

71387

BOOK 5 PAGE 104

SPOKANE, PORTLAND AND SEATTLE RAILWAY COMPANY

TO

BURLINGTON NORTHERN INC.

LEASE OF LINE AND PROPERTY

DATED AS OF MARCH 2, 1970

THIS INDENTURE OF LEASE, made as of the 2nd day of March, 1970, by and between SPOKANE, PORTLAND AND SEATTLE RAILWAY COMPANY, a corporation organized and existing under the laws of the State of Washington (hereinafter sometimes called the "Lessor") party of the first part, and BURLINGTON NORTHERN INC., a corporation organized and existing under the laws of the State of Delaware (hereinafter sometimes called the "Lessee"), party of the second part.

WITNESSETH :

WHEREAS, the Lessor is a wholly-owned subsidiary of the Lessee, which owns \$42,710,000 principal amount of the Lessor's First Mortgage Bonds, due March 1, 1971, and 400,000 shares of the Lessor's capital stock, being all of the outstanding bonds and stock of the Lessor;

WHEREAS, the Lessor operates certain lines of railroad and branches, owned by it or operated under leasehold, trackage agreement or other right, with various appurtenances, located in the States of Washington and Oregon;

WHEREAS, the Lessee desires to lease all such lines of railroad and branches, and all other property, appurtenances and franchises of the Lessor, other than as hereinafter specifically excepted, together with the rent, issues and profits thereof, and the Lessor is willing to lease the same to the Lessee upon the terms and conditions hereinafter set forth;

WHEREAS, the Interstate Commerce Commission on November 30, 1967, made its certain order, pursuant to the provisions of Section 5 of the Interstate Commerce Act, upon application filed with it and listed as Finance Docket No. 21478, duly approving and authorizing the leasing of the properties and franchises herein demised upon the terms hereof; and

WHEREAS, in pursuance of law and due corporate action of the respective parties having been taken, the parties hereto have power respectively to make and take such lease;

Now, THEREFORE, in consideration of the mutual covenants and agreements of the parties herein contained, said parties do hereby covenant and agree with each other as follows:

ARTICLE I.

Demised Premises.

The Lessor does hereby lease, let, demise, assign, transfer and deliver to the Lessee, its successors and assigns, for the term hereinafter mentioned, all and singular its lines of railroad, interests, rights (contractual or otherwise), leaseholds, estates, powers, privileges, immunities and, other than as hereinafter specifically excepted, its franchises and all its other property, real, personal or mixed, including the following:

A. Owned Lines of Railroad.

(a) *Main Lines of Railroad*: Those certain main lines of railroad owned and operated by the Lessor and described as follows:

Ft. Wright Jct., Wash. to Jct. E. of Pasco, Wn. 145.14 miles

Jct. at Kennewick, Wash. to N.P. Conn. at Vancouver 219.08 miles

N.P. Conn. at Vancouver to Willbridge, Ore. (Owned jointly by SP&S Ry. and N.P. Ry.) 5.38 miles

Goble, Ore. to Seaside, Ore. 79.41 miles

(b) *Branch Lines of Railroad*: Those certain branch lines of railroad owned and operated by the Lessor and described as follows:

Ft. Stevens Br., Warrenton, Ore. to Ft. Adams, Cre. 2.81 miles

Goldendale Br., Lyle, Wash. to Goldendale, Wash. 42.21 miles

Vernonia Br., United Junction to Vernonia, Ore. 38.50 miles

B. Leasehold Rights, Trackage Rights, Easements, Licenses, Grants, Contract Rights, Terminal Rights and Ordinance Rights.

Any leasehold rights, trackage rights, easements, licenses, grants, contract rights, terminal rights and ordinance rights owned, held or enjoyed by the Lessor, either alone or jointly with others, including without limitation all of the rights of SP&S as evidenced by the following agreements between the SP&S and Northern Pacific Ry. Co. Great Northern Ry. Co. Oregon-Washington Railroad & Navigation Company, and Portland Terminal Company:

(1) Agreement with Northern Pacific Ry Co. and Great Northern Ry. Co. of October 19, 1910 in which NP grants to SP&S the right to run

its trains over the tracks of the NP between Marshall Junction and Yardley and Parkwater in Spokane, including use of its passenger station facilities; and GN grants to SP&S the right to run its trains over the tracks of the GN from a point near the west end of the Spokane River bridge near Fort Wright to Hillyard, including use of its passenger station facilities.

(2) Agreement with Northern Pacific Ry. Co. of March 4, 1909 in which Northern Pacific grants SP&S use of NP tracks from Marshall Junction to Spokane and use of Spokane terminals.

(3) Agreement with Northern Pacific Ry. Co. of September 3, 1908 relating to connections near Marshall and Cheney in Washington in which SP&S acquired ownership of 0.89 mile and NP 0.04 mile (Cheney connection never constructed).

(4) Agreement with Northern Pacific Ry. Co. of October 19, 1910 and supplements in which NP grants SP&S use of terminal and running rights on main track between Columbia River bridge and Pasco yard office.

(5) Agreement with Northern Pacific Ry. Co. of December 24, 1910 and supplement of June 19, 1958, covering joint use of bridge across Columbia River between Kennewick and Pasco, Washington.

(6) Agreement with Northern Pacific Ry. Co. of March 23, 1944 covering reciprocal use of trackage between Pasco and Ainsworth Jct., Washington.

(7) Agreement with Northern Pacific Ry. Co. of February 1, 1910 granting SP&S and NP equal joint use of their respective ownerships in trackage and appurtenant facilities (SP&S 2.3; NP 1.3) from the north end of the Columbia River bridge to Willbridge.

(8) Agreement with Northern Pacific Ry. Co. of December 1, 1909 and supplements of September 16, 1910; August 15, 1922; and February 9, 1933, in which Northern Pacific grants to SP&S and GN equal joint use of track from Willbridge to Wilson Street in Portland.

(9) Agreement with Portland Terminal Railroad Company of February 2, 1933 covering reciprocal use of trackage between 10th and 21st streets in Portland.

(10) Agreement with Oregon-Washington Railroad & Navigation Company and Southern Pacific Company of March 1, 1920 granting SP&S right to use in common with others the lower deck or railroad portion of bridge across Willamette River in Portland.

(11) Agreement with Oregon-Washington Railroad & Navigation Company of December 3, 1912 for track layout and connections on East Second Street and East Third Street in Portland. OWR&N grants to SP&S joint use and possession of all trackage on East Third Street.

(12) Agreement with Northern Pacific Ry. Co. of October 17, 1961 in which NP grants to SP&S equal joint possession and use of all that part of the double track line of railway of the NP, 0.41 mile in length, at Vancouver Junction between a point near the north end of the Columbia River bridge and northerly to SP&S yard office.

(13) Agreement with Northern Pacific Ry. Co. of March 10, 1911 and assignment of the A&CRR agreement of January 12, 1911, leasing to SP&S of NP line Willbridge to Goble, Oregon.

C. Equipment.

All locomotives, however powered, cars, and all other rolling stock and equipment, whether passenger or freight and including all work and miscellaneous equipment, owned or leased by the Lessor or in which it has any right, title or interest.

D. Appurtenant Facilities.

All real estate, riparian rights, rights of way, roadbeds, tunnels, tracks (including extension, yard, side, spur, wye and industrial), turnouts, cross-overs, switches, sidings, turntables, bridges, viaducts, wharves, docks, slips, piers, loading and unloading apparatus, signals and signal apparatus, centralized traffic control systems, interlocking devices, radio facilities, telegraph, telephone and electric power transmission lines and facilities (including all wires, cables, poles, conduits, ducts, pipes, generators, motors, switchboards and other instruments), yard and terminal facilities, depots and depot grounds, station houses, warehouses, engine houses, car shops, tool houses, yard buildings, water stations, water tanks, water supply, fuel stations, fuel tanks, fuel supply, power plants, machine shops and other

railroad appliances, appurtenances and facilities, and all other physical property owned by the Lessor or held for use or used upon or in connection with or appertaining to any lines of railroad which the Lessor owns or operates, or in which it has any right, title or interest, and also any and all other instrumentalities, improvements and appurtenances, then owned by the Lessor or in which it has any right, title or interest and which are necessary and useful in and about the maintenance and operation of said lines of railroad.

E. Other Real Estate.

All other real estate whether held by the Lessor for carrier or non-carrier purposes, together with all improvements thereon and appurtenances thereto [including without limitation thereto the following:]

Description	Section	Township	Range	Acres	Date of Deed	Recorded Book	Page	Date Recorded
ADAMS COUNTY, WASHINGTON								
That part of Blocks 14, 16, 21 and 24 lying SE 1/4 of a line 100' SE 1/4 of original centerline of SP&S Ry. Co. and all of Blocks 15, 22 and 23, all in Bassett's Addition to Washington with adjacent vacated streets and alleys				17.15				
That part of NE 1/4 of NW 1/4 and that part of NW 1/4 of NE 1/4 lying N of SP&S Ry. Co. right of way less County Road	11	16N	37E	42.8	7-19-07	23	550	8-5-07
SW 1/4 of NE 1/4, SE 1/4 of NW 1/4, NE 1/4 of SW 1/4, SE 1/4 of SW 1/4, W 1/2 of SE 1/4, less SP&S right of way	10	18N	38E	211.86	6-26-57	87	602-4	10-2-57
BENTON COUNTY, WASHINGTON								
NE 1/4 NE 1/4 less 0.83 acre right of way SW 1/4 NE 1/4 less 6.89 acre right of way SE 1/4 NW 1/4	22	5N	25E	67.08	9-8-05	1	222	9-20-05
Government Lots 3 and 5, NE 1/4 SW 1/4 SW 1/4 SW 1/4 less 15.09 acres right of way	28	5N	25E	106.24	9-8-05	1	222	9-20-05
	22	8N	30E	5.22	2-10-06	2	170	2-23-06
NE 1/4 N 1/4 SE 1/4 less right of way	26	8N	30E	8.96	1-15-06	2	244	3-9-06
SW 1/4 SE 1/4 SE 1/4	6	8N	30E	2.50	1-16-06	3	25	1-29-06
Lots 23 and 28, Hover Villa Tracts	23	8N	30E	4.00	4-7-59	175	500	4-17-59
1/2 SE 1/4 SW 1/4 SW 1/4	4	5N	28E	38.74	3-10-59	175	466	4-17-59
W 1/2 W 1/2 less right of way								

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Description	Section	Township	Range	Acres	Date of Deed	Recorded Book	Page	Date Recorded
CLARK COUNTY, WASHINGTON								
Part of Lots 4, 5 and 6, Martin DLC				7.38	2-14-06	46	343	2-21-06
Part of Lot 12, Martin DLC				5.42	2-14-06	46	343	2-21-06
Part of Lot 20, Martin DLC				.06	2-14-06	46	343	2-21-06
Part of Lot 3, Martin DLC				2.50	2-14-06	46	343	2-21-06
Lots 1, 5 and part of Lot 4, John Love Lacey DLC				13.60	4-22-07	66	141	5-21-07
Lots 10 and 22, Wm. Ryan DLC				46.52	4-23-07	66	141	5-21-07
Lot 6, Block 28, West Vancouver								
Lots 3, 4, 5, and 6, Block 54, West Vancouver								
Lots 5 and 6, W½, Amos Short DLC					2-14-06	46	343	2-21-06
Part Lot 7 in W½ of Amos Short DLC					3-9-06	46	446	3-27-06
Lots 5 and 6, Block 2, Columbia Addition to Vancouver								
Portions Lots 7 and 8, Block 4, Columbia Addition					2-23-60	46	349	2-24-06
Lots 7, 8, 9, 10 and 11, Block 1, Canby 2nd Addition								
Lots 4, 5, 6, 7 and 8, Block 1, Grandview Addition								
Lots 1, 2, 3, 4, 7, 8, 9 and 10, Block 2, Grandview 2nd Addition								
Lots 1, Block 5, Grandview 2nd Addition								
Lots 1, 2, 3, 4, 5, 6, 7 and 8 in Block 3, including ½ vacated 9th St. and ½ vacated Moore St., Waverly Addition								
Tract of ground south right of way	16	1N	3E	3.48	2-6-06	46	305	2-10-06
Portion SE¼ SW¼ less right of way	14	1N	4E	34.95	8-10-07	66	439	8-14-07
Lots 1 and 2, Block 4, including portion of vacated 9th St. adjacent on North Waverly Addition to Vancouver								
Lots 1 and 4, Block 4 including S½ vacated 9th St. and E½ vacated Moore St. adjacent to Lots 3, 4, 5, all of Waverly Addition to Vancouver								
Lots 5, 6, 7 and 8, Block 4, Waverly Addition to Vancouver								
Lots G and F, Waverly Addition to Vancouver								
Lots 5 and 6, Block 4, Columbia Addition to Vancouver								
Lot 4, Block 5, Columbia Addition to Vancouver								
Vancouver Elevator	24	2N	1E	11.407	1-15-34 (lessee)	230	309	7-17-34

Vancouver Elevator

11.407 acres situated in Section 28, Township 2 North, Range 1 East, Willamette Meridian, Vancouver, Washington, leased from the Port of Vancouver for a term of 30 years from September 1, 1954 and option to extend said lease for an additional 30 years from and after September 1, 1984. Title and ownership of the grain elevator and other related improvements to remain in the Spokane, Portland and Seattle Railway Company for a period of 60 years from September 1, 1954, whereupon title and ownership to said improvements shall be transferred to the Port of Vancouver.

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Description	Section	Township	Range	Acres	Date of Use	Recorded Book	Page	Date Recorded
FRANKLIN COUNTY, WASHINGTON								
Lots 7 to 32, Block 1, Gray's Amended Addition to Pasco								
Lots 7 to 17, Block 2, East of Northern Pacific right of way								
Lots 3, 25 to 27, Block 3, East of Northern Pacific right of way								
Lots 5 to 8, 13, 14, 17 to 28, Block 5, East of Northern Pacific right of way								
Lots 10 to 16, Block 6, East of Northern Pacific right of way								
Lots 1 to 32, Block 7, East of Northern Pacific right of way								
Lots 1 to 17, Block 8, East of Northern Pacific right of way								
Lots 3 to 10, 23 to 29, Block 9, East of Northern Pacific right of way								
Lots 6 to 12, 17 to 25, Block 10, East of Northern Pacific right of way								
Lots 1 to 9, 17 to 25, 31 and 32, Block 12, East of Northern Pacific right of way								
Lots 9 to 15, 18 to 26, Block 5, Owen's Addition to Pasco								
Lots 14 to 21, Block 6, Owen's Addition to Pasco								
Lots 5 to 11, 25 to 32, Block 9, Owen's Addition to Pasco								
Lots 1 to 6, 29 to 32, Block 10, Owen's Addition to Pasco								
Lots 9 and 10, Block 11, Steffin's Amended Addition								
Lots 6 to 12, Block 12, Steffin's Amended Addition								
Lots 1 and 2, Block 14, Steffin's 2nd Addition								
Lots 2 to 5, 13 to 16, Block 15, Steffin's 2nd Addition								
Lots 11 to 13, Block 16, Steffin's 2nd Addition								
Lots 9 to 18, Block 7, Gill & Whitson's Addition								
Lots 1 to 4, 28 to 31, Block 9, Gill & Whitson's Addition								
Government Lots 1 and 2, North of SP&S right of way	3	8N	30E	29.30	5-28-06	12	606	7-24-06
Part of Government Lots 1, 2 and 3	35	9N	30E	6.90	7-14-52	79	552	11-17-52
Part Government Lot 3	3	8N	30E	.81	5-28-06	12	606	7-24-06
Tract of ground in NE 1/4 of SW 1/4 lying 100' NE 1/4 of railroad track	33	9N	30E	4.5	10-26-06	13	293	11-12-06
Part Government Lots 3, 4 and 5	4	10N	33E	56.23	11-26-06	14	161	3-2-07
SW 1/4 of SE 1/4 and Government Lot 2, less right of way	24	12N	33E	35.45	11-26-06	14	161	3-2-07
Government Lots 9, 13 and W 1/2 SE 1/4, less right of way	4	12N	34E	100.00	11-26-06	14	161	3-2-07

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Description	Section	Township	Range	Acres	Date of Deed	Recorded Book	Page	Date Recorded
CLICKITAT COUNTY, WASHINGTON								
Government Lot 4	2	2N	12E	5.00	4-14-11	31	552-3	4-28-11
Shore Land adjacent to Government Lot 4	2	2N	12E	5.00	11-9-33	71	253	11-29-33
Tax Lot 1 in NW 1/4 of	3	2N	12E	27.70	11-30-18	48	101	12-14-18
Tax Lot 2 in	3	2N	12E	26.73	1-30-19	45	435	4-9-19
Shore Land adjacent to Government Lot 1 less 6.18 acres right of way	3	2N	12E	6.15				
Government Lot 1 less 6.18 acres right of way	7	2N	13E	23.29				
Government Lot 2 less 6.29 acres right of way	7	2N	13E	15.71	9-5-05	R	551	9-21-05
Part of Government Lot 3 south SP&S right of way	16	2N	15E	8.00	1-22-10	28	150	2-10-10
Government Lots 2 and 3 and NW 1/4 NE 1/4 north of SP&S right of way	16	2N	15E	3.67	10-1-07	41	56&57	2-20-15
Tax Lot 16 in SW 1/4 of	8	2N	16E	1.90	9-2-90	G	271	9-5-90
Government Lot 1 of	8	2N	16E	8.60	9-2-90	G	271	9-5-90
					9-12-11	33	244-251	11-8-11
Government Lots 2, 3 and 4, strip 100 feet wide across Government Lots 2 and 3, part of Government Lot 4 south of RR right of way and N of Columbia River	5	2N	16E	6.66	9-12-11	33	244-251	11-8-11
Government Lot 1 south of C.V. Ry. right of way less portion occupied by section house and classified as operating property (2.00 acres)	5	2N	16E	14.70	2-7-06	5	429	2-19-06
Government Lots 1, 2, 3 and 4 less right of way (12.63 acres)	13	2N	15E	124.07	5-14-56	121	503-5	6-19-56
Government Lot 3, adjacent to and North of State Highway	34	3N	11E	1.54	1-27-13	36	277	2-14-13
SE 1/4 NE 1/4 and Government Lot 4 in NE 1/4 SE 1/4	35	3N	11E	4.17	6-13-07	V	551	6-15-07
					9-8-09	R	581	9-21-05
Government Lot 4 less 1.44 acres right of way	35	3N	11E	3.06	1-31-06	S	438-9	2-21-06
NW 1/4 NW 1/4 less 2.41 acres right of way	17	3N	13E	37.59	7-24-05	R	484	7-7-05
Government Lot 3 less 2.58 acres right of way	22	3N	20E	3.33				
Government Lot 2, less 6.29 acres right of way	22	3N	20E	33.24				
Government Lot 1 less 6.70 acres right of way	22	3N	20E	11.69	3-15-06	T	355	4-29-06
SW 1/4 SW 1/4 less .066 acre right of way	22	3N	20E	25.28				
Government Lot 1 less right of way	20	3N	20E	20.50	3-15-06	T	355	8-29-06
Government Lot 5	30	3N	20E	7.05	3-15-06	T	355	8-29-06
Government Lot 3	30	3N	20E	30.40				
Government Lot 3 less 7.12 acres right of way	2	3N	21E	40.93	3-15-06	T	355	8-29-06
E 1/4 NE 1/4	18	4N	14E	1.42	10-1-02	Filing map		
W 1/4 NW 1/4	20	4N	14E					

Description	Section	Township	Range	Acres	Date of Deed	Recorded Book	Page	Date Recorded
CLICKITAT COUNTY, WASHINGTON								
(continued)								
Government Lots 1 and 2 less 7.99 acres right of way	13	2N	14E	57.38	5-14-56	121	503-5	6-19-56
Original Town of Lytle Blocks 3, 4, 7, 8 and S. Lots 2, 3 and 5, Block 5, Lots 1, 2, 3, 5, 6, 7 and 8 of Block 6					(11-30-18 (1-30-19)	4R 48	101 435	12-1-18 8-1-19
SKAMANIA COUNTY, WASHINGTON								
NW1/4 SE1/4 less 6.2 acres right of way less Highway right of way	28	3N	8E	39.35				
NE1/4 SW1/4 less 6.19 acres right of way less Highway right of way	28	3N	8E	30.87				
Government Lots 2 and 3	28	3N	8E	68.95				
Government Lot 1 less 6.74 acres right of way less Highway right of way less 5 acres to N. Monaghan	28	3N	8E	24.02	9-16-59	46	402	10-23-59
E1/2 NW1/4 adjacent and N of State Highway	22	2N	7E	1.06	7-2-09	L	164	7-8-09
Government Lot 13 south Ry. right of way	36	3N	7 1/2 E	3.72	9-10-06	K	112	9-14-06
Government Lot 3 less Ry. right of way less State Highway	32	2N	9E	31.89	9-8-05	I	220	9-21-05
Government Lot 5 adjacent to and N of State Highway	25	3N	9E	3.83				
SPOKANE COUNTY, WASHINGTON								
West Grove Addition								
Lots 7 and 8, Block 32								
Lots 1, 2, 3, 10, 11 and 12, Block 33, less right of way								
Lots 3, 5, 6, 9, 10, 11 and 12, Block 45, less right of way								
Lot 1, Block 49, lying SW of a line drawn from SE corner of Lot 1 to NW corner of Lot 2								
Lot 2, Block 49, part bounded on north by line drawn from SE corner of Lot 1 to NW corner of Lot 2, and on S by line drawn parallel to and 110' from C/L SPS Ry.								
Lot 3, Block 39, part lying NE1/4 of a line drawn parallel to and 110' from C/L of SP&S Ry.								
Lot 4, Block 49, part lying NE1/4 of a line drawn parallel to and 110' NE1/4 from C/L of SP&S Ry.								

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Description	Section	Township	Range	Acres	Date of Deal	Recorded Book	Page	Date Recorded
SPOKANE COUNTY, WASHINGTON								
(continued)								
(West Greyn Addition (continued)								
Lots 7, 8 and 9, Block 49, less right of way								
Lot 12, Block 49, part lying NE ¹ / ₄ of a line drawn parallel to and 110' from C/L S/RS Ry.								
Lots 14 and 15, Block 57, less right of way								
Lot 3, Block 58, part lying SW ¹ / ₄ of a line drawn parallel to and 130' SW ¹ / ₄ of C/L of SPAS Ry.								
Lot 4, Block 58, part lying SW ¹ / ₄ of a line drawn parallel to and 130' SW ¹ / ₄ of C/L of SPAS Ry.								
Woodland Addition								
Lot 14, Block 5, less right of way								
Lot 15, Block 5								
Lots 1 and 2, Block 6								
Lots 3, 4, 5, 12, 13 and 14, Block 6, less right of way								
Lots 2 and 3, Block 6, less street								
Lot 4, Block 8								
Lots 5 and 6, Block 8, less right of way								
Lots 3 and 4, Block 9, less right of way								
Lots 5, 6 and 7, Block 9								
Lots 8, 9 and 10, Block 9, less street								
Lot 11, Block 9								
Lots 12 and 13, Block 9, less right of way								
Lot 1, Block 10, less right of way								
Lot 2, Block 10								
Terrace Park Addition								
Lots 7 and 8, Block 3, less right of way								
Lot 9, Block 3								
Lots 1 and 5, Block 4, less right of way								
Lots 6, 9, 10 and 11, Block 4, less right of way Inc. vac. street								
Lot 1, Block 12								
Lots 2, 3, 4, 7, 8 and 12, Block 12, less right of way								
Lots 4, 5, 6, 7, 8, 9 and 10, Block 16, less right of way								

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Description	Section	Township	Range	Acres	Date of Recd	Recorded Book	Page	Date Rec'd
SPOKANE COUNTY, WASHINGTON (continued)								
Lot 11, Block 16, less right of way and less part deeded to city for street								
Lot 12, Block 16, less part deeded to city								
Lots 1 and 2, Block 17, less right of way								
Lot 2, Block 27, less right of way								
Lot 3, Block 27, less right of way and less part deeded to city for street								
Lot 12, Block 27, less right of way								
Queen Anne Addition								
Lots 3, 4, and 6, Block A, less right of way								
Lot 17, Block A								
Lots 18, 19 and 21, Block n, less right of way								
Lots 5, 7 and 8, Block D, less right of way								
Lot 15, Block D								
Lots 17, 19 and 20, Block D, less right of way								
Lots 24-29, Block 2, Crystal Springs Addition								
Lots 1-6, Block 147, Second Addition to Cheney								
Lots 3 and 4, Block 148, Second Addition to Cheney	4	21N	41E	68.75	9-29-06	183	133	11-12-06
Government Lots 1 and 8								
Government Lot 10, south of Northern Pacific right of way and less S 1/2 S 2 S	7	23N	42E	22.40	4-9-08	209	421	7-6-08
Tract "H" S 1/2 of SE 1/4	23	25N	42E	.40	5-18-59	759	483	10-21-59
Property purchased for construction of High Bridge at Spokane Lot 12, Block 5, Winona Addition Lots 1 and 2, Block 7, Winona Addition								
Property purchased for construction of High Bridge at Spokane (continued) Lots 1 to 10, Block 6, Winona Addition								
Lots 2 to 12, Block 10, Winona Addition								
Lot 5, Block 11, Winona Addition								
Lots 9 and 10, Block 26, Cannon Addition								
Lots 1 to 4, Block 18, Cannon Addition								
Lots 1 to 3, Block 6, Coeur D'Alene Addition								
Lots 1 and 2, 5 to 8, Block 7, Coeur D'Alene Addition								
Lots 5 to 12, Block 5, Woodland Addition								
Lots 7 and 8, Block 7, Woodland Addition								
Lots 1 to 12, Block 28, Leland A Shaw Terrace Park Addition								
Portion No. of St. Hwy.	24	25N	42E		8-13-62	802	310	8-14-62

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Description	Sec- tion	Town- ship	Range	Acres	Date of Deed	Recorded Book	Page	Date Recorded
WHITMAN COUNTY, WASHINGTON								
Lots 1 to 18, Block 4, Lamont								
Lots 1 to 4, 8 to 18, Block 5, Lamont								
Lots 1 and 2, 14 to 18, Block 6, Lamont								
Lots 2 to 5, 10 to 15, Block 8, Lamont								
Lots 3 to 18, Block 9, Lamont								
Lots 1 to 11, Block 10, Lamont								
Lots 1 to 16, Block 11, Lamont								
Lot 6, 8 to 12, Block 12, Lamont								
Lots 1 to 7, 9 and 10, Block 13, Lamont								
Lots 1 to 18, Block 14, Lamont								
Lots 1 to 12, and 15, Block 15, Lamont								
Lots 10 to 12, Block 19, Lamont								
Lots 7 to 10, Block 20, Lamont								
Lots 10 to 12, Block 21, Lamont								
Lots 1 and 2, 7, 9 to 12, Block 23, Lamont								
Lots 3 to 10, Block 24, Lamont								
Lots 4 to 6, 9 and 10, Block 25, Lamont								
Lots 7 to 12, Block 26, Lamont								
Lots 3, 7 to 12, Block 1, First Addition to Lamont								
Lots 1 to 4, NW¼ of 5, and 9, Block 2, First Addition to Lamont								
Lots 3, 7 to 12, Block 3, First Addi- tion to Lamont								
Lots 1 to 12, Block 4, First Addition to Lamont								
Lots 5 and 7, Block 5, Lamont—Original Town								
Lot 6, Block 6, Lamont—Original Town								
Lots 5, 7 and 16, Block 12, Lamont— Original Town								
Lot 8, Block 13, Lamont—Original Town								
SE¼, SE¼ of railroad right of way less right of way for road	21	20N	39E	14	6-26-57	302	587	9-20-57
SW¼ SW¼ less right of way for roads	22	20N	39E	37	6-26-57	302	587	9-20-57
Part of W½ of NW¼ of NW¼	27	20N	39E	10	6-26-57	302	587	9-20-57
NW¼ of NE¼ west of right of way	28	20N	39E	5.35	8-11-08	150	498	8-21-08
NE¼ of NW¼ less right of way	28	20N	39E	38.19	8-2-07	140	9	9-14-07
NW¼ NW¼	28	20N	39E	42.11	8-2-07	140	9	9-14-07
SW¼ of NW¼ less right of way	28	20N	39E	37.16	2-16-07	138	36	4-30-07
SE¼ of NW¼, west of right of way	28	20N	39E	8.78	2-16-07	138	36	4-30-07
NW¼ of NE¼, east of right of way	28	20N	39E	1.97	8-11-08	150	498	8-21-08

Description	Section	Township	Range	Acres	Date of Deed	Recorded Book	Page	Date Recorded
CLATSOP COUNTY, OREGON								
Tract of ground	16	8N	10W	9.9	9-1-98	36	561	9-14-98
Tract of ground	16	8N	10W	12.7	2-13-97	34	583	4-10-97
Tract of ground	9	8N	10W	15.76	3-7-21	105	152	5-7-21
Tract of ground	9	8N	10W	41.60	2-19-97	34	574	4-10-97
Lots 6 to 11, Block 16, Town of New Astoria								
COLUMBIA COUNTY, OREGON								
Part of Government Lot 4	12	6N	2W		5-11-03	0	394	11-6-03
Government Lot 3	34	8N	3W	23.	7-2-51	111	481	7-26-51
Tract of ground	32	5N	4W	21.58	4-23-20	29	264	7-28-20
Tract of ground	5	4N	5W	36.27	12-15-44	203	76	1-8-45
MULTNOMAH COUNTY, OREGON								
Tax Lots 1, 2 and 4	20	2N	1W	356.67	12-15-44	894	465	12-27-44
Tax Lots 15 and 41	28	2N	1W	12.13	12-15-44	894	465	12-27-44
Tax Lot 3	29	2N	1W	.66	12-15-44	894	465	12-27-44
Tax Lots 6 and 7	17	2N	1W	17.00	12-15-44	894	465	12-27-44
Tax Lot 8	3	1N	1W	4.47	1-18-50	1384	101	2-2-50
Tax Lots 18, 27, 49 and 100	2	1N	1W	32.96	1-18-50	1384	101	2-2-50
Lots 12 to 14, Block 6, Waldemere								
Lots 17 and 20, Block 3, Waldemere								
Lot 1 and south 15 feet of Lot 2, Block 65, Town of Linnton								
Lots 4, 5, 6 and easterly 150 feet of Lots 7, 8 and 9, Block 19, Folkenburg addition								
All Blocks 20 to 25, 27, 31, 34 to 51, Folkenburg Addition								
Lots 6, 7, 8 and 9 except part in street and right of way, Dudley Acres	6	1N	1E	2.44	2-28-06	352	350	3-3-06
Lots 4, 5, 6 and 7 of Block 4, Guild's Addition								
Tax Lot 1, part of Block 1, Northern Hill Addition	7	1N	1E		3-1-06	356	145	3-17-06
Tax Lot 2, part of Block 5, Northern Hill Addition	7	1N	1E		6-15-06	363	336	6-16-06
Part Lots 1-9 and Lots 20 to 32, Block 16, Northern Hill Addition	7	1N	1E		1-17-06	359	47	3-22-06
NE 1/4 180 feet of Lots 1-10, River Block, Watson's Addition								
Tax Lot 25	6	1N	1E		9-18-59	1979	23, 32	10-13-59
Tax Lot 5	7	1N	1E		9-18-59	1979	26, 33	10-13-59
Tax Lot 2	29	1N	1E		8-15-46	1111	589	10-19-46
Part Government Lot 4	28	2N	1E		9-18-59	1979	28, 33	10-13-59
WASHINGTON COUNTY, OREGON								
Lot 2200	31	2N	3W		12-30-43	225	557	12-31-43
SW 1/4 of SE 1/4	8	3N	4W	16.2	12-12-50	317	564	2-28-51
N 1/2 of SE 1/4 of SW 1/4	8	3N	4W	20.	7-16-47	279	244	10-10-47
Part of SW 1/4 of NW 1/4	5	3N	4W	16.5	8-18-52	336	264	8-29-52

F. Investments.

All stocks, bonds, notes, advances and other securities and investments, including without limitation thereto the following:

(a) *Shares of Stock:* The following shares of capital stock of the following named companies:

Number of Shares	Company
100,000	Oregon Trunk Railway (Common)
2,000	Oregon Electric Railway Co. (Preferred)
3,800	Oregon Electric Railway Co. (Deferred)
19,600	Oregon Electric Railway Co. (Common)
2,271	Ruth Realty Co. (Common)

(b) *Notes and Advances:* The following notes of, and advances to, the following named obligors (held as of March 2, 1970):

Principal Amount	Obligor
Notes - \$ 28,915.79	Railway Express Agency, Inc.
Advances - \$ 100,000.00	Oregon Electric Railway Company
\$1,380,000.00	Ruth Realty Company
\$ 2,582.92	Association of Western Railways

G. Current Assets and Claims.

All current assets of the Lessor, including without limitation thereto all cash, accounts receivable and material and supplies; all special cash funds and deferred and unadjusted asset accounts, including those in connection with mortgages, equipment trusts, conditional sale agreements and otherwise, special deposits being transferred and accepted subject to the conditions of deposit; and all claims in favor of the Lessor arising out of or in connection with transactions prior to the effective date of this lease.

H. Franchises.

All franchises, rights, powers, privileges and immunities of the Lessor (including any franchise to construct and operate a railroad or other means of transportation and appurtenant facilities), except as hereinafter provided.

I. Other Property.

All other property of whatever character, real, personal or mixed, to the extent of the right, title and interest of the Lessor therein, in which the Lessor has any right, title and interest either alone or jointly with others, save and except the following:

- (a) the franchise of the Lessor to be a corporation; and
- (b) the corporate books and records of the Lessor, to the extent required by it for the preservation of its corporate existence and the proper performance by it of the terms and provisions of this lease.

J. After Acquired Property.

Any and all property of whatever character, real, personal or mixed, including without limitation any cash, which may at any time during the continuance of this lease be acquired by the Lessor, other than property of such a character that if held by the Lessor at the effective date of this lease it would have been excepted from this lease under the provisions of Paragraph I hereof;

TO HAVE AND TO HOLD all the foregoing described properties (herein sometimes collectively referred to as "the demised premises") and every part thereof (other than the rights, easements, licenses and grants referred to in Paragraph B hereof), with the appurtenances thereto belonging, unto the Lessee, its successors and assigns, for the term of ten (10) years from and after the effective date of this lease, unless such term be sooner terminated as hereinafter provided; and to have and to hold the rights, easements, licenses and grants referred to in Paragraph B hereof, for the period of the duration thereof (including renewals or extensions thereof, not in excess of ten (10) years from and after the effective date of this lease, unless such term be sooner terminated as hereinafter provided; together with the rents, issues and profits of the demised premises;

SUBJECT, HOWEVER, to:

- (a) the lien of the Lessor's First Mortgage, dated March 1, 1911, and all amendments and supplements thereto and extensions thereof, and the lien of any other mortgage or mortgages which may with

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the written consent of the Lessee be placed upon the demised premises or any part thereof in replacement of said First Mortgage after the effective date of this lease;

(b) the lien of the Lessor's equipment trust agreements as follows:

Description	Date of Issue	Date of Maturity	Interest Rate	Amount Outstanding at March 2, 1970
Equipment Trust of 1957 First National Bank of Oregon, Trustee				
Property encumbered: 500-box cars	4-1-57	4-1-72	3 3/4 %	\$615,000.00
(c) the lien of the Lessor's conditional sale agreements as to equipment as follows:				
Description	Date of Issue	Date of Maturity	Interest Rate	Amount Outstanding at March 2, 1970
Alco Products, Inc., assigned to U.S. National Bank of Oregon Property, encumbered: 8-D-E Century 425 locomotives	6-1-65	7-1-71	4 3/8 %	\$395,121.92
Gunderson Bros. Engineering Corp., assigned to U. S. National Bank of Oregon Property encumbered: 70-Chip cars	7-15-65	8-1-71	4 3/8 %	332,138.80
Alco Products, Inc., assigned to the Bank of California, N.A. Property encumbered: 6-D-E Century 636 locomotives	9-22-67	2-1-73	5.74 %	963,074.10
Alco Products, Inc. assigned to The First National Bank of Oregon Property encumbered: 4-D-E Century 636 locomotives 2-D-E Century 415 locomotives	8-15-68	1-1-74	6 1/4 %	1,100,458.40
Electro-Motive Division of General Motors Corporation and Gunderson Bros. Engineering Corp., assigned to Wells Fargo Bank, N.A. Property encumbered: 6-EMD GP-38 locomotives 500-box cars	2-10-70	3-1-85	9 3/4 %	9,705,000.00
			Total	\$12,495,793.22

(d) any and all other mortgages, equipment trust agreements, conditional sale agreements, deferred payment obligations, pledges,

liens, encumbrances, charges, obligations and trusts upon or affecting the demised premises, or any part thereof, which may exist at the effective date of this lease or be thereafter created or entered into by the Lessor with the written consent of the Lessee.

ARTICLE VI.

Rental.

SECTION 1. The Lessee covenants and agrees to pay in lawful money of the United States of America to the Lessor, its successors or assigns, at the office of the Lessor in St. Paul, Minnesota, or in the event of the designation in writing by the Lessor of another place for such payments, at such place as may from time to time be so designated by it, or to pay on behalf of the Lessor, as rent for the demised premises, the following:

(a) as and when the same shall become due, but subject to the provisions of Paragraph (f) of this Section and Section 3 of Article VIII hereof, the amount of all obligations which may be reasonably incurred by the Lessor for maintaining and preserving the franchises and corporate existence of the Lessor during the term of this lease, with such organization as may be necessary for the purposes of the Lessor under this lease;

(b) as and when the same shall become due, but subject to the provisions of Paragraph (f) of this Section and Section 3 of Article VIII hereof, all taxes, assessments and other governmental charges (other than those that are required to be charged to capital account, which shall be paid by the Lessee for the account of the Lessor and accounted for by the Lessor under Article VII hereof) which may be lawfully levied or assessed against the demised premises, or any part thereof, or the earnings thereof or the income therefrom in respect of any period or transaction occurring in whole or in part before or during the term of this lease; and all taxes, assessments and other governmental charges which may be so levied or assessed against this lease, against the Lessor, upon the Lessor's franchisees, upon the Lessor's interest in and under this lease, or upon the income or any part thereof received by the Lessor or paid for its account under this lease;

(c) as and when the same shall become due, but subject to the provisions of Paragraph (f) of this Section and Section 3 of Article VIII hereof, all rental and other charges (other than those that are required to be charged to capital account, which shall be paid by the Lessee for the account of the Lessor and accounted for by the Lessor under Article VII hereof), for which the Lessor may be liable which either before or during the term of this lease may become due and payable in respect of any leasehold rights, trackage rights, easements, licenses, grants, contract rights, terminal rights, ordinance rights or other rights included in the demised premises or which may at any time during the term of this lease be acquired by the Lessor with the written approval of the Lessee;

(d) as and when the same shall become due, but subject to the provisions of Paragraph (f) of this Section and Section 3 of Article VIII hereof, the several successive instalments of interest (including amounts applicable to interest and current amortization of discount and expense on all funded debt, including without limitation, equipment trust, deferred payment or conditional sale obligations) accruing during the term of this lease upon any and all bonds, notes and other obligations or evidences of indebtedness, now or hereafter outstanding, in respect of which the Lessor is liable; *provided*, that no payment provided for in this Paragraph (d) shall, during the term of this lease, be made with respect to such bonds, notes and other obligations or evidences of indebtedness which shall at the time be owned by the Lessee or its successors, or by the nominee of either the Lessee or such successor (the term "nominee" for this purpose to include any mortgagee, pledgee or lienholder of the Lessee or any such successor with whom such bonds, notes or other obligations or evidences of indebtedness are pledged, regardless of the name in which such bonds, notes and other obligations or evidences of indebtedness may be registered, except in cases where such payment may be specifically required by the terms of any mortgage, indenture or other instrument of pledge or lien to be paid to the fiduciary thereunder without being thereupon paid over to the Lessee), the Lessee hereby waiving for itself, its successors and any such nominee all right to receive any payment under this Paragraph (d) in respect of any bonds, notes and other obligations or evidences of indebtedness owned by the Lessee or its successor, or such nominee; it being understood that upon the cessation of such owner-

ship or the termination of this lease during the continuance of such ownership appropriate provision shall be made, by endorsement of such bonds, notes and other obligations or evidences of indebtedness or otherwise, so as to protect Lessor against being required to make any payments on account of the period during such ownership or the term of this lease, as the case may be;

(e) as and when the same shall become due, but subject to the provisions of Paragraph (f) of this Section, all amounts payable by the Lessor during the term hereof to persons on or entitled to be on the Lessor's pension rolls on the effective date of this lease and to widows of such persons as and for pension benefits under its existing pension plan;

(f) notwithstanding the provisions of Paragraphs (a), (b), (c), (d) and (e) of this Section, there shall be an equitable apportionment as between the Lessor and the Lessee of the items mentioned in said Paragraphs respectively with respect to the periods prior to, during and subsequent to the term of this lease, so that the Lessee shall pay as rent hereunder only that portion of such items which shall have related to and be equitably allocable to the term of this lease; and any other portion of such items paid by the Lessee shall be deemed paid not as part of the rent reserved hereunder but for the account of the Lessor, and accounted for by the Lessor under Article VII hereof.

SECTION 2. As additional rent for the demised premises, the Lessee also covenants and agrees to pay or account for to the Lessor, amounts equal to the deductions or similar allowances which the Lessor is entitled to claim for each calendar year under the provisions of the Internal Revenue Code for the following causes, which payments may in the first instance be estimated but shall be adjusted when the final allowances are determined:

(i) depreciation, depletion or amortization in respect of the demised premises;

(ii) retirement or abandonment of depreciable, depletable or amortizable property of the Lessor constituting part of the demised premises, solely on account of casualty, obsolescence or other cause not adequately provided for in determining the rates of depreciation, depletion or amortization; and

(iii) retirement or abandonment of non-depreciable property of the Lessor constituting part of the demised premises;
provided, however, that there shall be an equitable apportionment as between the Lessor and the Lessee of said items with respect to the periods prior to, during and subsequent to the term of this lease in like manner as described in Paragraph (f) of Section 1 of this Article II.

ARTICLE III.

Covenants of the Lessor.

SECTION 1. The Lessor covenants that it will during the term of this lease:

(a) at the expense of the Lessee, preserve, or extend or renew, and maintain, to the extent of its rights and powers, its franchises and corporate existence, and such organization as may be necessary for the purposes of this lease;

(b) at any time, upon the written request and at the expense of the Lessee, exercise every corporate power and franchise and do every corporate act necessary or proper to carry out the provisions of this lease and to enable the Lessee to avail itself of and to use and enjoy the demised premises and every part thereof, together with the proceeds, rents, issues and profits thereof; and, to the extent of its rights and powers, execute, acknowledge and deliver to the Lessee such other and further instruments in writing as may be necessary or proper more effectively to confirm and secure to the Lessee, its successors and assigns, the demised premises and every part thereof, and the proceeds, rents, issues, and profits thereof, and all rights, powers and privileges with respect thereto herein conferred or intended so to be;

(c) subject to the provisions of Paragraph (a) of Article IV remain or become responsible for any obligation, claim, suit, judgment, lien or other liability now existing or hereafter arising which grows out of the tenure, operation, maintenance or use of the demised premises prior to the effective date of this lease, and protect and hold harmless the Lessee in respect thereof; and any sums paid by the Lessee on behalf of the Lessor in respect thereof shall be accounted for by the Lessor under Article VII hereof;

(d) at the expense of the Lessee, take such action and execute such instruments as from time to time may be requested by the Lessee for the purpose of renewing, extending or modifying any of the leasehold, trackage or operating rights, easements, licenses, grants, contracts or ordinance rights referred to in Paragraph B of Article I hereof or subsequently becoming part of the demised premises;

(e) permit and authorize the Lessee at all times to have and enjoy all the rights and powers of the Lessor to use, manage and control the demised premises, and to regulate and determine the rates and charges for transportation over the whole or any part thereof, and to collect and appropriate the same for the Lessee's own use;

(f) permit the Lessee to use the name, franchise and corporate powers of the Lessor from time to time in instituting, prosecuting or defending any action, suit or other legal proceeding which in the opinion of the Lessee may be necessary or desirable to enable it to assert or maintain or to defend or protect against invasion or injury, any right or franchise of the Lessor in respect of the demised premises, or any part thereof; and

(g) permit, at any time or times, such person or persons as the Lessee may designate, to inspect the books and records of the Lessee for any purpose whatsoever.

SECTION 2. The Lessee shall have the right and power, at any time during the term of this lease, for the account of the Lessor, (i) to add to, better, improve or extend the lines of railroad, equipment and other property of whatever character forming part of the demised premises, in such manner and to such extent as the Lessee may deem desirable, and (ii) to acquire other property, of whatever character, real, personal or mixed, which the Lessee shall deem it in the interest of the Lessor for the Lessor to acquire. Any capital expenditures made by the Lessee in connection with any such additions, betterments, improvements, extensions and acquisitions shall be for the account of the Lessor, and accounted for under Article VII hereof.

SECTION 3. The Lessee shall have and may exercise all the rights, powers and franchises now possessed or which may hereafter be acquired by the Lessor necessary or convenient for the purposes of any addition,

betterment, improvement, extension or acquisition pursuant to Section 2 of this Article III; and the Lessor covenants that, upon the written request of the Lessee, it will from time to time take such action and institute such proceedings as the Lessee may deem desirable for such purposes, including but without limitation:

(a) the exercise of its powers of eminent domain in respect to any additional property required for the making of any such additions, betterments, improvements, extensions or acquisitions;

(b) if it shall appear to the Lessee that the line, route or grade of the Lessor's transportation system, or any part thereof, can, by a change thereof, be improved, or if such change shall be required by order of public authority made pursuant to law, the taking of such action and proceedings as may be deemed necessary by the Lessee for that purpose; and

(c) the institution and prosecution of all proper proceedings for the purpose of acquiring the right to cross, intersect or connect with any other railroad, river, canal or other waters, or public highway or property which it may become necessary or desirable to cross, intersect or connect with in connection with the operation of the Lessor's transportation system, or the making of such additions, betterments, improvements, extensions or acquisitions.

SECTION 4. The Lessee may, from time to time during the term of this lease, abandon, retire, sell, exchange or otherwise dispose of any of the demised premises insofar as such action may be taken in conformity with law and the provisions of any mortgage, indenture or other instrument affecting any such property; and the Lessor will from time to time during the term of this lease, upon the written request and at the expense of the Lessee, take any such action and proceedings which the Lessee may deem desirable to effectuate any such transaction, including without limitation the securing of the release of any property so sold or otherwise disposed of from any lien or liens to which it may be subject. The net cash proceeds (including the net salvage of any property retired or abandoned, which property shall belong to the Lessee) resulting from any such transaction shall be accounted for by the Lessee to the Lessor under Article VII hereof.

SECTION 5. In case an extension or other modification of any bonds, notes and other obligations or evidences of indebtedness in respect of which the Lessor is liable, can in the judgment of the Lessee be procured or made on terms reasonable and in the interest of the Lessor, whether with or without proceedings under Section 20b of the Interstate Commerce Act or other statutory provision, the Lessor shall, if the Lessee shall so request in writing, subject to any necessary governmental approval, execute any and all agreements or other instruments and do any and all acts which may be necessary or desirable to effectuate any such extension or other modification.

SECTION 6. The Lessor shall not, during the term of this lease, without the written request or consent of the Lessee, issue any shares of capital stock, or any bonds, notes or other obligations or evidences of indebtedness, except that the Lessor shall have the right, from time to time, to issue shares of stock upon stock transfers, and to replace any mutilated, lost, stolen or destroyed stock certificate, and to issue bonds, notes or other obligations or evidences of indebtedness for the purpose of effecting the registration or transfer of any such instrument, or the change thereof from coupon into registered form, or from registered into coupon form, or to replace any such instrument which shall have been mutilated, lost, stolen or destroyed.

SECTION 7. The Lessor hereby authorizes the Lessee, and the Lessee hereby agrees, for and in the name of the Lessor or otherwise, to collect and enforce, insofar as practicable, the current assets and claims referred to in Paragraph C of Article I hereof and to reduce the same to cash; and the Lessor further agrees to execute any and all instruments and do any and all acts which may be reasonably requested by the Lessee to enable the Lessee to collect and enforce said current assets and claims and reduce the same to cash. The amounts realized thereon shall be accounted for by the Lessee to the Lessor under Article VII hereof.

SECTION 8. In case at any time during the term of this lease the Lessor shall be entitled to exercise any right or power, or to take any action, under any mortgage, indenture or other instrument, the Lessor will, upon the request in writing of the Lessee, exercise such right or power, or take such action, in such manner as may be requested by the Lessee.

SECTION 9. Whenever in this lease the Lessee is entitled to take any action for the account of the Lessor, the Lessee shall be entitled, at its option, to cause the Lessor to take such action for the Lessor's own account and in the Lessor's own name. In order to put the Lessor in funds to take any action required of it hereunder involving an expenditure, the Lessee may elect to leave with the Lessor cash to which the Lessee would otherwise be entitled hereunder, or may advance to the Lessor the funds required, to be accounted for by the Lessor to the Lessee under Article VII hereof. The Lessor covenants and agrees, upon the written request of the Lessee, to execute any instruments, and to take any steps or procedure, necessary or desirable so to effectuate any such action.

SECTION 10. In case of the failure or refusal of the Lessor at any time during the term of this lease to execute any instrument or to take any steps or procedure as in this Article III provided, the Lessee shall be entitled, and is hereby authorized, to execute any such instrument, and to take any such steps or procedure, in the name and on the behalf of the Lessor.

SECTION 11. The Lessee may at any time during the term of this lease, for a period or periods not extending beyond such term, without the consent of the Lessor but subject to any necessary governmental approvals, grant the right to use the demised premises, or any part thereof, to others, whether by way of sublease, truckage or operating right or otherwise, upon such terms and conditions as it may deem desirable, and receive and retain the proceeds of any such grant, *provided, however*, that any such grant shall be at all times subject to the provisions of this lease and shall not alter, diminish or impair in any respect the obligations, duties and liabilities of the Lessee hereunder.

SECTION 12. The Lessor further covenants that the Lessee, its successors and assigns, upon paying the rents herein reserved and performing the covenants and agreements herein contained on its part to be performed, shall and may peaceably hold and enjoy the demised premises during the term of this lease, as herein provided, without any hindrance or molestation on the part of the Lessor, or of any other person or persons; and in the event of any such molestation or interference arising out of any claim that the Lessor has not sufficient title to any portion of the demised premises, the enforcement of which might obstruct the Lessee in the use thereof

in the manner herein intended, the Lessor shall be liable to the Lessee in respect of any and all such claims, and the Lessee may do whatever may be necessary to perfect the Lessor's title to an extent sufficient to enable the Lessee so to enjoy the same, charging the expense thereof to the Lessor, to be accounted for under Article VII hereof.

SECTION 13. The Lessee agrees to adopt a pension plan containing uniform provisions for the payment of benefits upon retirement to all employees of the Lessee, including any employees who were prior to the effective date hereof employees of the Lessor, as well as any employees of the Lessor during the term of this lease, eligible under the terms of the existing pension plans of the Lessor and of the Lessee, which will preserve so far as practicable without substantial impairment the provisions made in such existing plans for retirement and pension of employees of such companies who are in active service on the effective date of this lease. Such new plan will be appropriately integrated with existing funded pension plans for such employees with or without funding of the new plan in whole or in part or continuation of funding under any such existing plan or plans.

ARTICLE IV.

Covenants of the Lessee.

The Lessee covenants that during the term of this lease it will:

(a) for the account of the Lessor, and subject to the provisions of Article VII and Section 3 of Article VIII hereof, pay, and from time to time furnish to the Lessor evidence of such payment:

(1) all obligations, claims, suits, judgments, liens and other liabilities arising out of the Lessor's tenure, operation, maintenance and use of the demised premises prior to the effective date of this lease

(2) as and when the same shall become due, but subject to the provisions of Section 5 of Article III hereof, the principal of all bonds, notes and other obligations or evidences of indebtedness now or hereafter outstanding, in respect of which the Lessor is liable, other than those held by the Lessee; and

(3) at the times and in the manner provided in any mortgage, indenture or other instrument executed by the Lessor after the effective date of this lease in accordance with the provisions hereof, any amounts therein required to be paid by the Lessor as or for a sinking, retirement, purchase or similar fund.

(b) perform and observe all the covenants, terms and conditions to be performed and observed by the Lessor under any lease, trackage or operating agreement, easement, license, grant, contract or ordinance, or under any mortgage, indenture or other instrument heretofore entered into or assumed or accepted by the Lessor and in force at the effective date of this lease, or which may be thereafter entered into by the Lessor with the approval of the Lessee, as fully as the Lessor is bound to perform and observe the same; *provided, however*, that the Lessee shall be subrogated and succeed to all rights of the Lessor to compromise or remedy any default thereunder and its consequences; *provided, further*, that whenever in any mortgage, indenture or other instrument existing on the effective date of this lease or thereafter made with the consent of the Lessee, the Lessor shall have agreed or shall agree to guarantee the securities of another company, such obligation shall continue unaffected by the provisions of this lease; and *provided, further*, that the Lessee shall have the right, if deemed by it desirable and in the interest of the Lessor, and subject to the provisions of any existing mortgage, indenture or other instrument, to secure the modification or abrogation of any such lease, trackage or operating agreement, easement, license, grant, contract or ordinance in any proper and lawful way, and to use the name and powers of the Lessor for any such purpose;

(c) to the extent that the Lessor may be required so to do, withhold and pay all sums required to be withheld from the principal of or the interest upon any bonds, notes and other obligations or evidences of indebtedness of the Lessor under any present or future law of the United States of America or of any state, county, municipality or other lawful taxing authority;

(d) operate the lines of railroad and railroad properties included in the demised premises (except such parts thereof as may be sold or

otherwise disposed of, abandoned or retired as in this lease provided), and pay all expenses, salaries, wages, liabilities and other charges incident to such operation;

(e) pay and discharge all expenses, obligations, claims, judgments and suits of every kind and character accruing from and after the effective date of this lease, including all loss, cost, damage or expense arising from or by reason of any act, omission or accident causing injury or death to any person or damage to property, growing out of or connected with the maintenance, operation or use by the Lessee of the demised premises; and protect, indemnify and hold harmless the Lessor on account thereof;

(f) at its own cost and expense, maintain the demised premises in a proper state of repair, except such parts thereof as may be sold or otherwise disposed of, abandoned or retired as in this lease provided; provided, however, that nothing herein contained shall require the Lessee to maintain the demised premises in the same condition or at the same value as when demised hereunder;

(g) comply with all valid orders of public authorities made in connection with the Lessee's operation and maintenance of the demised premises;

(h) not do any act or thing which could or might result in the forfeiture or loss by the Lessor of its franchises, or any of them, other than franchises relating to such parts of the demised premises as may be sold or otherwise disposed of, abandoned or retired as in this lease provided; and

(i) permit the Lessor from time to time to make such reasonable inspection of the demised premises and of the books and records of the Lessee relating thereto, as the Lessor shall desire.

ARTICLE V.

Securities and Investments.

SECTION 1. In respect of the shares of stock, bonds, notes, advances and other securities and investments described in Paragraph F of Article I hereof (including any additions thereto and any shares of stock, bonds,

notes, advances and other securities or investments which may be exchanged or substituted for any thereof, the Lessee shall be entitled from time to time during the term of this lease, but subject to the terms, provisions of any mortgage, indenture or other instrument affecting or relating to any thereof, to have and exercise all the rights of the Lessor in like manner as though the Lessee were the absolute owner of such securities and investments, including without limitation thereto the following:

(a) the right to receive for its own account all cash dividends, interest and other return upon such securities and investments (other than those representing any payment or distribution of or an account of capital or principal); and the Lessor shall, from time to time, execute and deliver any authorization that may be necessary to enable the Lessee to receive the same;

(b) the right to vote such shares of stock, and any other securities which may have voting rights, for the election of directors and for all other purposes, including without limitation the authorization of any increase of capital stock or other change of capitalization, creation of funded debt, mortgage, lien or other charge or any sale, lease, merger or consolidation, and any abandonment or liquidation; and the Lessor shall, from time to time, upon written request by the Lessee, execute and deliver any such proxies, powers of attorney and other instruments as may be necessary or proper to enable the Lessee to vote as aforesaid; and

(c) the Lessee may from time to time sell, pledge, exchange or otherwise dispose of any such shares of stock, bonds, notes, securities or investments.

SECTION 2. Any amounts or property which may at any time become payable or distributable upon any of such shares of stock, bonds, notes, advances and other securities or investments (other than cash dividends, interest and other return not representing any payment or distribution of or on account of capital or principal), and any and all net proceeds from the sale, exchange or other disposition of any of such shares of stock, bonds, notes, advances and other securities or investments, shall be paid or distributed to the Lessee but shall be accounted for by it to the Lessor under Article VII hereof.

ARTICLE VI.

Issue of Securities.

For the purpose of (a) refunding or otherwise replacing bonds, notes, other obligations and evidences of indebtedness for which the Lessor is liable, and (b) financing or reimbursing the Lessee for payments made by it for (i) principal and sinking fund payments on bonds, notes, other obligations and other evidences of indebtedness for which the Lessor is liable, (ii) capital expenditures in respect of the demised premises and (iii) other expenditures made for the account of the Lessor hereunder, the Lessor will, upon the written request of the Lessee, from time to time during the term of this lease and subject to any necessary governmental approval, make, execute, issue and deliver to the Lessee, in such amounts as may be necessary for the purposes aforesaid, bonds, notes or other obligations or evidences of indebtedness having such rates of interest, maturities and other terms and with such security as the Lessee shall in writing request; or, at the option of the Lessee, the Lessor shall obligate itself in respect of such refunding, replacement, financing or reimbursement in such other manner as the Lessee shall in writing request. All bonds, notes and other obligations or evidences of indebtedness issued and delivered to the Lessee in reimbursement pursuant to this Article VI shall be accepted by the Lessee at the fair value thereof, to be determined by agreement between the Lessor and the Lessee.

ARTICLE VII.

Termination of the Lease.

SECTION 1. Upon the termination of this lease the Lessee shall surrender and deliver to the Lessor, in a proper state of repair (but only in the condition required by Paragraph (f) of Article IV hereof), the demised premises and every part thereof, including all additions, betterments, improvements, extensions and acquisitions, and all substitutions, made for the account of the Lessor, but except such portions thereof as may have been consumed, sold, abandoned or otherwise disposed of pursuant to the provisions of this lease. The cash payment, if any, made as part of such surrender and delivery, shall be determined and paid pursuant to the provisions of Section 2 of this Article VII. The premises so surrendered and

delivered shall be free and clear of all liens and encumbrances except those existing at the effective date of this lease or created or arising during the term of this lease by or for the account of the Lessor pursuant to the terms hereof.

SECTION 2. The Lessee shall keep an account of all transactions under this lease in respect of which debits or credits arise between the Lessor and the Lessee, in which account, among other things, the Lessor shall be given credit for all cash received by the Lessee under Paragraphs G and J of Article I hereof. Upon the termination of this lease there shall be a final account stated between the parties as to all such transactions, including without limitation the extent to which any credits in favor of the Lessee have been previously reimbursed to it by the issue of securities pursuant to Article VI hereof or otherwise. In the event the book value of the material and supplies surrendered and delivered to the Lessor at the termination of this Lease, as reflected on the books of the Lessee, shall be greater or less than the book value of the material and supplies delivered to the Lessee at the effective date of this lease, as reflected on the books of the Lessor, such difference in book value shall be accounted for in such final account. The party indebted to the other party as disclosed by the account so stated shall pay to the other party, promptly after said account shall have been stated, the balance due in lawful money of the United States of America.

ARTICLE VIII.

Remedies in Case of Default.

SECTION 1. If at any time during the term of this lease the Lessee shall default in the performance of its obligations with respect to rent hereunder, or shall default in the performance of any other of its covenants or agreements herein contained, and any such default shall continue for a period of ninety (90) days after written notice thereof from the Lessor to the Lessee, it shall be lawful for the Lessor, at its option, without further notice or demand, which is hereby waived, to declare the term hereof ended and this lease terminated and cancelled, and to enter into and upon the demised premises and every part thereof and remove all persons therefrom without let or hindrance, and thenceforth to have, hold and enjoy the demised premises, including all additions, betterments, improvements, exten-

sions and acquisitions, and all substitutions, then forming part thereof, free of any right of the Lessee to hold or use the same, with the right to collect the rentals then due, to have an accounting under Article VII hereof, and to recover damages, if any, for the breach of this lease.

The Lessor, however, may take such other and further action for the enforcement of the provisions of this lease as to it may seem advisable; and all remedies, whether at law or in equity, or by this lease reserved, shall always be construed as cumulative, and the exercise of any remedy shall not be deemed to bar the exercise of any other remedy.

In the event of the termination and cancellation of this lease under the provisions of this Article VIII, the Lessee shall transfer, assign, convey and quitclaim to the Lessor all of the Lessee's rights under this lease in and to the demised premises not theretofore accounted for, all subject to the provisions of Article VII hereof.

SECTION 2. If at any time during the term of this lease a court of competent jurisdiction in a proper proceeding shall have taken jurisdiction of the Lessee or its property, and if any such proceeding shall not have been dismissed within six months following its institution and the trustee, receiver or other court officer appointed in said proceeding shall not within said six months have adopted this lease and cured all defaults, if any, thereunder, then and in such event the Lessor may, without further notice or demand, exercise and enforce all rights and remedies provided for in Section 1 of this Article VIII for cases of default.

SECTION 3. Notwithstanding the requirements of any provision of this lease, the Lessee may, by appropriate legal proceedings taken promptly and in good faith, contest the validity of any taxes, assessments, other charges, claims or covenants of whatever kind, and any orders or other actions of public authorities, asserted or sought to be enforced against the Lessor, the Lessee or the demised premises, and failure to pursue any such proceedings or to conform to any such covenants, orders or other actions pending final determination of said legal proceedings shall not constitute a default hereunder.

ARTICLE IX.

Termination Upon Default Under Certain Instruments.

Anything to the contrary in this lease notwithstanding, if in any mortgage, indenture or other instrument constituting a lien upon or otherwise affecting any of the demised premises it shall be provided that any lease of the properties subject to or affected by such mortgage, indenture or other instrument shall be made subject to termination by the Lessor or by the trustee of such mortgage, indenture or other instrument in case of the happening of an event of default thereunder, or by the purchaser at any sale of the mortgaged premises made in enforcement of such mortgage, indenture or other instrument, this lease is hereby made subject to termination by the Lessor, such trustee or such purchaser, as the case may be, as to the properties upon which such mortgage, indenture or other instrument constitutes a lien, but only as to such properties (unless the Lessee shall elect in writing that the lease shall terminate in its entirety, in which case it shall so terminate); *provided, however*, that an event of default under any such mortgage, indenture or other instrument shall not operate ipso facto to effect such termination and such termination shall be effected only by the affirmative action of the Lessor, such trustee or such purchaser, as the case may be, in accordance with the terms, conditions and provisions of such mortgage, indenture or other instrument; and *provided, further*, that the Lessee shall be subrogated and succeed to all rights of the Lessor to make good and to remedy such event of default and its consequences.

ARTICLE X.

Miscellaneous Provisions.

SECTION 1. The terms "current assets", "additions", "betterments", "extensions", "improvements", "depreciation", "amortization", "retirements", and other accounting terms used in this lease shall be construed, and all accounting and other computations required hereunder shall be made, unless the context clearly requires otherwise, in accordance with the Interstate Commerce Commission's Uniform System of Accounts for Railroad Companies as in effect at the time in question, or the accounting rules of any other Federal authority having jurisdiction over the accounts

of the Lessor and the Lessee, or, to the extent not determined thereby or in case there shall be no such System or accounting rules in effect at such time, in accordance with sound accounting principles.

SECTION 2. Adjustment as between the Lessor and the Lessee in respect of division of revenue accruing from traffic in transit at the effective date of this lease, all unaudited items affecting operating expenses, incidental operating revenues and other income items, other than interest charges, amortization of discount and taxes, shall be made in such manner as may be agreed upon by the accounting representatives of the Lessor and the Lessee, respectively; and upon the termination of this lease a corresponding adjustment shall be made in like manner.

SECTION 3. This lease and all the covenants and agreements hereof shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto, including any successor of either party resulting from a merger or consolidation.

SECTION 4. Except as specifically provided in Article IX of this lease no rights of any character whatever shall for any purpose accrue to or be deemed to be conferred upon any person, firm or corporation under this lease other than the Lessor and the Lessee and their respective successors and assigns.

SECTION 5. If any suit shall be commenced against either party hereto, for or on account of any obligation, damage or injury for which the other party is solely liable within the meaning of this lease, the party so sued shall give to the other party notice of the pendency of such suit, and thereupon such other party shall assume the defense of such suit, and shall save and hold harmless the party so sued from all loss and expense and from all costs by reason thereof. As between the parties hereto, neither party shall be concluded by any judgment against the other, unless it had reasonable notice that it was required to defend and had reasonable opportunity to make defense. When such notice and opportunity shall have been given, the party notified shall be concluded by the judgment as to all matters which it could have litigated in such suit.

SECTION 6. This lease is to take effect and be in force as of 12:01 A.M., Pacific Standard Time, March 3, 1970 which date is sometimes referred to herein as "the effective date of this lease." Hereafter the

Lessee may operate the demised premises either in its own name or in the name of the Lessor.

SECTION 7. Any notice required or permitted to be given by the Lessor to the Lessee under this lease shall be deemed sufficiently given if and when mailed by registered or certified mail to the Lessee at St. Paul, Minnesota, or such other address as may from time to time be designated in writing by the Lessee to the Lessor for this purpose.

Any notice required or permitted to be given by the Lessee to the Lessor under this lease shall be deemed sufficiently given if and when mailed by registered or certified mail to the Lessor at St. Paul, Minnesota, or such other address as may from time to time be designated in writing by the Lessor to the Lessee for this purpose.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed in several counterparts on their behalf by their respective Presidents and their corporate seals to be hereunto affixed and attested by their respective Secretaries or Assistant Secretaries, all as of the day and year first above written.

SPOKANE, PORTLAND AND SEATTLE RAILWAY COMPANY

By

President

TEST:

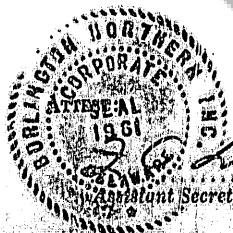
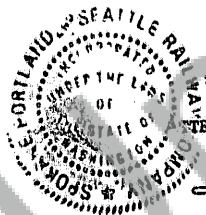
Assistant Secretary

BURLINGTON NORTHERN INC.

By

President

Assistant Secretary

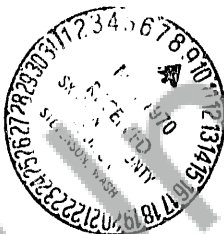


State of Minnesota

ss:

County of Ramsey

On this 2nd day of March, 1970, before me, a Notary Public, personally appeared J. M. Budd and F. A. Deming, to me personally known, who, being each by me duly sworn, did say that they are, respectively, the President and an Assistant Secretary of the Spokane, Portland and Seattle Railway Company named in the foregoing instrument and that the seal affixed to said instrument is the corporate seal of said corporation and that the said instrument was executed in behalf of said corporation by authority of its Board of Trustees, and said J. M. Budd and F. A. Deming acknowledged said instrument to be the free act and deed of said corporation.



Richard J. Wolfe
 RICHARD J. WOLFE
 Notary Public, Ramsey County, Minn.
 My Commission Expires April 1, 1972



State of Minnesota

ss:

County of Ramsey

On this 2nd day of March, 1970, before me, a Notary Public, personally appeared L. W. Menk and F. A. Deming, to me personally known, who, being each by me duly sworn, did say that they are, respectively, the President and an Assistant Secretary of Burlington Northern Inc., named in the foregoing instrument and that the seal affixed to said instrument is the corporate seal of said corporation and that the said instrument was executed in behalf of said corporation by authority of its Board of Directors, and said L. W. Menk and F. A. Deming acknowledged said instrument to be the free act and deed of said corporation.



Michael J. Muller
 Notary Public
 My Comm. Expires 12/31/70

71887

STATE OF WASHINGTON
 COUNTY OF SKAMANIA

I HEREBY CERTIFY THAT THE WITHIN

INSTRUMENT WAS FILED BY _____

John J. Gustafson
 OR *Michael J. Muller* *Chgo*
 AT 10:40 A.M. MAR. 7 1970

WAS RECORDED IN BOOK 5

OR *Page 104* AT PAGE 104

RECORDS OF SKAMANIA COUNTY, WASH.

H. P. Todd
 COUNTY AUDITOR

E. Mueller

REGISTERED	<i>E</i>
INDEXED: DIR.	<i>E</i>
INDIRECT:	<i>E</i>
RECORDED:	
COMPARED:	
MAILED	