

SEP 17 1971 - P 3027

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LEASE OF RAILROAD EQUIPMENT, dated as of November 1, 1971, between Merchants Despatch Transportation Corporation, a Delaware corporation (hereinafter called the Lessor), and Indianapolis Union Railway Company, an Indiana corporation (hereinafter called the Lessee).

WHEREAS, pursuant to an assignment dated as of November 1, 1971 (hereinafter called the Lessee Assignment), the Lessee has assigned to the Lessor, and the Lessor, has accepted, certain rights of the Lessee under Purchase Agreement No. 5034, dated June 24, 1971, between the Lessee and Electro-Motive Division, General Motors Corporation (hereinafter called the 'Manufacturer'), including the right to purchase the railroad equipment referred to therein;

WHEREAS, the Lessee desires to lease said equipment (which is described in Schedule A hereto), at the rentals and for the term and upon the conditions hereinafter provided;

NOW THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Unit to the Lessee upon the following terms and conditions:

1. DELIVERY AND ACCEPTANCE OF UNIT.

The Lessor will cause the Unit to be tendered to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Lessor under the appropriate Purchase Agreement. Upon such tender, the Lessee will cause an authorized representative of the Lessee to inspect the same, and if such Unit is found to be in good order, to accept delivery of such Unit and execute and deliver to the Lessor and to the appropriate Manufacturer a certificate of acceptance and delivery (hereinafter called the Certificate of Delivery), whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

2. RENTALS.

The Lessee agrees to pay to the Lessor, as rental for the Unit subject to this Lease, 60 consecutive quarterly payments of \$4,255.35, payable on the 15th day of March, June, September and December, commencing with the month of March, 1972; provided, however, that if any of the payment dates referred to above is not a business day, the payment shall be payable on the next succeeding business day.

All payments provided for in this Lease to be made to the Lessor shall be made to the Lessor by check delivered to the Lessor at 139 West Van Buren Street, Chicago, Illinois 60605, not later than the due date thereof, or delivered at such other place as the Lessor shall specify in writing.

This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due to, or by reason of, any past, present or future claims of the Lessee against the Lessor under this Lease or the Manufacturers or otherwise; not except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use of or destruction of the Unit from whatsoever cause, the prohibition of or other restriction against Lessee's use of the Unit, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

3. TERM OF LEASE.

The term of this Lease as to each Unit shall begin on the date of the delivery to and acceptance by the Lessee of such Unit and subject to the provisions of Nos. 6, 8 and 11 hereof, shall terminate on December 14, 1986.

4. IDENTIFICATION MARKS.

The Lessee will cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on the side of the Unit, in letters not less than one inch in height, the following words:

"MERCHANTS DESPATCH TRANSPORTATION CORPORATION,
OWNER, LESSOR"

or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be

required by law in order to protect the title of the Lessor to such Unit and the rights of the Lessor under this Lease. The Lessee will not place the Unit in operation or exercise any control or dominion over the same until such names and words shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Lessee will not change the identifying number of the Unit except in accordance with a statement of new identifying number to be substituted therefor, which statement previously shall have been filed with the Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease will have been filed, recorded or deposited.

Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Unit to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by them of the same or a similar type for convenience of identification of their rights to use the Unit as permitted under this Lease.

5. TAXES.

All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state or federal or Canadian (Dominion or Provincial) taxes (other than any federal income tax or any Canadian (Dominion or Provincial) income tax (to the extent that the Lessor receives credit therefor against its United States federal income tax liability) payable by the Lessor in consequence of the receipt of payments provided herein and other than the aggregate of all state or local net income taxes or franchise taxes measured by net income based on such receipts, up to the amount of any such taxes which would be payable to the state and local taxing jurisdictions in which the Lessor has its principal place of business if such receipts were not apportionable to any other state, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided), assessments or license fees and any charges, fines or penalties in connection therewith (hereinafter called impositions) hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all impositions which might

in any way affect the title of the Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any impositions so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Lessor, adversely affect the title, property or rights of the Lessor. If any impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of invoice therefor.

In the event that the Lessor shall become obligated to make any payment to the Manufacturers pursuant to Agreements not covered by the foregoing paragraph of this § 5, the Lessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to the Purchase Agreements.

In the event any reports with respect to impositions are required to be made on the basis of the Unit, the Lessee will either make such reports in such manner as to show the interests of the Lessor in such Unit or notify the Lessor of such requirement and make such reports in such manner as shall be satisfactory to the Lessor. The Lessee shall provide the Lessor with such other information as may be required by the Lessor to satisfy the Lessor's tax reporting requirements.

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

6. RISK OF LOSS; PAYMENT FOR CASUALTY OCCURRENCES.

The Lessee shall bear the risk of the Unit being lost, destroyed or otherwise rendered permanently unfit or unavailable for use after delivery thereof to and acceptance by the Lessee hereunder. In the event that the Unit shall be or become worn out, lost, stolen, destroyed, or in the opinion of the Lessor, irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (such occurrences being hereinafter called Casualty Occurrences) during the term of this Lease, the Lessee shall, within fifteen (15) days after it shall have determined that the Unit has suffered a Casualty Occurrence, fully notify the Lessor with respect thereto. On the rental payment date next succeeding such notice the Lessee shall pay to the Lessor an amount equal to the total remaining rentals to be paid discounted on a 7 1/2% per annum basis. Upon the making of such payment by the Lessee in respect of the Unit, the rental for such Unit shall cease to accrue as of the date of such payment, the term of this Lease as to such Unit shall terminate and the Lessee shall also pay the Lessor the salvage value of such Unit, which will be based upon its net scrap value, computed at the current quoted price per gross ton of number 1 railroad heavy melting steel scrap at Pittsburgh, Pennsylvania, on the date of the Casualty Occurrence, less an allowance of \$4.50 per gross ton for dismantling such Unit. Upon such payment of the Salvage Value for such Unit, the title to such Unit shall pass to and vest in the Lessee.

7. DISCLAIMER OF WARRANTIES; COMPLIANCE WITH LAWS AND RULES; MAINTENANCE; AND INDEMNIFICATION.

The Lessor makes no warranty or representation, either express or implied, as to the design or condition of, or as to the quality of the material, equipment or workmanship in, the Unit delivered to the Lessee hereunder, and the Lessor makes no warranty of merchantability or fitness of the Unit for any particular purpose or as to title to the Unit or any component thereof, it being agreed that all such risks, as between the Lessor and the Lessee are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for account of the Lessor and/or the Lessee, as their interests may appear, whatever claims and rights the Lessor may have, as vendee, under the provisions of the Purchase Agreement. The Lessee's acceptance of delivery of the Unit shall be conclusive evidence as between the Lessee and the Lessor that the Unit described in the Certificate of Delivery is in all the foregoing respects satisfactory to the Lessee and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees to comply in all respects with all laws of the jurisdictions in which the Unit may be operated, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation and the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Unit. In the event that such laws or rules require the alteration of the Unit or in case any equipment or appliance on the Unit shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on the Unit in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, changes, additions and replacements at its own expense; and the Lessee agrees at its own expense to use, maintain and operate the Unit in full compliance with such laws, regulations, requirements and rules so long as it is subject to this Lease; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property or rights of the Lessor hereunder.

The Lessee agrees that, at its own cost and expense, it will maintain and keep the Unit which is subject to this Lease in good order and repair.

Any and all additions to the Unit and any and all parts installed on or replacements made to the Unit shall be considered accessions to such Unit and, at the cost and expense of the Lessee, full ownership thereof free of any lien, charge, security interest or encumbrance shall immediately be vested in the Lessor.

The Lessee agrees to indemnify and save harmless the Lessor against any charge or claim made against the Lessor, and against any expense, loss or liability (including but not limited to counsel fees and expenses, patent liabilities, penalties and interest) which the Lessor may incur in any manner by reason of entering into or the performance of this Lease or by reason of the ownership of the Unit, or which may arise in any manner out of or as the result of the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of the Unit under this Lease, except as otherwise provided in § 12 of this Lease. The Lessee further agrees to indemnify and save harmless the Lessor against any charge, claim, expense, loss or liability on account of any accident in connection with the operation, use, condition, possession or storage of the Unit resulting in damage to property or injury to any person. The indemnities arising under this paragraph shall survive payment of all other obligations under this Lease or the termination of this Lease.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports to be filed by the Lessor with any federal, state or other regulatory authority by reason of the ownership by the Lessor of the Unit or the leasing thereof to the Lessee.

3. DEFAULT.

If, during the continuance of this Lease, one or more of the following events (hereinafter sometimes called Events of Default) shall occur:

A. default shall be made in the payment of any part of the rental provided in § 2 hereof and such default shall continue for five (5) days;

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of possession of the Unit;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for 30 days after written notice from the Lessor to the Lessee specifying the default and demanding that the same be remedied;

D. any proceedings shall be commenced by or against the Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder), unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), and all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;
or

E. a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may hereafter be amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier;

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

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

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Unit shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where the Unit may be and take possession of the Unit and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Unit for any purposes whatever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to the Unit, which represents the excess of (x) the present value, at the time of such termination, of the entire unpaid balance of all rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over (y) the then present value of the rentals which the Lessor reasonably estimates to

be obtainable for the Unit during such period, such present value to be computed in each case on the basis of an interest rate of 7 1/2% per annum, compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, and (ii) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

9. RETURN OF UNIT UPON DEFAULT.

If this Lease shall terminate pursuant to § 8 hereof, the Lessee shall forthwith deliver possession of the Unit to the Lessor. For the purpose of delivering possession of the Unit to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

- A. forthwith place the Unit upon such storage tracks of the Lessee as the Lessor reasonably may designate,
- B. permit the Lessor to store the Unit on such tracks at the risk of the Lessee until such Unit has been sold, leased or otherwise disposed of by the Lessor, and
- C. transport the same to any place on the lines of railroad operated by it or any of its affiliates or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage and transporting of the Unit as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree

against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Unit. During any storage period, the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of the Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence.

Without in any way limiting the obligation of the Lessee under the foregoing provision of this § 9, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of the Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

10. ASSIGNMENT; POSSESSION AND USE.

This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Unit in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not assign or transfer its leasehold interest under this Lease; provided, however, that the Lessee shall have the right, without the consent of the Lessor, to sublease the Unit to any corporation at least 80% of the capital stock of which is owned by the Lessee, but only to the extent that such subleasing shall not adversely affect the entitlement of the Lessor to amortization of the Unit over a five-year period as permitted by the Tax Reform Act of 1969. In addition, the Lessee, at its own expense, will promptly cause to be duly discharged any lien, charge, security interest or other encumbrance (other than an encumbrance resulting from claims against the Lessor not related to the ownership of the Unit) which may at any time be imposed on or with respect to the Unit including any accession thereto or the interests of the Lessor or the Lessee therein. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, the Unit, except to the extent permitted by the provisions of this No. 10.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of Unit and to the use thereof upon its lines of railroad or upon lines of railroad over which the Lessee has trackage or other operating rights or over which railroad equipment of the Lessee is regularly operated pursuant to contract, and also to permit the use of the Unit upon other railroads in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease, including the last paragraph of this No. 10. The Lessee may receive and retain compensation for such use from other railroads so using the Unit.

Nothing in this No. 10 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Unit or possession of the Unit to any corporation (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety.

11. PURCHASE OR RENEWAL OPTION.

Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may, by written notice delivered to the Lessor not less than six months prior to the end of the original term of lease or any extended term of lease of the Unit, as the case may be, elect (i) to extend the term of this Lease for successive periods of five years commencing on the respective scheduled expiration dates of the terms of lease of the Unit, provided that no such extended term shall extend beyond December 14, 1996, at a fair market rental; and (ii) to purchase the Unit at the end of the respective original or extended terms of lease at a price equal to the respective "Fair Market Value" of the Unit as of the end of such terms.

Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's length transaction, for Units in good order and repair, between an informed and willing buyer-user (other than (i) a lessee currently in possession and (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value. If the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Value of the Unit such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term Appraiser shall mean such independent appraiser as the Lessor and the Lessee may mutually agree upon, or failing such agreement, a panel of three independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the

third designated by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. The expenses and fee of the Appraiser shall be borne by the Lessee.

12. RETURN OF THE UNIT UPON EXPIRATION OF TERM.

As soon as practicable on or after the expiration of the term of lease, the Lessee will (unless the Unit is sold to the Lessee), at its own cost and expense, at the request of the Lessor, deliver possession of the Unit to the Lessor, in good order and repair (fair wear and tear excepted), upon such storage tracks of the Lessee as the Lessee may designate and permit the Lessor to store the Unit on such tracks for a period not exceeding three months and transport the same, at any time within such three-month period, to any reasonable place on the lines of railroad operated by the Lessee as directed by the Lessor; the movement and storage of the Unit to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of the Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Unit as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Unit. In the event that the Unit shall at any time suffer a Casualty Occurrence, the Lessee shall thereupon assume and hold the Lessor harmless from all liability arising in respect of any responsibility of ownership thereof. The Lessor shall execute and deliver to the Lessee a bill of sale transferring to the Lessee, or upon its order, the Lessor's title to and property in the Unit which shall so have suffered a Casualty Occurrence. The Lessee shall have no liability to the Lessor in respect of the Unit abandoned by the Lessor after termination of this Lease; provided, however, that the foregoing clause shall not in any way relieve the Lessee of its obligations pursuant to § 6 hereof to make payments equal to the Casualty Value of the Unit experiencing a Casualty Occurrence during the term of this Lease.

13. OPINION OF COUNSEL.

On the date of delivery of the Unit hereunder, the Lessee will deliver to the Lessor the written opinion of counsel for the Lessee, addressed to the Lessor, in scope and substance satisfactory to the Lessor and its counsel, to the effect that:

- A. the Lessee is a corporation legally incorporated, validly existing and in good standing under the laws of the State of Indiana, with adequate corporate power to enter into this Lease and the Lessee Assignment;
- B. this Lease has been duly authorized, executed and delivered by the Lessee and constitute valid, legal and binding agreements of the Lessee, enforceable in accordance with their respective terms;
- C. this Lease has been duly filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act and duly deposited in the office of the Registrar General of Canada and notice of such deposit has been duly published or accepted for publication in the CANADA GAZETTE in accordance with Section 148 of the Railway Act of Canada; and no other act, filing, recording or deposit (or giving of notice) in respect of this Lease is necessary in order to protect the interests hereunder of the Lessor in and to the Unit, in any State of the United States of America, the District of Columbia or the Dominion of Canada or any Province or Territory thereof;
- D. no approval is required from any public regulatory body with respect to the entering into or performance of this Lease;
- E. the entering into and performance of this Lease will not result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Lessee is a party or by which it may be bound; and
- F. no mortgage, deed of trust, or other lien of any nature whatsoever which now covers or affects, or which may hereafter cover or affect, any property or interests therein of the Lessee, now attaches or hereafter will attach to the Unit or in any manner affects or will affect adversely the Lessor's right, title and interest therein; provided, however, that such liens may attach to the rights of the Lessee hereunder in and to the Unit.

14. FEDERAL INCOME TAXES.

The Lessor, as the owner of the Unit shall be entitled to such deductions, credits and other benefits as are provided by the Internal Revenue Code of 1954, as amended, to an owner of property, including (without limitation) an allowance for depreciation on an accelerated basis. In that connection the Lessee represents, warrants and agrees to and with the Lessor that neither the Lessee, nor any other person, firm or corporation, has or will have placed in service or otherwise used the Unit prior to the date of delivery thereof to the Lessee pursuant to this Lease.

15. RECORDING; EXPENSES.

The Lessee will cause this Lease and any assignment hereof to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and to be duly deposited in the office of the Registrar General of Canada; and the Lessee will cause the required notice of such deposit forthwith thereafter to be published in the CANADA GAZETTE in accordance with Section 148 of the Railway Act of Canada. The Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, re-register, re-record or redeposit whenever required) any and all future instruments required by law or reasonably requested by the Lessor for the purpose of proper protection, to its satisfaction, of the Lessor's interest in the Unit, or for the purpose of carrying out the intention of this Lease; and the Lessee will promptly furnish to the Lessor evidences of all such filing, recording or depositing, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Lessor. This Lease shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of the Unit.

The Lessor will pay the reasonable costs and expenses involved in the preparation and printing of this Lease. The Lessor and the Lessee will each bear the respective fees and disbursements, if any, of their respective counsel.

16. INTEREST ON OVERDUE RENTALS.

Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay also an amount equal to 10% per annum of the overdue rentals for the period of time during which they are overdue.

17. NOTICES.

Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States mails, first-class postage prepaid, addressed as follows:

if to the Lessor, at 139 West Van Buren Street,
Chicago, Illinois 60605

if to the Lessee, at Union Station
Indianapolis, Indiana

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

18. EXECUTION.

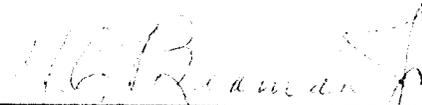
This Lease may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument. Although this Lease is dated as of November 1, 1971, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

19. LAW GOVERNING.

The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and subsequent amendments thereto.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this instrument to be executed in their respective corporate names by duly authorized officers, and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

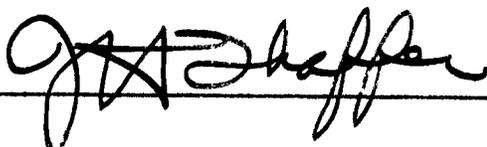
MERCHANTS DESPATCH TRANSPORTATION CORPORATION

By 
H. C. Beaman, Jr.
President

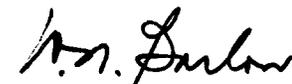
Attest:


Secretary

INDIANAPOLIS UNION RAILWAY COMPANY

By 
Treasurer

Attest:


ASSISTANT Secretary

PENNSYLVANIA

STATE OF INDIANA)
PHILADELPHIA (ss.
COUNTY OF MARION)

On this 16th day of December, 1971, before me personally appeared J. H. Skupper, to me personally known, who, being by me duly sworn, says that he is Treasurer ~~XXXXXXXX~~ of INDIANAPOLIS UNION RAILWAY COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Catherine M. Pfeiffer
Notary Public

CATHERINE M. PFEIFFER
Notary Public, Philadelphia, Philadelphia Co.
My Commission Expires October 8, 1973

SCHEDULE "A"

Model: One (1) SW-1500

Description: Diesel-Electric Locomotive, 1500 H.P.

Specification No.
and Date: Spec. No. 8036 dated 11/15/70 and including
modifications listed in Proposal #71-C-1
dated 3/15/71

Lessee's Road No.: 29

Price: \$152,500