

ITEL RAIL

RECORDATION NO. 14066 Filed 1425

JUN 21 1983 - 3 22 PM
INTERSTATE COMMERCE COMMISSION

55 Francisco
San Francisco, California 94133
(415) 955-9090
Telex 34234

3-172A160

JUN 21 1983

Date _____
Fee \$ 60.00
ICC Washington, D.C.

June 16, 1983

Ms. Agatha Mergenovich, Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Ms. Mergenovich:

Pursuant to 49 U.S.C. Section 11303(a) and the Interstate Commerce Commission's rules and regulations thereunder, I enclose herewith on behalf of Itel Corporation for filing and recordation, four counterparts of the following document:

NEW NUMBER

Sublease Agreement dated April 11, 1983 (the "Sublease") between the Texas Mexican Railroad Company as sublessor and the Soo Line Railroad Company as sublessee.

CROSS-INDEX

Please cross-index this filing to Recordation No. 9778, the Lease Agreement dated March 15, 1978 between Itel Corporation, Rail Division and the Texas Mexican Railway Company, filed on October 17, 1978 at 3:30 p.m.

The names and addresses of the parties to the aforementioned Sublease are:

1. Texas Mexican Railroad Company
P.O. Box 419
Laredo, Texas 78040
2. Itel Corporation, Rail Division
55 Francisco, 7th Floor
San Francisco, California 94133

The equipment covered by this Sublease is forty nine (49) 89', 70-ton flatcars, AAR mechanical designation FC, bearing reporting marks SOO 54845 through SOO 54893, inclusive.

Phy H - BG
Chamberlain

Ms. Agatha Mergenovich, Secretary
June , 1983
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Also enclosed is a check in the amount of \$60.00 for the required recording and cross-indexing fees.

Please stamp all counterparts of the enclosed Sublease with your official recording stamp. You will wish to retain one (1) counterpart of the document for your files; it is requested that the remaining three (3) counterparts be returned to the bearer of this letter.

Sincerely,



Patricia Salas Pineda
Counsel

PSP:dmm
Enclosures

cc: Michael Walsh, Esq.
Weil, Gotshal & Manges
767 Fifth Avenue
New York, New York 10020

Robert S. Clark, Esq.
Senior Trust Officer
First Security Bank of Utah, N.A.
Corporate Trust Division
79 South Main Street
Salt Lake City, Utah 84125

Doug Drummond
Itel Corporation

ITEL RAIL

55 Francisco
San Francisco, California 94133
(415) 955-9090
Telex 34234

November 17, 1983

RECORDATION NO. 14066 Filed 1425

DEC 7 1983 -9 05 AM

Ms. Agatha Mergenovich, Secretary
Interstate Commerce Commission
Washington, D.C. 20423

INTERSTATE COMMERCE COMMISSION

Dear Ms. Mergenovich:

This is to request that you cross-index the Consolidated, Amended, and Restated Equipment Trust Agreement, dated as of January 1, 1982, which was filed under I.C.C. Recordation No. 14165, on September 20, 1983 at 3:00 p.m., with the following documents:

1. Lease between Itel Corporation, Rail Division and Apalachicola Northern Railroad, dated January 25, 1977 and filed under I.C.C. Recordation No. 8796, on April 27, 1977 at 12:45 p.m.
2. Lease between Itel Corporation, Rail Division and Arcata and Mad River Railroad, dated July 10, 1978, and filed under I.C.C. Recordation No. 10034, on January 19, 1979 at 2:10 p.m.
3. Lease between Itel Corporation, Rail Division and Atchison, Topeka and Santa Fe Railway Co., dated May 14, 1982, and filed under I.C.C. Recordation No. 13706, on July 26, 1982 at 1:45 p.m.
4. Lease between Itel Corporation, Rail Division and New Orleans Public Belt Railway, dated October 26, 1978, and filed under I.C.C. Recordation No. 10033, on January 19, 1979 at 2:10 p.m.
5. Lease between Itel Corporation, Rail Division and Atchison, Topeka and Santa Fe Railway Co., dated July 30, 1982, and filed under I.C.C. Recordation No. 13818, on October 26, 1982 at 12:40 p.m.

Ms. Agatha Mergenovich
November 17, 1983
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6. Lease between Itel Corporation, Rail Division and Cadiz Railroad, dated November 10, 1976, and filed under I.C.C. Recordation No. 8654, on January 10, 1977 at 2:05 p.m.
7. Lease between Itel Corporation, Rail Division and Camino, Placerville and Lake Tahoe Railroad Co., dated February 9, 1977, and filed under I.C.C. Recordation No. 8798 on April 27, 1977
8. Lease between Itel Corporation, Rail Division and Crab Orchard and Egyptian Railroad, dated June 21, 1978, and filed under I.C.C. Recordation No. 9936, on December 22, 1978 at 3:55 p.m.
9. Lease between Itel Corporation, Rail Division and Detroit, Toledo and Ironton Railway Co., dated March 10, 1981, and filed under I.C.C. Recordation No. 13077, on April 30, 1981 at 2:25 p.m.
10. Lease between Itel Corporation, Rail Division and East Camden and Highland, dated April 26, 1978, and filed under I.C.C. Recordation No. 9756, on October 11, 1978 at 2:45 p.m.
11. Lease between Itel Corporation, Rail Division and Green Bay and Western Railroad Company, dated October 21, 1981, and filed under I.C.C. Recordation No. 13554, on February 18, 1982 at 2:40 p.m.
12. Lease between Itel Corporation, Rail Division and Green Bay and Western Railroad Company, dated March 8, 1979, and filed under I.C.C. Recordation No. 10362, on May 10, 1979 at 2:00 p.m.
13. Lease between Itel Corporation, Rail Division and Maine Central Railroad Company, dated March 22, 1982, and filed under I.C.C. Recordation No. 13664, on June 16, 1982 at 10:10 a.m.
14. Lease between Itel Corporation, Rail Division and Maine Central Railroad Company, dated April 11, 1980, and filed under I.C.C. Recordation No. 11899, on June 11, 1980 at 11:25 a.m.
15. Lease between Itel Corporation, Rail Division and New Orleans Public Belt Railway, dated June 17, 1977, and filed under I.C.C. Recordation No. 8904, on July 26, 1977 at 9:15 a.m.

Ms. Agatha Mergenovich
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16. Lease between Itel Corporation, Rail Division and Port Huron and Detroit Railroad Co., dated February 22, 1977, and filed under I.C.C. Recordation No. 8799 on April 27, 1977 at 12:45 p.m.

17. Lease between Itel Corporation, Rail Division and Rahway Valley Railroad, dated September 19, 1978, and filed under I.C.C. Recordation No. 10111, on February 14, 1979 at 12:30 p.m.

18. Sublease between Texas Mexican Railroad Co. and Soo Line Railroad, dated April 11, 1983, and filed under I.C.C. Recordation No. 14066, on June 21, 1983 at 3:00 p.m.

19. Lease between Itel Corporation, Rail Division, and Soo Line Railroad Co., dated February 17, 1983, and filed under I.C.C. Recordation No. 14002 on April 11, 1983 at 1:05 p.m.

20. Lease between Itel Corporation, Rail Division and Texas Mexican Railroad Co., dated March 15, 1978, and filed under I.C.C. Recordation No. 9778, on October 17, 1978 at 3:30 p.m.

21. Lease between Itel Corporation, Rail Division and Toledo, Peoria and Western Railroad Co., dated September 10, 1980, and filed under I.C.C. Recordation No. 12314 on October 16, 1980 at 2:40 p.m.

22. Lease between Itel Corporation, Rail Division and Valley and Siletz Railroad, dated July 26, 1978, and filed under I.C.C. Recordation No. 10032 on January 19, 1979 at 2:10 p.m.

23. Lease between Itel Corporation, Rail Division and Providence and Worcester Co., dated March 13, 1978, and filed under I.C.C. Recordation No. 9924, on December 19, 1978 at 2:45 p.m.

24. Assignment between Providence and Worcester Company and Warwick Railway Corp., dated April 24, 1980, and filed under I.C.C. Recordation No. 9924-E, on October 17, 1980 at 12:45 p.m.

25. Lease between Itel Corporation, Rail Division and Arkansas and Louisiana Missouri Railroad, dated June 14, 1977, and filed under I.C.C. Recordation No. 9049, on October 21, 1977 at 1:05 p.m.

26. Lease between Itel Corporation, Rail Division and Atlanta and St. Andrews Bay Railway Co., dated May 5, 1978, and filed under I.C.C. Recordation No. 9703, on September 22, 1978 at 2:15 p.m.
27. Lease between Itel Corporation, Rail Division and Greenville and Northern Railroad Co., dated August 6, 1976, and filed under I.C.C. Recordation No. 9102, on November 25, 1977 at 1:15 p.m.
28. Lease between Itel Corporation, Rail Division and Marinette, Tomahawk and Western Railroad Co., dated December 23, 1977, and filed under I.C.C. Recordation No. 9406, on May 26, 1978 at 2:30 p.m.
29. Lease between Itel Corporation, Rail Division and North Louisiana and Gulf Railroad Co., dated July 21, 1977, and filed under I.C.C. Recordation No. 9073, on November 10, 1977 at 2:20 p.m.
30. Lease between Itel Corporation, Rail Division and Escanaba and Lake Superior Railroad Company, dated December 22, 1976, and filed under I.C.C. Recordation No. 8653, on January 10, 1977 at 2:20 p.m.
31. Lease between SSI Rail Corp. and Lake Erie, Franklin and Clarion Railroad, dated January 3, 1977, and filed under I.C.C. Recordation No. 8668, on January 21, 1977 at 2:30 p.m.
32. Lease between SSI Rail Corp. and Minnesota, Dakota and Western Railroad, dated July 26, 1978, and filed under I.C.C. Recordation No. 10129, on February 22, 1979 at 11:40 a.m.
33. Lease between SSI Rail Corp. and Pearl River Valley Railroad Co., dated March 24, 1976, and filed under I.C.C. Recordation No. 8487-A, on August 27, 1976 at 1:30 p.m.
34. Lease between SSI Rail Corp. and Sierra Railroad Co., dated September 27, 1978, and filed under I.C.C. Recordation No. 10152, on February 26, 1979 at 2:30 p.m.
35. Sublease between McCloud River Railroad Co. and Camino, Placerville and Lake Tahoe Railroad Co., dated January 24, 1980 and filed under I.C.C. Recordation No. 8819-G, on May 5, 1980 at 3:15 p.m.

36. Lease between SSI Rail Corp., and McCloud River Railroad Co., dated April 20, 1977, and filed under I.C.C. Recordation No. 8819, on May 11, 1977 at 1:15 p.m.
37. Lease between SSI Rail Corp., and City of Prineville Railway Co., dated April 26, 1977, and filed under I.C.C. Recordation No. 8896 on July 20, 1977.
38. Lease between Itel Corporation, Rail Division and Kyle Railways, Inc., dated February 17, 1982, and filed under I.C.C. Recordation No. 13666, on June 17, 1982 at 10:50 a.m.
39. Sublease between Kyle Railways, Inc. and Natchez Trace Railroad, dated February 18, 1982, and filed under I.C.C. Recordation No. 13666-B, on June 17, 1982 at 10:50 a.m.
40. Sublease between McCloud River Railroad Co. and Sierra Railroad Co., dated August 29, 1980, and filed under I.C.C. Recordation No. 8819-N, on September 16, 1980 at 1:35 p.m.
41. Lease between SSI Rail Corp. and Terminal Railway of Alabama, dated April 4, 1977, and filed under I.C.C. Recordation No. 8797, on April 27, 1977 at 12:45 p.m.
42. Lease between SSI Rail Corp. and Toledo, Peoria and Western Railroad Co., dated January 12, 1977, and filed under I.C.C. Recordation No. 8676, on January 24, 1977 at 2:45 p.m.
43. Lease between Itel Corp. and Ashley, Drew and Northern Railway Co., dated March 29, 1977, and filed under I.C.C. Recordation No. 8837 on May 27, 1977.
44. Lease between SSI Rail Corp. and Corinth and Counce Railroad Company, dated April 29, 1977, and filed under I.C.C. Recordation No. 8838, on May 27, 1977 at 1:45 p.m.
45. Lease between Itel Corporation, Rail Division and Green Bay and Western Railroad Co., dated April 22, 1981, and filed under I.C.C. Recordation No. 13073, on April 30, 1981 at 10:50 a.m.
46. Lease between Itel and Meridian and Bigbee Railroad Company, dated June 1, 1977, and filed under I.C.C. Recordation No. 9072, on November 10, 1977 at 2:20 p.m.

47. Lease between Itel Rail and Apache Railway, dated June 1, 1976, and filed under I.C.C. Recordation No. 8709, on February 23, 1977 at 11:40 a.m.

48. Lease between Itel Corporation, Rail Division and Clarendon & Pittsford Railroad Co., dated October 18, 1976, and filed under I.C.C. Recordation No. 8658, on January 12, 1977 at 1:45 p.m.

49. Lease between Itel Corporation, Rail Division and FMC/Chemical Group, dated December 3, 1976, and filed under I.C.C. Recordation No. 8809-A, on May 11, 1977 at 1:15 p.m.

50. Lease between SSI Rail Inc., and Green Mountain Railroad Co., dated January 2, 1976, and filed under I.C.C. Recordation No. 9050, on October 21, 1977 at 1:05 p.m.

51. Lease between Itel Corporation, Rail Division and Hartford & Slocomb Railway Co., dated July 1, 1975, and filed under I.C.C. Recordation No. 9168, on January 9, 1978 at 2:05 p.m.

52. Lease between Itel Corporation, Rail Division and Lake Erie, Franklin and Clarion Railroad, dated January 3, 1977, and filed under I.C.C. Recordation No. 8853-A, on June 1, 1977 at 1:10 p.m.

53. Lease between Itel Corporation, Rail Division and McCloud River Railroad, dated April 20, 1983, and filed under I.C.C. Recordation No. 14029, on May 27, 1983 at 1:40 p.m.

54. Lease between Itel Corporation, Rail Division and Mississippi Export Railway Co., dated April 25, 1978 and filed under I.C.C. Recordation No. 9460, on June 27, 1978 at 8:50 a.m.

55. Lease between Itel Corporation, Rail Division and Sabine River and Northern Railroad Co., dated December 23, 1977, and filed under I.C.C. Recordation No. 9407, on May 26, 1978 at 2:30 p.m.

56. Lease between Itel Corporation, Rail Division and Valdosta Southern Railway Co., dated March 26, 1976, and filed under I.C.C. Recordation No. 8343-A on May 25, 1976 at 10:45 p.m.

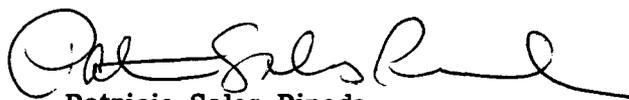
Ms. Agatha Mergenovich
November 17, 1983
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57. Lease between Itel Corporation, Rail Division and Valdosta Southern Railway Co., dated December 23, 1977, and filed under I.C.C. Recordation No. 9400, on May 26, 1978 at 2:30 p.m.

58. Lease between Itel Corporation, Rail Division and Vermont Railway Co., dated December 4, 1975, and filed under I.C.C. Recordation No. 9279 on March 13, 1978 at 2:20 p.m.

Enclosed is a check in the amount of \$580.00 covering the appropriate cross-indexing fees. If you have any questions please feel free to contact me at (415) 955-0547.

Sincerely,



Patricia Salas Pineda
Counsel

PSP:dmm
Enclosures

ITEL RAIL CORPORATION
INDEX TO CROSS-INDEXING
REQUESTED
IN LETTER OF NOVEMBER 17, 1983

Each ICC Recordation No. listed below to be cross-indexed to (1) Recordation No. 14165, and (2) all Recordation Nos. listed below to be cross-indexed under Recordation No. 14165.

<u>ICC RECORDATION NO.</u>	<u>PARAGRAPH NO. IN LETTER OF NOVEMBER 17, 1983</u>
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9072	46
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13077	9
13554	11
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14002	19
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14066

RECORDATION NO. _____ Filed 1426

L-0470
4/7/83

JUN 21 1983 - 3 00 PM

INTERSTATE COMMERCE COMMISSION

THIS SUBLEASE AGREEMENT (the "Sublease") made as of this 11th day of April, 1983, between **THE TEXAS MEXICAN RAILWAY COMPANY**, a Texas corporation, 1200 Washington Street, Laredo, Texas, 78040, as the sublessor ("Sublessor") and **SOO LINE RAILROAD COMPANY**, a Minnesota corporation, Soo Line Building, Box 530, Minneapolis, Minnesota 55440, as the sublessee ("Sublessee").

W I T N E S S E T H:

WHEREAS, Sublessor is the lessee and Itel Corporation, Rail Division ("Itel Rail") is the lessor under that certain Lease Agreement dated as of March 15, 1978 (the "Agreement"), pursuant to which Itel Rail leased to Sublessor three hundred (300) TOFC/COFC flatcars bearing the reporting marks TM 400000-400299; and

WHEREAS, Sublessor desires, with the consent of Itel Rail, to sublease forty-nine (49) of the flatcars to Sublessee.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, the parties hereto agree as follows:

1. Scope of Sublease

- A.** Sublessor agrees to sublease to Sublessee, and Sublessee agrees to sublease from the Sublessor upon the terms and conditions set forth herein, a number of items of equipment of the number, type, construction and other description set forth in any sublease schedules executed by the parties concurrently herewith or hereafter and made a part of this Sublease. The word "Equipment Schedule" as used herein includes the Equipment Schedule or Equipment Schedules executed herewith and any additional Equipment Schedules and amendments thereto, each of which when signed by both parties shall be a part of this Sublease. The scheduled items of equipment are hereinafter called collectively the "Cars" and individually a "Car".
- B.** It is the intent of the parties to this Sublease that Sublessor shall at all times be and remain the sublessor of all Cars. Sublessee agrees that it will at no time take any action or file any document which is inconsistent with the foregoing intent and it will take such action and execute such documents as may be necessary to accomplish this intent.

2. Term

This Sublease shall remain in full force until it is terminated as to all of the Cars as provided herein. The term of the Sublease with respect to each Car described on each Equipment Schedule shall commence at 12:00 Noon on the date and at the location that such Car is restencilled pursuant to Section 3.A., and shall expire as to all of the Cars described on each Equipment Schedule, three (3) years from the date on which the first Car on such Equipment Schedule was restencilled (the "Term").

ASSIGNED TO FIRST SECURITY BANK
OF UTAH, N.A., TRUSTEE, UNDER
A LEASE ASSIGNMENT DATED
AS OF April 11, 1983

ITEL RAIL'S INTEREST ASSIGNED TO
FIRST SECURITY BANK OF
UTAH, N.A., WITH RESPECT TO
CARS NUMBERED 500 54845-54893

3. Restencilling and Delivery

- A. Sublessee hereby approves the specifications of the Cars set forth on each Equipment Schedule attached hereto. Sublessor, shall, at its expense, restencil the Cars described on Equipment Schedule No. 1 attached hereto with the reporting marks SOO 54845 through and including SOO 54893 in compliance with all applicable regulations. Each Car shall be deemed delivered and subject to all the terms and provisions of this Sublease at 12:00 Noon on the date and at the location such Car is restencilled, provided, however, that acceptance of said Car by Sublessor and Sublessee has been noted on the Joint Inspection Certificate as set forth in Section 3.B. hereof. After the Cars have been restencilled, such Cars shall be moved to Sublessee's railroad line at no cost to Sublessee as soon as it is consistent with mutual convenience and economy. Notwithstanding that Sublessee may not have immediate physical possession of the Cars subleased hereunder, Sublessee agrees to pay the rent set forth in this Sublease. For the purposes hereof, the term "Initial Loading" as to each Car shall be the earlier to occur of either 1) the hour such Car shall have been loaded off Sublessee's railroad line with the first load of freight, or 2) 12:00 Noon on the thirty-first (31st) day after such Car is delivered pursuant to this Section.
- B. Each Car shall be inspected by representatives of both Sublessor and Sublessee at any location designated by Sublessor. Such locations shall not number more than four. The representatives of both Sublessor and Sublessee shall prepare and execute for each Car a Joint Inspection Certificate ("JIC") as used under Rule 103 of the AAR Interchange Rules. Each Car found following the inspection to be in mechanical and safety compliance with all applicable AAR and Federal Railroad Administration ("FRA") rules and specifications and otherwise meeting the description set forth in the applicable Equipment Schedule attached hereto, shall be accepted for all purposes of this Sublease by the execution by representatives of both Sublessor and Sublessee of the JIC, so noting the acceptance. Any Car not meeting the standards set forth in the preceding sentence may be rejected by Sublessee and such objections and the reasons therefor shall be set forth in the JIC and thereupon Sublessor shall take what steps it deems appropriate to cure such defect and when Sublessor has corrected such defect, such Car shall thereupon be reinspected by Sublessee and if such Car then meets such standards it shall be so noted on the JIC and upon the restencilling, such Car shall be subject to all terms and conditions of this Sublease.
- C. It is hereby understood that it is the intent of both parties for the Cars to be loaded online for offline destinations and that Sublessee shall use reasonable diligence to load the Cars in such a manner so as to maximize the Utilization Rate (as defined in Section 7.A. (ii)) of the Cars.

4. Record Keeping

- A. Sublessee shall, at its expense, prepare and file, with respect to the Cars, all documents relating to the registration, maintenance and record keeping functions normally performed by a railroad with respect to railroad

equipment of the type subject to this Sublease. Such matters shall include, but are not limited to the following: (i) preparation of appropriate Association of American Railroads ("AAR") interchange agreements with respect to the Cars; (ii) registration of the Cars in the Official Railway Equipment Register and the Universal Machine Language Equipment Register ("UMLER"); and (iii) preparation of any reports as may be required from time to time by the Interstate Commerce Commission ("ICC") and/or any other regulatory agencies with respect to the Cars. Sublessee shall register each Car in the UMLER in such a manner that Sublessor, or its agent, is allowed access to any required information with regard to each Car. In addition, Sublessee shall be responsible for any expenses incurred and rent lost as the result of any improper UMLER registration except if due to the fault of Sublessor. Sublessor agrees to provide to Sublessee all necessary information in Sublessor's possession to accomplish the above filings and proceedings.

- B. Sublessee shall perform all record keeping functions relating to the use of the Cars by Sublessee and other railroads, including but not limited to, car hire reconciliation, collection and receipt of Revenues (as hereinafter defined in Section 7.A.(i)) from other railroad companies, maintenance and repair, and billing in accordance with the AAR Interchange Rules. All record keeping performed by Sublessee hereunder and all records of payments, charges and correspondence related to the Cars shall be separately recorded and maintained by Sublessee in a form suitable for reasonable inspection by Sublessor, or its agent, from time to time during Sublessee's regular business hours. Sublessor, or its agent, shall be entitled to make such inspection at will.

5. Maintenance, Tax and Insurance

- A. Except as otherwise provided herein, Sublessor shall, at its expense, perform or have performed inspections of (other than interchange inspections), maintenance and repairs to, and servicing of the Cars as shall be necessary to maintain the Cars in good operating condition as specified in the AAR Interchange Rules, provided, however, that such repair, maintenance and servicing shall be performed at Sublessee's expense in the event it was occasioned by the fault of Sublessee, or arises in those instances in which the AAR Interchange Rules would assign responsibility to Sublessee for the loss, damage, destruction or liability requiring such repair, maintenance or servicing. Sublessee shall, at its expense, inspect all Cars interchanged to it to insure that such Cars are in good working order and condition and Sublessee shall be liable to Sublessor for any repairs required for damage not noted at the time of interchange. Sublessee shall use its best efforts to minimize any damages to the Cars which may be caused by any shipper on Sublessee's railroad line.
- B. Except as otherwise provided herein, Sublessor shall arrange to have performed, at its expense, all maintenance, alterations, modifications or replacement of parts as shall be necessary to maintain the Cars in good operating condition. Sublessee may make AAR running repairs to facilitate continued immediate use of each Car, but shall not otherwise make or cause to have made any repairs other than AAR running repairs in excess

of three hundred (300) dollars per Car, or any other alterations, improvements, or additions to any Car without Sublessor's, or its agent's, prior written consent. If, within fifteen (15) days of receipt of Sublessee's written request to make or cause to have made repairs in excess of three hundred (300) dollars with respect to any Car, Sublessor, or its agent, does not give prior written consent, such Car shall be removed from the rental calculations of this Sublease on the fifteenth (15th) day following Sublessor's receipt of Sublessee's request until the date such Car is repaired. Sublessee shall be liable to Sublessor for any Revenues lost due to any unauthorized repair, alterations, improvement or addition. Title to any such alteration, improvement or addition shall be and remain with Sublessor.

- C. As long as this Sublease shall remain in effect, Sublessee shall be responsible for the Cars (i) while in Sublessee's possession or control, and (ii) in the same manner that Sublessee is responsible under Interchange Rules for similar equipment not owned by Sublessee. Sublessee shall, at all times while this Sublease is in effect, at its own expense, cause to be carried and maintained (a) all risk physical loss or damage insurance with respect to the Cars while on Sublessee's tracks or in Sublessee's care, custody or control; provided, however, that the Sublessee may self-insure such Cars to the extent it self-insures equipment owned by the Sublessee and similar to the Cars and to the extent such self-insurance is consistent with prudent industry practice, and (b) public liability insurance with respect to third party personal injury and property damage, in each case in such amounts and for such risks and with such insurance companies which are satisfactory to the Sublessor; provided, however, that Sublessee may self-insure against such liability to the extent such self-insurance is consistent with prudent industry practice, but in any event such insurance shall be at least comparable to insurance coverage carried by the Sublessee in respect of similar equipment owned by it. Sublessee shall furnish to Itel Rail concurrently with execution hereof, and thereafter at intervals of not more than twelve (12) calendar months, certificates of insurance evidencing the aforesaid insurance. Itel Rail shall have the right to obtain a Certified Copy of each insurance policy upon written request to the Sublessee. All insurance shall be taken out in the name of Sublessee and shall name Itel Rail and any assignee of Itel Rail as additional named insureds and shall also list Itel Rail and any assignee of Itel Rail as loss-payees on the insurance policies. Said policies shall provide that Itel Rail and any assignee of Itel Rail shall receive thirty (30) days prior written notice of any material changes in coverage or cancellation thereof. In the event that Sublessee fails to place insurance, or said insurance expires, Itel Rail has the right to purchase insurance to protect all interested parties and bill the cost to Sublessee. With respect to the additional insureds, it is further agreed that the same are entitled to full protection afforded by Sublessee's insurance policies, and said policies shall be primary to any other valid and available insurance effected by or for the additional insureds in respect of whom the insurers specifically agree to waive subrogation and/or claim and/or recovery. It is further agreed that each policy will be endorsed evidencing the above, and these endorsements will be evidenced on the Certificate of Insurance provided to Itel Rail. Any and all deductibles in the described policies shall be assumed by the Sublessee.

- D. Sublessee assumes responsibility for and agrees to pay, protect, save, keep harmless and indemnify Sublessor and its successors against taxes, fees, levies, impost, duties or withholdings of any nature together with penalties, fines or interest thereon (Taxes) imposed on, incurred by or asserted against: (1) the Cars, (2) lease, sublease or delivery of the Cars, (3) revenues earned by the Cars, including but not limited to mileage charges and/or car hire revenues, during the term of this Sublease, except Taxes on income and franchise taxes imposed on Sublessor. Sublessee shall comply with all state and local laws requiring filing of ad valorem tax returns associated with the Cars and shall provide Sublessor with a photostatic copy of the receipted ad valorem tax bill within thirty (30) days after receipt.

6. Storage

In the event that any or all of the Cars require storage on Sublessee's railroad lines at any time prior to the expiration of this Sublease, or earlier termination (as set forth in Section 10.A.), Sublessee shall be responsible for the following: (1) all reasonable transportation costs incurred to move the Cars to such storage location; (2) all reasonable transportation costs incurred in removing such Cars from the storage location; and (3) the actual costs incurred for the storage of each Car for up to two hundred seventy (270) days. If Sublessor pays for any costs accountable to Sublessee referred to in this Section, Sublessee shall reimburse Sublessor for such cost within thirty (30) days from Sublessee's receipt of Sublessor's invoice.

7. Lease Rental

A. Definitions

- (i) "Revenues" shall be the total revenues earned and due from other railroad companies for the use or handling of the Cars, including but not limited to, per diem and mileage (except for any reclaim applied to any Car deemed damaged in accordance with Rule 7 of the AAR Code of Car Hire Rules and Interpretation-Freight), whether or not collected and received by Sublessee and without regard to any claimed abatement, reduction or offset caused by any action of Sublessee, provided, however, that upon the occurrence of any such abatement, reduction or offset, Sublessee shall, within ten (10) days of Sublessor's request, reimburse Sublessor for such amounts.
- (ii) The "Utilization Rate" of the Cars shall be determined by a fraction, the numerator of which is the aggregate number of hours in each calendar year that Revenues were earned on the Cars commencing from the Initial Loading, and the denominator of which is the aggregate number of hours in each calendar year that the Cars are on sublease to Sublessee, commencing from the Initial Loading.
- (iii) The "Base Rental" shall be defined as the sum equal to the Revenues which the Cars would have earned in the aggregate at a Utilization Rate of fifty (50) percent with the assumption that each Car traveled one hundred thirty-five (135) miles a day.

- B. Sublessor shall receive all Revenues earned by the Cars prior to their Initial Loading. Each Car delivered pursuant to Section 3.A. hereof shall become subject to the rental calculation under Section 7.C. hereof upon the Initial Loading of such Car.
- C. Sublessee agrees to pay the following rent to Sublessor for the use of the Cars:
- (i) In the event Revenues earned in any calendar year or applicable portion thereof are equal to or less than the Base Rental, Sublessee shall pay to Sublessor a sum equal to one hundred (100) percent of the total Revenues.
 - (ii) In the event Revenues earned in any calendar year or applicable portion thereof exceed the Base Rental, Sublessee shall pay to Sublessor an amount equal to the Base Rental plus seventy-five (75) percent of all Revenues earned in excess of the Base Rental and Sublessee shall retain the remaining twenty-five (25) percent of all Revenues earned in excess of the Base Rental.
- D. (i) The calculations required in Section 7.C. shall be made within five (5) months after the end of each calendar year ("Final Calculations"). In order that Sublessor may meet its financial commitments, Sublessee shall pay to Sublessor by the seventy-fifth (75th) day after the end of each Service Month (as hereinafter defined), ninety-two (92) percent of the total Revenues for that Service Month. For the purposes hereof, Service Month shall be defined as the calendar month in which Revenues were actually earned. At the time payment of ninety-two percent (92%) of the total Revenues is made to Sublessor, Sublessee shall report to Sublessor for the same month, the hours earned, miles traveled and dollar figure for one hundred percent (100%) of the Revenues. Four percent (4%) of the Revenues shall be remitted to Sublessor within one hundred five (105) days after the end of each Service Month and the remaining four percent (4%) of the total Revenues shall be remitted to Sublessor within one hundred thirty-five (135) days after the end of each Service Month. Sublessor shall within three (3) months after the end of each calendar quarter, calculate on a quarterly year-to-date basis, the approximate amount, if any, due either party pursuant to this section. Any amounts payable pursuant to the preceding sentence shall be paid promptly following such calculations, provided, however, that within twenty (20) days following the Final Calculation, any amount paid to either party in excess of the amounts required shall be refunded to the appropriate party.
- (ii) Upon Sublessor's request, Sublessee shall provide Sublessor with any records of Sublessee, including car hire summaries and detailed reports, as Sublessor deems necessary to substantiate Revenues earned and received by Sublessee for the use and handling of the Cars. Further, Itel Rail, as Sublessor's agent, shall be entitled to visit Sublessee at any time during normal business hours to review any and all records required to complete the calculations outlined in Section 7.D.(i).

- E. If, with respect to any calendar quarter, the Utilization Rate of the Cars is less than sixty-two (62) percent, Sublessor may, at any time, at its option and upon not less than ten (10) days prior written notice to Sublessee, terminate this Sublease as to such Cars as Sublessor shall determine; provided, however, that Sublessee may, at its option, within ten (10) days of receipt of such notice from Sublessor, void such termination notice by paying to Sublessor an amount equal to the difference between actual Revenues for such calendar quarter and the amount equal to the Revenues which the Cars would have earned in the aggregate at a Utilization Rate of sixty-two (62) percent for such calendar quarter.
- F. In the event damage beyond repair or destruction of a Car has been reported in accordance with Rule 107 of the AAR Field Manual of the Interchange Rules and Rule 7 of the AAR Code of Car Hire Rules and Interpretations-Freight, said destroyed Car will be removed from the rental calculations of this Sublease as of the date and hour car hire ceased as set forth in the aforementioned Rule 7. With respect to any destroyed Car, Sublessor shall provide Sublessee with the information necessary for Sublessee to prepare a depreciation value (DV) statement to provide for a settlement in accordance with AAR Rule 107. Sublessor may, at its expense, replace any destroyed Car with similar equipment upon prior written notice from Sublessor to Sublessee.

8. Possession and Use

- A. So long as Sublessee shall not be in default under this Sublease, Sublessee shall be entitled to the possession, use and quiet enjoyment of the Cars in accordance with the terms of this Sublease and in the manner and to the extent the Cars are customarily used in the railroad freight business as set forth in Subsection 8.B. However, Sublessee's rights shall be subject and subordinate to the rights of any owner or secured party under any financing agreement entered into by Itel Rail in connection with the acquisition of the Cars which are the subject of this Sublease. Accordingly, following notice to Sublessee from any such secured party or owner that an event of default has occurred at any time (including at a time prior to the effective date of this Sublease), and is continuing under such financing agreement, such party may require either or both that rentals and other sums due hereunder shall be paid directly to such party, and that the Cars immediately be returned to such party. Sublessee agrees that to the extent it has physical possession and can control use of the Cars, the Cars shall at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same are operated and in which the same may be located and in compliance with all lawful acts, rules and regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that either Sublessor or Sublessee may in good faith and by appropriate proceedings, contest the application of any such act, rule, regulation or order in any reasonable manner at the expense of the contesting party.

- B. The use of the Cars shall be limited to use by a rail common carrier and the Cars shall always bear the reporting marks of a rail common carrier. During the term of this Sublease, the Cars shall at all times be registered in the Official Railway Equipment Register and the UMLER.
- C. Sublessee will not directly or indirectly create, incur, assume, or suffer to exist any mortgage, pledge, lien, charge, encumbrance, or other security interest or claim arising through it, on, or with respect to the Cars, or any interest therein or in this Sublease or Equipment Schedule thereto. Sublessee will promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance, security interest, or claim if the same shall arise at any time.

9. Default

- A. The occurrence of any of the following events shall be an event of default:
 - (i) The breach by Sublessee of any term, covenant, or condition of this Sublease, which is not cured within thirty (30) days from the date Sublessee receives written notice from Sublessor of the breach thereof;
 - (ii) The filing by or against the Sublessee of any petition or the initiation by or against the Sublessee of any proceeding: (a) for any relief which includes, or might result in, any modification of the obligations of the Sublessee hereunder; or (b) under any bankruptcy, reorganization, insolvency, moratorium or other laws relating to the relief of debtors, the readjustment of indebtedness, financial reorganization, arrangements with creditors, compositions of indebtedness, or extensions of indebtedness;
 - (iii) The subjection of a substantial portion of Sublessee's property to any levy, seizure, assignment, application or sale for or by any creditor or governmental agency;
 - (iv) Any action by Sublessee to discontinue rail service on a substantial portion of its track or abandon a substantial portion of its rail properties pursuant to applicable provisions of the Interstate Commerce Act or the laws of any state.
- B. Upon the occurrence of any event of default hereunder, without limiting Sublessor's rights and remedies otherwise provided by law which shall be available to Sublessor in addition to the following rights and remedies (no right or remedy of Sublessor being exclusive but all such rights and remedies being available at all times to Sublessor and Sublessor in any case being entitled to recover all costs, expenses and attorneys' fees incurred by Sublessor in enforcing its rights and remedies hereunder), Sublessor may, at its option, terminate this Sublease and/or may
 - (i) Proceed by any lawful means to enforce performance by Sublessee of this Sublease or to recover damages for a breach thereof; and/or

- (ii) By notice in writing to Sublessee, terminate Sublessee's right of possession and use of the Cars, whereupon all right and interest of Sublessee in the Cars shall terminate; and thereupon Sublessor may enter upon any premises where the Cars may be located and take possession of the Cars and henceforth hold, possess and enjoy the same free from any right of Sublessee. Sublessor shall, in addition, have the right to recover from Sublessee any and all rental amounts which under the terms of this Sublease may then be due or which may have accrued to that date, together with Sublessor's costs and expenses, including reasonable attorneys' fees incurred in securing such enforcement hereof.

10. Expiration or Earlier Termination

- A. Upon the expiration of this Sublease or in the event of earlier termination, whether pursuant to Section 9, Section 7.E. or Section 7.F. hereof, with respect to any Car, Sublessee shall, at its expense, promptly return such Car to Sublessor by delivering such Car to a shop specified by Sublessor which shall be on Sublessee's railroad tracks. Subsequent procedures shall be as follows:

Sublessee shall, at its expense, restencil the Cars in accordance with Sublessor's instructions and return the Cars in the same conditions as originally received by Sublessee, normal wear and tear excepted. Sublessor shall provide to Sublessee the restencilling instructions within one hundred eighty (180) days subsequent to the expiration or earlier termination of this Sublease with respect to any Car. Restencilling, with respect to each Car, shall include the following: (a) removal of existing mandatory markings and all company logos of Sublessee; (b) complete cleaning subsequent to the removal of markings; (c) application of new mandatory markings as designated by Sublessor; and (d) any transportation involved in moving each Car to and from a suitable work area to perform the restencilling set forth in this Section. Sublessee shall not remove Sublessee's railroad marks from any Car without the prior written consent of Sublessor. Sublessee shall be responsible for the storage of each Car on its railroad line for the period subsequent to the date of expiration or earlier termination until such Car is restencilled. Subsequent to the completion of the restencilling of each Car, Sublessee shall, upon Sublessor's request and at Sublessor's sole option, and at Sublessee's expense, provide an outbound load for such Car, or in the event no outbound loads are available, deliver such car to any interchange point designated by Sublessor on Sublessee's railroad tracks.

- B. In the event that any Car is not returned to Sublessor as set forth in Section 10.A. herein on or before the date of expiration or earlier termination of this Sublease, all of Sublessee's obligations under this Sublease shall remain in full force and effect with respect to all Cars which have not been returned by Sublessee to Sublessor until such Cars are returned to Sublessor as set forth in Section 10.A. herein.

11. Indemnities

- A.** SUBLESSEE SHALL DEFEND, INDEMNIFY AND HOLD SUBLESSOR HARMLESS FROM AND AGAINST ANY LOSS, DAMAGE, DESTRUCTION OR LIABILITY WITH RESPECT TO THE CARS WHICH IS OCCASIONED BY THE FAULT OF SUBLESSEE, OR WHICH OCCURS WHILE THE CARS ARE IN LESSEE'S POSSESSION OR CONTROL, OR IN THOSE INSTANCES IN WHICH THE INTERCHANGE RULES WOULD ASSIGN RESPONSIBILITY FOR SUCH LOSS, DAMAGE, DESTRUCTION, OR LIABILITY TO SUBLESSEE.
- B.** SUBJECT TO SECTION 11.A., AND EXCEPT FOR THOSE CLAIMS, CAUSES OF ACTION, DAMAGES, LIABILITIES, COSTS OR EXPENSES FOR WHICH SUBLESSEE SHALL BE RESPONSIBLE AS SET FORTH HEREIN, LESSOR WILL DEFEND, INDEMNIFY AND HOLD SUBLESSEE HARMLESS AGAINST ANY AND ALL LOSS, DAMAGE OR DESTRUCTION OF OR TO THE CARS, USUAL WEAR AND TEAR EXCEPTED, AND ANY CLAIM, CAUSE OF ACTION, DAMAGE, LIABILITY, COST OR EXPENSE WHICH MAY BE ASSERTED AGAINST SUBLESSEE WITH RESPECT TO THE CARS, INCLUDING WITHOUT LIMITATION, THE LEASING OR RETURN OF THE CARS, USE, MAINTENANCE, REPAIR, REPLACEMENT OR OPERATION OF THE CARS OR THE CONDITION OF THE CARS (WHETHER DEFECTS, IF ANY, ARE LATENT OR ARE DISCOVERABLE BY SUBLESSOR OR SUBLESSEE).

12. Representations, Warranties and Covenants

Sublessee represents, warrants and covenants that:

- A.** Sublessee is a corporation duly organized, validly existing and in good standing under the laws of the state where it is incorporated and has the corporate power, authority and, insofar as is material to Sublessor's rights under this Sublease, is duly qualified and authorized to do business wherever necessary, to carry out its present business and operations and to own or hold under sublease its properties and to perform its obligations under this Sublease.
- B.** The entering into and performance of this Sublease will not violate any judgment, order, law or regulation applicable to Sublessee, or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Sublessee or on the Cars pursuant to any instrument to which Sublessee is a party or by which it or its assets may be bound.

13. Inspection

Sublessor, or its agent, shall at any time during normal business hours have the right to enter the premises where the Cars may be located for the purpose of inspecting and examining the Cars to insure Sublessee's compliance with its obligations hereunder.

14. Assignment to Itel Rail Corporation

The parties agree that all rights and obligations of Itel Rail may be assigned to Itel Rail Corporation upon confirmation of a Plan of Reorganization for Itel Corporation by the United States Bankruptcy Court, Northern District of California or by another court of competent jurisdiction, and that upon such assignment and upon the assumption of Itel Rail Corporation of all of Itel Corporation's obligations hereunder, Itel Corporation is hereby released from all liabilities hereunder without further action by the parties and Itel Rail Corporation shall assume all such obligations without further action by the parties.

15. Miscellaneous

- A. This Sublease and the Equipment Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, provided, however, that Sublessee may not without the prior written consent of Sublessor, assign this Sublease or any of its rights hereunder or sublease any Cars to any party, and any purported assignment or sublease in violation hereof shall be void.
- B. Both parties agree to execute the documents contemplated by this transaction and such other documents as may be required in furtherance of any financing agreement entered into by Sublessor or its assignees in connection with the acquisition or financing or use of the Cars in order to confirm the financing parties' interest in and to the Cars, this Sublease and Equipment Schedules hereto and to confirm the subordination provisions contained in Section 8 of this Sublease.
- C. It is expressly understood and agreed by the parties hereto that this Sublease constitutes a sublease of the Cars only and no joint sale or venture or partnership is being created. Notwithstanding the calculation of rental payments, nothing herein shall be construed as conveying to Sublessee any right, title or interest in the Cars, except as a Sublessee only.
- D. No failure or delay by Sublessor shall constitute a waiver or otherwise affect or impair any right, power or remedy available to Sublessor nor shall any waiver or indulgence by Sublessor or any partial or single exercise of any right, power, or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.
- E. This Sublease shall be governed by and construed according to the laws of the State of California.
- F. Sublessee shall notify Itel Rail as soon as is practicable of any accident connected with the malfunctioning or operation of the Cars, including in such report, where available, the time, place and nature of the accident and the damage caused.
- G. Sublessee shall also notify Sublessor in writing within five (5) days after any attachment, tax lien or other judicial process shall attach to any Car.

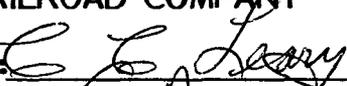
- H. All notices hereunder shall be in writing and shall be deemed given when delivered personally or when deposited in the United States mail, postage prepaid, certified or registered, addressed to the president of the other party at the address set forth herein.
- I. The obligations and liabilities of Sublessor and Sublessee hereunder shall survive the expiration or earlier termination of this Sublease.
- J. This Sublease represents the entire Sublease. This Sublease shall not be modified, altered, or amended, except by an agreement in writing signed by the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Sublease as of the date first above written.

THE TEXAS MEXICAN
RAILWAY COMPANY

By: 
 Title: A. R. RAMOS, Chairman
and Ch. Exec. Ofc.
 Date: 4-12-83

SOO LINE
RAILROAD COMPANY

By: 
 Title: Vice President Operations
 Date: May 5 1983

ACKNOWLEDGEMENT AND CONSENT:


 Itel Corporation, Rail Division
 Date: 5-23-83

STATE OF Texas)
COUNTY OF Webb) ss:

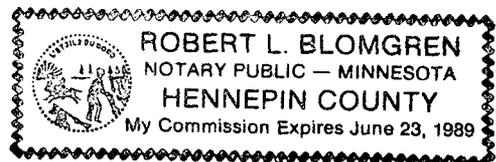
On this 12th day of April, 1983, before me personally appeared A.R. Ramos, to me personally known, who being by me duly sworn says that such person is Chmn + Ch. Exec. Off of The Texas Mexican Railway Company, that the foregoing Sublease was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sandra Sue Webber
Notary Public

STATE OF Minnesota)
COUNTY OF Hennepin) ss:

On this 5 day of May, 1983, before me personally appeared C.C. Teary, to me personally known, who being by me duly sworn says that such person is Vice President of Soo Line Railroad Company, that the foregoing Sublease was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Robert L. Blomgren
Notary Public



L-0470

EQUIPMENT SCHEDULE NO. 1

The Texas Mexican Railway Company hereby subleases the following Cars to Soo Line Railroad Company subject to the terms and conditions of that certain Sublease Agreement dated as of April 11, 1983.

A.A.R. Mech. Desig.	Description	Numbers	Dimensions			Doors Width	No. of Cars
			Length	Inside Width	Height		
FC	70-Ton Flush Deck Flatcar AAR Type Code: P710 Handling Capabilities: (2) 40' trailers or combination of 20'-40' containers.	SOO 54845- 54893	89'4"	N/A	N/A	N/A	49

The Cars described on this Equipment Schedule No. 1 shall have been manufactured by the following:

- a. Pullman-Standard
Built: 11/78-2/79
Lot #: 1016

THE TEXAS MEXICAN
RAILWAY COMPANY

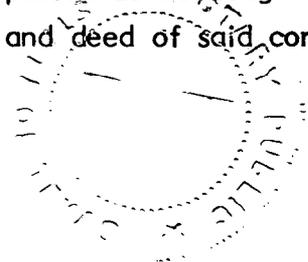
By: 
Title: A. R. RAMOS, Chairman
and Ch. Exec. Ofc
Date: 4-12-83

SOO LINE RAILROAD COMPANY

By: 
Title: Vice President Operations
Date: May 5 1983

STATE OF Texas)
COUNTY OF Webb) ss:

On this 12th day of April, 1983, before me personally appeared A.R. Ramos, to me personally known, who being by me duly sworn says that such person is Chmn + Ch. Exec. Ofc of The Texas Mexican Railway Company, that the foregoing Equipment Schedule No. 1 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Sandra Sue Webber
Notary Public

STATE OF Minnesota)
COUNTY OF Hennepin) ss:

On this 5 day of May, 1983, before me personally appeared C.C. Leary, to me personally known, who being by me duly sworn says that such person is Vice President of Soo Line Railroad Company, that the foregoing Equipment Schedule No. 1 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Robert L. Blomgren
Notary Public

