with Lessor and will be payable to Lessor. All liability insurance shall contain either contractual or blanket contractual liability and shall include Lessor as an additional named insured. Lessee shall furnish (or cause the applicable sublessees to furnish, as applicable) Lessor with original policies of insurance evidencing such coverages, or Lessor may, in its discretion, accept copies of such policies or appropriate certificates of insurance.

9. **Taxes.** Lessee agrees to file any necessary report and return for, promptly pay when due (and does hereby agree to indemnify and hold Lessor harmless, on an after-tax basis, from and against) all sales, use, excise, personal property, income, gross receipts, leasing, leasing use, stamp or other taxes, levies, imposts, duties, charges or withholdings of any nature (together with any penalties, fines or interest thereon) imposed against Lessor, Lessee or any Unit by any Federal, State

or local government or taxing authority upon or with respect to any Unit or upon the purchase, ownership, delivery, lease, possession, rental, use, operation, return, sale or other disposition thereof hereunder or in connection herewith, or upon the rentals, receipts, or earnings arising therefrom, or upon or with respect to any payment by a manufacturer in respect of any warranty claim, or upon or with respect to this Agreement, or any minimum taxes on items of tax preference (excluding, however, taxes measured solely by the net income of Lessor imposed by the United States or the jurisdiction in which the principal office of Lessor is located), unless (and to the extent only that) any such tax, levy, impost, duty, charge or withholding is being contested by Lessee in good faith and by appropriate proceedings and such contest does not adversely affect the title, property or rights therein of Lessor; provided, however, that Lessee shall give prompt notice to Lessor if it elects to contest any such tax, levy, impost, duty, charge or withholding and shall furnish to Lessor, on request, an opinion of counsel (selected by Lessor and compensated by Lessee) that it is more likely than not that Lessee will prevail in such contest. Lessee agrees to file, on behalf of Lessor, all required tax returns and reports concerning the Equipment with all appropriate governmental agencies and to furnish Lessor a copy of each such return or report, including evidence of payment within thirty (30) days after the due date of such filing; provided, however, that in the event Lessee is not permitted to file such returns and reports on behalf of Lessor, then Lessee agrees to prepare and forward all such returns and reports to Lessor in a timely manner with appropriate instructions to Lessor as to their filing and any fees or costs incidental to such filings.

10. **General Indemnification and Expenses.** Lessee agrees to and does hereby indemnify and hold Lessor and its agents, attorneys, employees, stockholders, officers and directors harmless (on an after tax basis) from and against any and all expense, liability or loss whatsoever, including (without limitation) reasonable legal fees and expenses, relating to or in any way arising out of this Agreement, any Supplements, the breach of any provision of this Agreement or of any Supplement, or out of the purchase, ownership, delivery, lease, possession, rental, use, operation, return, sale or disposition of the Equipment hereunder or in connection herewith (including, without limitation, expense, liability or loss relating to or in any way arising out of injury to persons or property, patent or invention rights, or strict liability in tort). Lessor shall give Lessee and Lessee shall give Lessor notice of any event or condition which requires indemnification by Lessee hereunder, or any allegation of such event or condition, promptly upon obtaining knowledge thereof, and, to the extent that Lessee makes or provides to the satisfaction of Lessor for payment under the indemnity provisions hereof, Lessee shall be subrogated to Lessor's rights with respect to such event or condition and shall have the right to determine the settlement of claims thereon, it being agreed that, except to the foregoing extent, Lessor shall have the right to determine such settlement. Lessee shall pay Lessor, upon demand, all amounts due under this Section 10.

11. **Tax Indemnity.** Lessor and Lessee hereby agree that: (a) This Lease Agreement is intended to be treated as a true lease for federal and state income tax purposes; (b) Lessee agrees not to take any action or file any tax return that is inconsistent with the treatment of the transaction as a true lease and Lessor as the owner of the Equipment; and (c) Lessor and the consolidated taxpayer group of which Lessor is a member shall be treated for Federal income tax purposes as the owner of all the Equipment leased hereunder, and shall be entitled to cost recovery deductions under the most accelerated method described in the Internal Revenue Code of 1986 (the "Code"), over the shortest depreciable life allowed by the Code and based on 100% of the Cost (as defined in the Supplement) of the Equipment ("**Recovery Deductions**") as provided in the Code;

Lessee hereby covenants, represents and warrants that (i) at the time it is accepted, each Unit of Equipment will constitute "new Section 38 property" of Lessor as defined in the Code, (ii) at no time

during the term of this Lease Agreement will the Lessee take or omit to take any action (whether or not such act or omission is otherwise permitted by the terms of this Lease Agreement) which act or omission will result in the disqualification of any Equipment for, or the recapture of the Recovery Deductions.

If, as a result of a breach of any representation, warranty, or covenant of the Lessee contained in this Lease Agreement relating to any Unit of Equipment, tax counsel of Lessor shall determine that Lessor is not entitled to claim all or any portion of any Recovery Deduction with respect to any Unit of Equipment, or the Recovery Deduction claimed on the income tax return of the Lessor is disallowed or adjusted by the Internal Revenue Service, or the Recovery Deduction is recomputed or recaptured, then Lessee shall pay to Lessor as an indemnity and as additional rent such amount, or from time to time such amounts, on the next succeeding rental payment date after written notice to Lessee of such loss, as shall, in the reasonable opinion of Lessor, cause Lessor's after-tax economic yields and cash flows, computed on the same assumptions, including tax rates, as were utilized by Lessor in originally evaluating this transaction to equal the after-tax economic yields and cash flows that would have been realized by Lessor if such determination, disallowance, adjustment, recomputation or recapture had not occurred. The amount payable to Lessor pursuant to this Section 11 shall be payable upon written demand thereof from Lessor accompanied by a written statement describing in reasonable detail the computation of the amount. Lessor hereby agrees to exercise in good faith its best efforts (determined in the sole discretion of tax counsel of Lessor to be reasonable, proper and consistent with the overall tax interests of Lessor) to minimize Lessee's obligation under this Section 11; provided, however, that Lessor shall have the sole discretion to determine whether or not to undertake judicial or administrative proceedings beyond the level of any auditing agent; and provided, further, that Lessor shall not be required to take any action pursuant to this Section 11 unless and until Lessee shall have agreed to indemnify Lessor for any liability or loss which Lessor may incur as a result of contesting such determination and shall have agreed to pay Lessor on demand all costs and expenses, including attorney's fees, which Lessor may incur.

12. **Return of Equipment.** Upon the final termination of the lease term of any Unit or any renewal thereof (other than a termination under Section 7): (a) Lessee shall, at its expense, promptly assemble and return such Unit to Lessor in the same condition as when received, ordinary wear and tear excepted, at such place in Cook County, Illinois or other location as Lessor shall specify; or (b) Prior to assembly and return of such Unit, Lessee shall, if Lessor shall so request, store such Unit at its then location on Lessee's premises without charge to Lessor for a period (the "**Storage Period**") of up to one hundred eighty (180) days following such final termination. During the Storage Period Lessee shall maintain insurance on such Unit in accordance with Section 8 hereof and shall permit Lessor or its representatives to bring prospective purchasers on Lessee's premises at reasonable times to examine such Unit. Upon the expiration of the storage period, Lessee will, upon request of Lessor, return such Unit to Lessor in accordance with the provisions of clause (a) above; provided, however, that if Lessee shall elect to purchase any Unit at the end of the initial lease term or any renewal thereof pursuant to the terms of the Supplement covering such Unit, Lessor shall, upon receipt of payment of the purchase price of such Unit and any other amounts owing by Lessee hereunder, transfer to Lessee, without any representation or warranty of any kind, express or implied, whatever title to such Unit it may then have, on an AS IS, WHERE IS BASIS.

13. **Financial Statements; Annual Certificate.** Lessee shall furnish Lessor on a timely basis sixty (60) days after the end of each of the first three fiscal quarters of each fiscal year for quarterly financial statements and one hundred twenty (120) days after the end of each fiscal year for annual financial statements and promptly after request for other statements and information) with copies of

Lessee's quarterly unaudited financial statements, Lessee's audited annual financial statements, and such other financial statements and information as Lessor may from time to time reasonably request. Lessee shall, within one hundred twenty (120) days after the end of each fiscal year, furnish Lessor with a certificate of a responsible officer of Lessee (a) stating that, except as otherwise specified therein, all Units are in existence and in good and efficient condition, are marked as required by Section 6 hereof and are at the locations specified therefor in the applicable Supplement (or, if any of such Units are subject to Authorized Subleases, at the locations permitted by the applicable Authorized Subleases); (b) specifying a list of all existing subleases or other rental arrangements with respect to any Units, identifying the other parties thereto, the Units subleased or rented, the rents payable in respect thereof and the remaining terms thereof; and (c) stating that such officer has reviewed the provisions of this Lease Agreement, and no Event of Default (as defined in Section 14 hereof), or event which might mature into an Event of Default with notice and/or passage of time, has occurred and is continuing hereunder (or, if any such event has occurred and is continuing, specifying the nature of such event and describing any action being taken with respect thereto).

14. **Events of Default; Remedy.** The occurrence of any of the following shall constitute an "Event of Default" hereunder: (a) default, and continuance thereof for ten (10) days after written notice thereof from Lessor to Lessee, in the payment of any rent or other amount under this Agreement or any Supplement; (b) any obligation of Lessee for borrowed money or payment of rent becomes or is declared to be due and payable prior to its express maturity by reason of default by Lessee in the performance or observation of any obligation or condition; (c) default in the performance of any of Lessee's agreements set forth in this Agreement or in any Supplement (and not constituting an Event of Default under either of the preceding clauses of this Section 14) and continuance of such default for ten (10) days after notice thereof from Lessor to Lessee; (d) any representation or warranty made by Lessee in this Agreement or any Supplement is or becomes untrue in any material respect, or any statement, report, schedule, notice, or other writing furnished by Lessee to Lessor in connection herewith is untrue in any material respect on the date as of which the facts set forth are stated or certified; (e) Lessee becomes insolvent or admits in writing its inability to pay its debts as they mature, or applies for, consents to or acquiesces in the appointment of a trustee, custodian or receiver for Lessee or any of its property; or, in the absence of such application, consent or acquiescence, a trustee, custodian or receiver is appointed for Lessee or for a substantial part of its property and is not discharged within sixty (60) days; or any bankruptcy, reorganization, debt arrangement or other proceeding under any bankruptcy or insolvency law or any dissolution or liquidation proceeding is instituted by or against Lessee and, if instituted against Lessee, is consented to or acquiesced in by Lessee or remains for sixty (60) days undismissed; (f) entry of any final judgment against Lessee remaining unsatisfied for a period of thirty (30) days if such judgment is deemed by Lessor to be a material factor in the credit worthiness of Lessee; (g) death of any Lessee who is a natural person, or of any partner of any Lessee which is a partnership if such deceased partner is deemed by Lessor to be a material factor in the partnership enterprise, or of any guarantor of any of Lessee's obligations to Lessor; (h) Lessee repudiates this Agreement, any Supplement or any part hereof or thereof, or wrongfully rejects the Equipment or revokes acceptance of the Equipment covered by a Supplement; (i) dissolution, merger, consolidation or transfer of a substantial part of the property of any Lessee which is a corporation or a partnership, if such dissolution, merger, consolidation or transfer is deemed by Lessor to be a material factor in determining the credit worthiness of such Lessee; (j) if Lessee is a corporation, if the current owner(s) of Lessee's voting stock at any time fail to own and control a majority of Lessee's outstanding issued voting stock, (k) if any Unit of Equipment is levied upon seized or any proceedings therefor are instituted, or (l) Lessee assigns this Lease or subleases any Equipment (or attempts to so assign or sublease) in violation of Section 16 hereof. When used herein, unless the context otherwise requires, the term "Event of Default" shall mean any event

described in the foregoing clauses (a) through (j) and the term "event which might mature into an Event of Default" shall mean any event which, with the lapse of time and/or with notice to Lessee, would constitute an Event of Default. Lessee shall give Lessor prompt notice of any Event of Default or of any event which might mature into an Event of Default.

Upon the happening of an Event of Default, Lessor shall be entitled to exercise all of the rights and remedies of a lessor under applicable law and, in addition, shall (except to the extent otherwise required by law) be entitled to exercise any one or more of the following remedies in order to recover all amounts that Lessor would be entitled to receive upon Lessee's full, timely and complete performance of its obligations under the terms of this Agreement and each Supplement: (A) proceed by appropriate court action or actions to enforce performance by Lessee of the applicable covenants and terms of this Agreement or to recover damages for the breach thereof; (B) repossess any or all Units without prejudice to any remedy or claim herein referred to; (C) sell, lease or otherwise dispose of any Unit or Units of the Equipment through one or more public or private sales, leases or other dispositions after giving Lessee ten (10) day's notice of the date of a public disposition or ten (10) days' notice of the date after which one or more private dispositions would occur; (D) whether Lessor has elected to retain any or all of the Equipment, or dispose of the Equipment by sale, lease or otherwise, to recover as liquidated damages for the loss of a bargain due to Lessee's default and not as a penalty (i) the amount by which aggregate Casualty Value of the Equipment as of the date Lessor obtained possession, or, if Lessor has not obtained possession of the Equipment, the date of Lessee's default, exceeds the net proceeds (if any) realized by Lessor upon the disposition of such Equipment, (ii) all accrued and unpaid rent as of the date Lessor obtained possession of the Equipment or, if Lessor has not obtained possession of the Equipment, the date of Lessee's default, (iii) all costs and expenses incurred in searching for, taking, removing, keeping, storing, repairing, restoring and selling the Equipment, (iv) all other amounts owing by Lessee hereunder, and (v) all costs and expenses, including without limitation reasonable attorneys' and paralegals' fees and expenses, incurred by Lessor as a result of Lessee's default hereunder; (E) upon demand receive from Lessee prompt payment of an amount equal to the aggregate Casualty Value on the date such demand is made of all Units which have not been sold by Lessor pursuant to clause (D) above plus, to the extent not otherwise recovered from Lessee pursuant to said clause (D) above, all amounts and expenses of the types referred to in subclauses (ii)-(v) of said clause (D) which have been incurred by Lessor as a result of Lessee's default hereunder; provided that upon receipt of payment in full of such amount, Lessor shall transfer to Lessee, without any representation or warranty of any kind, express or implied, whatever title to such Units it may then have on an **AS IS, WHERE IS BASIS**; (F) by notice to Lessee declare this Agreement terminated without prejudice to Lessor's rights in respect of obligations then accrued and remaining unsatisfied; (G) declare all rents and other amounts owing hereunder to be immediately due and payable; or (H) avail itself of any other remedy or remedies provided for by any statute or otherwise available at law, in equity or in bankruptcy or insolvency proceedings. The remedies herein set forth or referred to shall be cumulative and not alternative. To the extent allowed by applicable law, Lessor may bid and purchase at any sale of the Equipment or any Unit. The amounts under clauses (D) and (E) of this Section 15 shall each include, without limitation, interest (at the applicable rate specified in Section 3), to the date of receipt of Lessor of the amount payable under said clause, on installments of rent owing hereunder to and including the rent payment date immediately preceding the date on which notice is given under said clause, from the respective due dates of such installments, and interest on all other costs, expenses and losses for which Lessor is entitled to payment under said clause from the respective dates incurred by Lessor.

15. **Liens.** The parties intend and agree that the Equipment shall remain personal property, notwithstanding the manner in which it may be affixed to any real property. If requested by Lessor,

Lessee shall obtain and deliver to Lessor (to be recorded at Lessee's expense), from any person having an interest in the property where the Equipment is to be located, waivers of any lien, encumbrance or interest which such person might have or hereafter claim with respect to the Equipment. Lessee further agrees to maintain the Equipment free from all claims, liens, and legal processes of creditors of Lessee or other persons claiming by, through, or under Lessee, other than liens for fees, taxes, levies, duties or other governmental charges of any kind, liens of mechanics, materialmen, laborers, employees or suppliers and similar liens arising by operation of law incurred by Lessee in the ordinary course of business for sums that are not yet delinquent or are being contested in good faith by negotiations or by appropriate proceedings which suspend the collection thereof (provided, however, that such proceedings do not involve any substantial danger (as determined in Lessor's sole reasonable discretion) of the sale, forfeiture or loss of the Equipment or any interest therein). Lessee shall notify Lessor immediately upon receipt of notice of any lien, attachment or judicial proceeding affecting the Equipment in whole or in part.

16. **NO ENCUMBRANCE, SUBLEASE OR ASSIGNMENT BY LESSEE.** LESSEE SHALL NOT, WITHOUT LESSOR'S PRIOR WRITTEN CONSENT, WHICH MAY BE GIVEN OR WITHHELD IN LESSOR'S SOLE AND ABSOLUTE DISCRETION, ENCUMBER OR ASSIGN ANY RIGHT OR INTEREST IN OR TO THIS AGREEMENT, ANY SUPPLEMENT OR ANY UNIT OR SUBLET OR OTHERWISE RELINQUISH POSSESSION OF ANY UNIT; PROVIDED THAT LESSEE MAY SUBLEASE UNITS PURSUANT TO ONE OR MORE WRITTEN SUBLEASE AGREEMENTS, EACH IN FORM AND SUBSTANCE SATISFACTORY TO LESSOR AND WITH A SUBLESSEE SATISFACTORY TO LESSOR, WHICH LESSEE HAS CONSENTED TO LESSEE'S ASSIGNMENT OF ITS RIGHTS UNDER SUCH SUBLEASE TO LESSOR AS SECURITY FOR LESSEE'S OBLIGATIONS UNDER THIS AGREEMENT (EACH, AN "AUTHORIZED SUBLEASE"). IN CONNECTION WITH EACH AUTHORIZED SUBLEASE, LESSEE SHALL HAVE PREPARED, EXECUTED AND FILED OF RECORD IN THE OFFICE OF THE SECRETARY OF STATE AND/OR SUCH OTHER GOVERNMENTAL OFFICES AS LESSOR MAY DESIGNATE, SUCH UNIFORM COMMERCIAL CODE FINANCING STATEMENTS, OTHER NOTICE FILINGS AND OTHER INSTRUMENTS AND DOCUMENTS AS LESSOR MAY REASONABLY REQUIRE IN ORDER TO PROTECT LESSOR'S RIGHTS IN THE UNIT(S) WHICH ARE SUBJECT TO SUCH AUTHORIZED SUBLEASE.

17. **Assignment by Lessor.** Lessor and any direct or remote assignee of any right, title or interest of Lessor hereunder shall have the right at any time or from time to time and without notice to Lessee, to assign part or all of its right, title and interest in and to this Agreement or, subject to Lessee's rights hereunder, to sell any Units or grant of any assignee ("**Assignee**") a collateral assignment of or security interest in any Units. In the event of a collateral assignment or grant of a security interest by Lessor to an Assignee: (a) such assignment will not relieve Lessor from its obligations hereunder or be construed to be an assumption by the Assignee of such obligations; (b) upon request by the Assignee, Lessee will make all payments of rent and other amounts due hereunder directly to such Assignee; (c) Lessee hereby agrees that Lessee's obligations hereunder including, without limitation, its obligations to pay rent and other amounts due hereunder, shall not be subject to any reduction, abatement, defense, set off, counter-claim or recoupment for any reason whatsoever; and (d) Lessee will not, after obtaining knowledge of any such assignment, consent to any modification of this Agreement without the consent of such Assignee. Lessee acknowledges that no such assignment or grant or creation of a security interest, nor the enforcement of any security interest by the Assignee, will materially change the Lessee's duties or materially increase the burden or risk imposed on Lessee under this Agreement or any Supplement

18. **Conditions.** Lessor's agreement to lease to Lessee any Unit under any Supplement is subject to satisfaction of each of the following conditions at the date such lease is to commence: (a) all of Lessee's representations and warranties in this Agreement and such Supplement are true and correct as though made as of such date; (b) no litigation or governmental proceedings are threatened or pending against Lessee which in Lessor's opinion may to a material extent adversely affect the financial condition or continued operation of Lessee; (c) no Event of Default, or event which might mature into an Event of Default, shall have occurred and be continuing hereunder; and (d) Lessee shall have furnished to Lessor on or prior to such date, in form and substance satisfactory to Lessor: (i) if Lessee is a corporation, resolutions of the Board of Directors of Lessee, certified by its Secretary or an Assistant Secretary, authorizing the lease of such Equipment under such Supplement and the execution, delivery and performance of this Agreement and such Supplement, (ii) the incumbency and signatures of the officers authorized to execute this Agreement, the Supplements, and all related documents, certified by the Secretary or Assistant Secretary, (iii) evidence of compliance with the insurance provisions of Section 8 hereof, (iv) a favorable opinion of counsel regarding the matters set forth in Section 4 (a-h) hereof (as well as to such other matters as Lessor may reasonably request), (v) such releases, financing statements, waivers and other documents as Lessor may reasonably request to insure that the Equipment will not be subject to any lien, charge, encumbrance, security interest or other similar interest, and that no Unit will become a fixture to any real estate or accession to any property not leased under this Agreement and (vi) a delivery and acceptance certificate in form satisfactory to Lessor by which the Lessee acknowledges that the Equipment is in proper condition, has been properly installed, is performing in a satisfactory manner and is of the type selected by Lessee and suitable for Lessee's purpose.

19. **Lessor's Right to Perform.** If Lessee fails to make any payments or to perform any obligations required by this Agreement, Lessor may itself (but is not required to) make any such payments or perform any such obligations. The amount of any such payment and Lessor's costs and expenses, including (without limitation) reasonable legal fees and expenses in connection therewith and with such performance, shall thereupon be and become payable by Lessee to Lessor upon demand, together with interest thereon at the applicable rate specified in Section 3 to the extent permitted by applicable law.

20. **Further Assurances.** Lessee agrees, at its expense, promptly upon Lessor's written request, to execute, acknowledge and deliver such instruments, and to take such other action, as may reasonably be necessary in the opinion of Lessor to protect Lessor's interests, including (without limitation) the obtaining of landlord and mortgagee waivers and easements and the execution of Uniform Commercial Code financing statements. Any carbon, photographic or other reproduction of this Agreement or any such Uniform Commercial Code financing statement shall be sufficient for filing as such a financing statement.

21. **Notices.** Any notice hereunder shall be in writing and, if mailed, shall be deemed to be given when sent by registered or certified mail, postage prepaid, and addressed: (a) if to Lessee, at its address shown below; (b) if to Lessor, at 135 South LaSalle Street 135/520, Chicago, Illinois 60603, attention: Commercial Loan Operations; or (c) to either party at such other address as it may, by written notice received by the other, designate as its address for purposes of notice hereunder.

22. **Miscellaneous.** No waiver by Lessor of any breach or default shall constitute a waiver of any other breach or default by Lessee or waiver of any of Lessor's rights hereunder. Lessor's rights and Lessee's duties shall in no way be affected by Lessor's inspection of, or failure to inspect, any Unit or any of the documents referred to in this Agreement or by Lessor's failure to inform Lessee of any

failure to comply with any of Lessee's obligations under this Agreement. Lessee hereby waives any right to assert that Lessor cannot enforce this Agreement or that this Agreement is invalid because of any failure of Lessor to qualify to do business in any jurisdiction. This Agreement does not convey to Lessee any right, title or interest in or to the Equipment or any Unit thereof except as a lessee. Any interest payable under this Agreement shall be computed for the actual number of days elapsed on the basis of a year consisting of 360 days. This Agreement shall be binding upon Lessor and Lessee and their respective successors and assigns and shall inure to the benefit of Lessor and Lessee and the successors and assigns of Lessor. References in Section 9 and Section 10 to Lessor shall be deemed to mean any affiliated group of which Lessor is part which files a consolidated return for Federal income tax, provided that only Lessor shall be obligated with respect to the covenants and duties therein expressed to be imposed on Lessor. All of the indemnities and agreements of Lessee contained in Section 9 and Section 10 shall survive and continue in full force and effect notwithstanding termination of this Agreement or of the lease of any or all Units hereunder. Time is of the essence in this Lease Agreement.

References herein to this "Agreement" shall be deemed to include this Master Equipment Lease Agreement together with all such Supplements, Riders and Schedules except where the context otherwise requires; and the terms "hereunder" "herein" and similar terms shall refer to this Agreement and not to any particular Section or provision of this Agreement. Any provisions set forth in a Supplement, Rider or Schedule which are inconsistent with any other provisions of this Agreement shall supersede such other provisions to the extent of such inconsistency.

23. Governing Law; Jury Waiver; Submission to Jurisdiction. This Agreement has been, and all Supplements, Riders and Schedules hereto will be, delivered for acceptance by Lessor in Chicago, Illinois and shall be governed by and construed in accordance with the internal laws (as opposed to the conflicts of law provisions) of the State of Illinois. Lessee hereby (i) waives any right to a trial by jury in any action to enforce or defend any matter arising from or related to this Agreement or to any Supplement, Rider or Schedule hereto; (ii) irrevocably submits to the jurisdiction of any state or federal court located in Cook County, Illinois, over any action or proceeding to enforce or defend any matter arising from or related to this Agreement or to any Supplement, Rider or Schedule hereto; (iii) irrevocably waives, to the fullest extent Lessee may effectively do so, the defense of an inconvenient forum to the maintenance of any such action or proceeding; (iv) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law; and (v) agrees not to institute any legal action or proceeding against Lessor or any of Lessor's directors, officers, employees, agents or property, concerning any matter arising out of or relating to this Agreement or to any Supplement, Rider or Schedule hereto in any court other than one located in Cook County, Illinois. Nothing in this Section 23 shall affect or impair Lessor's right to serve legal process in any manner permitted by law or Lessor's right to bring any action or proceeding against Lessee or Lessee's property in the courts of any other jurisdiction.

24 Waiver of Rights and Remedies Under Articles 2A. In order to induce Lessor to enter into this Agreement and each Supplement, Lessee hereby waives any and all rights and remedies granted Lessee by Sections 2A-508 through 2A-522 inclusive of the Uniform Commercial Code (in such form as said sections have been adopted by the State of Illinois) including, by way of example only and not as a limitation, the right to repudiate or cancel this Agreement or any Supplement; the right to reject tender of the Equipment or the right to revoke acceptance of the Equipment; and the right to recover damages for any breach of warranty or for any other reason deduct from any amounts owing

hereunder all or any part of any damages Lessee may claim as a result of Lessor's default, if any, under this Agreement or any Supplement.

25. **This Agreement Controls If Inconsistent With Article 2A.** It is the intent of the parties that, to the extent permitted by law, the provisions contained in this Agreement and any Supplement shall govern even if the provisions of this Agreement are inconsistent with any of the provisions contained in Article 2A of the Uniform Commercial Code, as adopted by the State of Illinois.

26. **Modification and Rescission.** This Agreement constitutes the entire understanding of the Lessor and Lessee with respect to the subject matter hereof. Neither this Agreement nor any Supplement may be modified or rescinded except by a writing signed by Lessor and Lessee.

27. **Illegality; Savings Clause.** Wherever possible each provision of this Agreement and of each Supplement, Rider and Schedule hereto shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement or of any Supplement, Rider or Schedule hereto shall be prohibited or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement or of such Supplement, Rider or Schedule.

[Balance of page intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Lease Agreement to be duly executed as of the day and year first set forth above.

LESSEE:

Address:

113 Industrial Avenue
Minooka, IL 60447-0058
Telecopy: (815) 467-6060

RELCO LOCOMOTIVES, INC.

By: *Donald L. Beckman*

Its: *President*

Address:

24425 South Kankakee Street
Manhattan, IL 60442
Telecopy: (815)

RELCO FINANCE CORPORATION

By: *Donald L. Beckman*

Its: *President*

Address:

24425 South Kankakee Street
Manhattan, IL 60442
Telecopy: (815)

JERICO OF GONZALES, INC.

By: *Donald L. Beckman*

Its: *Vice President*

LESSOR:

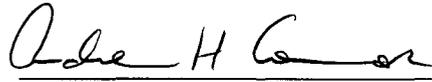
LASALLE NATIONAL LEASING CORPORATION

By: *William Rogge*

Its: *Vice President*

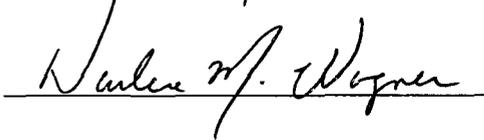
CERTIFICATION

I, Andrew Connor, hereby certify that the attached photocopy of the Master Equipment Lease Agreement between LaSalle National Leasing Corporation, Relco Locomotives, Inc , Relco Finance Corporation and Jerico of Gonzales, Inc is a true and complete copy of the original document dated November 29, 1996



Andrew Connor

Sworn to before me this

17th day of MARCH, 1997


NOTARY SEAL

