

Law Offices of
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SURFACE TRANSPORTATION BOARD

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Richard F. Loritz

Of Counsel:
David Dineff
Patrick Dwyer
Thomas Murphy

March 10, 2004

Office of the Secretary
Surface Transportation Board
12th Street & Constitution Ave., N.W.
Washington, D.C. 20423-0001



Re: Lease of Locomotive Equipment
National Railway Equipment Co., Lessor
Wisconsin & Southern Railroad Company, Lessee

Dear Secretary:

I have enclosed an original and one copy of the document described below to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a lease of locomotive equipment and is a primary document dated February 13, 2002. The names and addresses of the parties to the documents are as follows:

Lessor: National Railway Equipment Co.
14400 South Robey
P.O. Box 2270
Dixmoor, IL 60426

Lessee: Wisconsin & Southern Railroad Company
P.O. Box 9229
Milwaukee, Wisconsin 53209-0229

A description of the equipment covered by the document follows:

<u>UNIT NO.</u>	<u>TYPE</u>	<u>GENERAL DESCRIPTION</u>
TBD	EMD	GP38 Locomotives with AR-10 Alternators
TBD	EMD	GP38 Locomotives with AR-10 Alternators
TBD	EMD	GP38 Locomotives with AR-10 Alternators
TBD	EMD	GP38 Locomotives with AR-10 Alternators
TBD	EMD	GP38 Locomotives with AR-10 Alternators

MEMORANDUM OF LEASE AGREEMENT

THIS MEMORANDUM OF LEASE AGREEMENT is made and entered into as of February 13, 2002, by and between NATIONAL RAILWAY EQUIPMENT COMPANY ("Lessor"), and WISCONSIN & SOUTHERN RAILROAD COMPANY ("Lessee"), with reference to the following:

1. Lessor has agreed to lease to Lessee, and Lessee has agreed to lease from Lessor, Locomotive model(s) described as GP-38 Locomotive(s) bearing reporting mark(s): TBD.

Each locomotive is fully-described in a certain Lease Agreement dated as of February 13, 2002 (together with all of the riders, schedules and other attachments thereto, collectively, the "Lease"), each between Lessor and Lessee. A Schedule of the equipment is attached hereto.

2. The Lease shall be effective as of the date hereof and shall be subject to the term specified in the Lease, and any extension of such term to the extent provided for in the Lease.

The Memorandum of Lease Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one Memorandum of Lease Agreement.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Memorandum of Lease Agreement to be executed as of the date first above written.

LESSEE:

WISCONSIN & SOUTHERN RAILROAD COMPANY

By: *William E. Gardner*

Name: William E Gardner

Title: CEO

LESSOR:

NATIONAL RAILWAY EQUIPMENT COMPANY

By: *James E. Fisk*

Name: James E. Fisk

Title: President

STATE OF WISCONSIN)
) SS.
COUNTY OF MILWAUKEE)

On this 13th day of FEBRUARY, 2002, before me appeared Wm. E. Gardner the person who signed this instrument who acknowledged that (s) he is the CEO of WISCONSIN & SOUTHERN RAILROAD and that, being duly authorized, (s) he signed such instrument as a free act on behalf of said corporation.



Notary Public

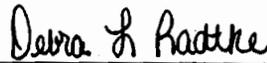
MY COMMISSION IS PERMANENT.

[Seal]

My Commission Expires:

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK Will)

On this 13th day of February, 2002, before me appeared _____, the person who signed this instrument who acknowledged that (s) he is an officer of NATIONAL RAILWAY EQUIPMENT COMPANY and that, being duly authorized, (s) he signed such instrument as a free act on behalf of said corporation.



Notary Public

[Seal]



My Commission Expires:

7-10-2005

Handwritten initials

SCHEDULE OF EQUIPMENT

Lessor: NATIONAL RAILWAY EQUIPMENT COMPANY

Lessee: WISCONSIN & SOUTHERN RAILROAD COMPANY

Approved by: *Arthur Sch*
(Lessee to initial each page)

Equipment Located at:

_____ 1100 Shawnee Street
Mt. Vernon, Illinois 62864

Equipment Schedule No.: TBD

Manufacturer and/or Vendor
Name & Invoice Number

Equipment
Description

National Railway Equipment Company

EMD GP-38 2,000 hp

Unit Number(s)

Acceptance Date

LEASE TERMINATION & LOAN AGREEMENT

Wisconsin & Southern Railroad Company, a Wisconsin corporation ("WSOR"), and National Railway Equipment Company ("NREC"), an Illinois corporation, agree that the leases entered into on February 17, 1998 and on April 22, 1998, ("Terminated Leases") shall terminate upon both parties' signatures to this Agreement and to the Locomotive Lease Agreement dated February 13, 2002 ("New Lease"). All obligations of the Terminated Leases shall cease as of the date both parties sign below, except for provisions regarding Delivery/Return and Insurance and Indemnification, which provisions shall survive until such time as all Locomotives are returned to NREC and all obligations thereunder are met by WSOR.

In addition, to the WSOR's obligations as a Lessee in the New Lease, the parties also agree that WSOR shall also owe to NREC an amount equal to the entire remaining unpaid lease rent of the Terminated Lease reduced by the Extinguished Amount ("Amount Owed").

The amount of the debt owed to NREC shall be reduced by payments of Additional Rent made by WSOR under the New Lease (the amount of such reductions being the "Extinguished Amount").

If an Event of Default occurs under the New Lease and such default is not remedied in thirty days, then NREC shall have the right to declare the Amount Owed immediately due and payable. After a default has occurred and not been remedied in thirty days, the Amount Owed will bear interest at the rate of 1.0% per month. WSOR agrees to pay all of NREC's costs of collection of the amount owed, including reasonable attorney's fees, collection agency fees and/or court costs (or such other costs and fees allowed by law).

This Agreement constitutes the entire agreement and shall be governed and construed in accordance with the internal laws of the State of Illinois.

National Railway Equipment Company

Wisconsin & Southern
Railroad Company

BY: *James E. Fisk*
Name: James E. Fisk
Title: Pres. COO
Date: 2-13-02

BY: *William E. Gardner*
Name: William E. Gardner
Title: CEO

Date: _____
Attested by *Robert E. [Signature]*
Date: 2-13-02
Date: _____

Attested by *William E. Gardner*
Secretary/Treasurer

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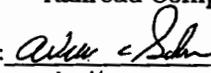
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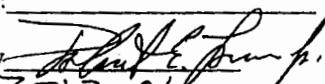
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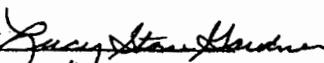
National Railway Equipment Company

Wisconsin & Southern
Railroad Company

BY: 
Name: JAMES E. KISK
Title: PRES. COO
Date: 2-13-02

BY: 
Name: William E. Cardus
Title: CEO

Date: _____
Attested by: 
Date: 2-13-02
Date: _____

Attested by: 
Secretary/Treasurer