

LEASE

RECORDATION NO.

6635

Filed & Recorded

JUN 19 1972 - 10 05 AM

INTERSTATE COMMERCE COMMISSION

AGREEMENT made this 19th day of June, 1972, between

UNITED STATES RAILWAY LEASING COMPANY, an Illinois corporation, (hereinafter called "United"), and GEORGE P. BAKER, RICHARD C. BOND, JERVIS LANGDON, JR., and WILLARD WIRTZ, Trustees of the Property of the Penn Central Transportation Company, Debtor (hereinafter called "Lessees").

RECITALS

Lessees desire to lease from United as Lessor certain railroad cars, hereinafter specifically designated, all upon the rentals and terms and conditions set forth in this Lease.

AGREEMENT

It is Agreed:

1. Lease of Cars. United agrees to lease to Lessees and Lessees agree to and do hereby lease from United that number of railroad cars, of the type, construction and such other description (hereinafter referred to as the "Cars") as is set forth in Exhibit "A" attached hereto and by this reference made a part hereof. The Cars covered by this Lease are those which shall be delivered to and accepted by Lessees pursuant to Paragraphs 2 and 3 hereof. The Lease shall become effective as to any Car immediately upon its acceptance pursuant to Paragraph 3 hereof.

2. Delivery of Cars. United shall deliver the Cars as promptly as is reasonably possible from time to time in groups of no less than five. United shall not be responsible for failure to deliver or delay in delivering Cars due to casualties and contingencies beyond its direct control, such as, but not limited to, labor difficulties, fire, delays and defaults of carriers and car and material suppliers; provided, however, that in no event shall Lessees be obligated to accept delivery of Cars after July 31, 1973. Initial delivery shall be f.o.t. Blue Island, Illinois. Thereafter, Lessee shall be liable for and shall pay or reimburse

ADMINISTRATIVE SERVICES
PAIL BRANCH

United for the payment of all costs, charges, and expenses of any kind whatsoever on account of or relating to switching demurrage, detention, storage, transportation or movement of Cars, including specifically, but not exclusively, freight and switching charges for movement to and from the plant of U. S. Railway Mfg. Co. (hereinafter called "Manufacturer") at any time and for any reason.

3. Condition of Cars - Acceptance. All Cars delivered hereunder shall be in satisfactory condition for movement in the normal interchange of rail traffic and shall otherwise comply with the description contained in Exhibit "A" and specification referred to in Paragraph 32 hereof; but Lessees shall be solely responsible for determining that Cars are in proper condition. Within five days after United shall give Lessees notice that some or all Cars are ready for delivery, Lessees shall, within five days after receipt of such notice have their authorized representative inspect such Cars at United's plant and accept or reject them as to condition. Cars so inspected and accepted by Lessees shall as to United be conclusively deemed to meet all requirements of this Lease and any differences or discrepancies from specified condition, construction, type, equipment, or otherwise, are thereby waived by Lessees without further act on their part. This Paragraph 3 shall not affect Lessees' right against Manufacturer or any supplier of Manufacturer pursuant to Paragraph 32 hereof. Lessees shall issue and deliver to United, with respect to all Cars accepted as or deemed hereunder to meet the requirements of this Lease, a Certificate of Inspection and Acceptance in the text attached hereto as Exhibit "B" and by this reference made a part hereof.

4. Use and Possession. Throughout the continuance of this Lease, so long as Lessees are not in default hereunder, Lessees shall be entitled to possession of each Car from the date the Lease becomes effective as to each Car and may use such Car,

(a) on lines of railroad operated by them; and

(b) Upon the lines of any railroad or other person, firm or corporation in the usual interchange of traffic for such compensation as may be required by the then current Code of Car Hire Rules and Interpretations--Freight or the Code of Rules Governing the Condition of, and Repairs to, Freight and Passenger Cars for the interchange of traffic adopted by the Association of American Railroads (hereinafter called the "Interchange Rules") but at all times subject to the terms and conditions of this Lease,

provided, however, that at all times the Cars shall be used only in the United States of America, Canada, or Mexico, and in a careful and prudent manner solely for the uses for which they were designed;

provided further that if the Cars are to be used in assigned service involving their operation in Mexico, the Lessees shall obtain the prior consent of United, which consent shall not unreasonably be withheld; provided further that any Car which shall remain in Mexico for more than 30 days, other than pursuant to United's consent as aforesaid, shall be deemed lost, stolen, destroyed or damaged beyond economical repair within the meaning of Paragraph 17 hereof.

5. Term - Average Date. This Lease shall be for a term (hereinafter referred to as the "Original Term") which shall commence on the date of delivery by United of the first Car, as provided in Paragraph 2 hereof, and shall terminate fifteen (15) years from the Average Date of Delivery unless sooner terminated in accordance with the provisions of this Lease. The Average Date of Delivery shall be determined after delivery of the Cars as follows,

(a) multiply the number of Cars delivered by United on each day by the number of days elapsed between such day and the date of delivery of the first Car hereunder, then add all of the products so obtained and divide by the total number of Cars so delivered; the quotient rounded out to the nearest whole number shall be added to the date of delivery of the first Car, and the resulting date shall constitute the Average Date of Delivery;

(b) the date on which delivery of a Car shall be deemed to have been made will be the day following delivery of the Car to the Lessees, as specified in Paragraph 2. A Car shall be conclusively deemed delivered to the Lessees on the date shown on the Certificate of Inspection and Acceptance accepting such car signed on behalf of the Lessees.

6. Option to Extend. Unless Lessees are in default under the provisions of this Lease, Lessees shall have the option to extend the term of this Lease upon the same terms and conditions as to all or any portion of the Cars then subject to this Lease, for two (2) successive periods of five (5) years each (herein called, respectively, the "First Extended Term" and the "Second Extended Term"). Lessees shall exercise said options, if at all, by giving written notice of such exercise to United no less than ninety (90) days and no more than six (6) months prior to the expiration of the original term of the First Extended Term, as the case may be. Subject to prior termination by United on account of default by the Lessees, the First Extended Term shall commence at the end of the original term and shall continue for five (5) years thereafter; and the Second Extended Term shall commence at the end of the First Extended Term and shall continue for five (5) years thereafter, at which time this Lease shall terminate in all events.

7. Amount of Rental. Lessees shall pay to United as rental for each Car:

(a) During the original term, from and including the date of delivery of such Car, the sum of \$227.20 per Car per month;

(b) During the First Extended Term, and Second Extended Term, the sum of \$170.40 per Car per month.

8. Payment. Lessees shall make payment of the rental as well as any other sum due hereunder to United in Chicago funds at its offices specified in Paragraph 23 hereof; or such other place as United may direct. Rental payments shall be made on or before the 15th day of each month succeeding the month for which such rental has accrued.

9. Title. United has or will have title to the Cars at the time they are delivered hereunder to Lessees and Lessees shall not by reason of this Lease or any action taken hereunder acquire or have any right or title in the Cars except the rights herein expressly granted to it as Lessees.

10. Maintenance. Lessees shall, during the continuance of this Lease, promptly and with due diligence, keep and maintain the Cars in good working order and repair (ordinary wear and tear excepted) and make all replacements, changes or additions to the Cars or their equipment and appliances to the extent necessary or required from time to time:

(a) by the Interchange Rules; and

(b) by applicable laws and regulations of any state or governmental body, including specifically but not exclusively, the United States Department of Transportation,

all at Lessees' own cost and expense and without any abatement in rent or other loss, cost or expense to United; provided, however, that the provisions of Paragraph 17 hereof shall apply in the event of damage or destruction beyond repair. Any parts, replacements, or additions made to any Car shall be accessions to such Car and title hereto shall be immediately vested in United without cost or expense to United, except that this shall not apply to special equipment (other than that required by subparagraph 10(a) or 10(b)) installed in any Car by Lessees with the consent of United provided that such equipment is removed by Lessees before the Cars are returned to United and all damage resulting from such installation and removal is repaired by Lessees and further provided that removal of such equipment does not affect the Cars' serviceability or use in unrestricted interchange, or the Lessees are not in default.

11. Taxes and Other Levies. Lessees shall promptly pay all taxes, duties, assessments and other governmental charges, including sales, use or ad valorem taxes levied or assessed on account of the sale or delivery of the Car by the manufacturer thereof to United or the leasing of the Cars hereunder or otherwise levied or assessed during the continuance of this Lease upon the Cars or the interest of the Lessees therein or any thereof, or upon the use or operation thereof or the Lessees' earnings arising therefrom, and if any levy or assessment is made against United on account of any of the foregoing matters or on account of its ownership of the Cars, exclusive, however, of any taxes on the rentals herein provided or the net income of United therefrom (except any such tax on rentals which is in substitution for, or relieves the Lessees from the payment of taxes which it would otherwise be obligated to pay or reimburse as hereinbefore provided), Lessees will promptly pay or reimburse United for same; but the Lessees shall not be required to pay the same so long as they shall in good faith and by appropriate legal or administrative proceedings contest the validity or amount thereof unless thereby, in the judgment of United, the rights or interests of United in and to the Cars will be materially endangered, nor shall Lessees be required to make any tax payment which is deferred by order of a court having jurisdiction provided that such deferment shall not subject the title and interest of United in and to the Cars to any lien and encumbrance. In the event any tax reports are required to be made on the basis of individual Cars, the Lessees will either make such reports in such manner as to show the ownership of such Cars by United or will notify United of such requirements and will make such report in such manner as shall be satisfactory to United.

12. Liens. Lessees shall keep the Cars free from any encumbrances or liens, which may be a cloud upon or otherwise affect United's title, which arise out of any suit involving Lessees, or any act, omission or failure of Lessees or Lessees' failure to comply with the provisions of this Lease, and shall promptly discharge any such lien, encumbrance or legal process, except such as are permitted by United under Paragraph 11 hereof.

13. Indemnity - Patent Covenants. Lessees agree to indemnify United (for the purposes of this Paragraph 13, the term "United" shall mean and include any subsidiary, parent or affiliated corporation, including Manufacturer, provided that Lessees' indemnity shall not eliminate Manufacturer's warranty) and save it harmless from any charge, loss, claim, suit, expense or liability which United may suffer or incur and which arises in connection with the use or operation of a Car or Cars while subject to this Lease (but not while in United's shop or possession) and without regard as to how such charge, loss, claim, suit, expense or liability arises,

including without limiting the generality of the foregoing, whether it arises from latent or other defects which may or may not have been discoverable by United. United agrees to indemnify Lessees and save them harmless against any charge, loss, claim, suit, expense or liability arising out of or on account of the use or incorporation by United upon delivery of a Car or upon the making of repairs thereto by United, of any invention or the infringement of any patents, except if such invention was not manufactured by Manufacturer and the use or incorporation of such invention was specified by Lessees. The indemnities and assumptions of liability herein contained shall survive the termination of this Lease. Each party shall, upon learning of same, give the other prompt notice of any claim or liability hereby indemnified against.

14. Warranty - Representations. Except as otherwise provided in Paragraph 9, United makes no warranty or representation of any kind whatsoever, either express or implied as to any matter whatsoever, including specifically but not exclusively, merchantability, fitness, design, workmanship, condition or quality of the Cars or parts thereof which Cars have been accepted by Lessees hereunder, and United shall have no liability hereunder for damages of any kind, including specifically but not exclusively, special, indirect, incidental, or consequential on account of any matter which would otherwise constitute a breach of warranty or representation. United hereby assigns to Lessees such rights as it may have under warranties, if any, which it may have received from the manufacturer of any new Cars and shall at Lessees' expense cooperate with Lessees and take such action as may be reasonably requested to enable Lessees to enforce such rights. Lessees represent that all of the matters set forth in Paragraph 22(a) through and including (e) shall be and are true and correct at all times that any Car is subject to this Lease.

15. Car Marking. Each Car upon delivery will be distinctly, permanently and conspicuously marked in stencil with one of the reporting numbers and marks specified in Exhibit "A" and with a legend on each side in letters not less than one inch in height substantially as follows:

UNITED STATES RAILWAY LEASING COMPANY
Des Plaines, Illinois
Lessor

The name of any assignee of United's interest or trustee or mortgagee having an interest in the Car shall also appear if requested by United or such other party, or in lieu thereof United may add the following inscription:

Title to this Car subject to documents recorded
under Section 20(c) of Interstate Commerce Act.

Lessees shall immediately replace any such stenciling which may be removed, destroyed or become illegible wholly or in part. Upon Les-

sees' request United shall furnish a stencil with the form of the marks, numbers and legend. Except for the numbering and stenciling as provided herein, and such markings as Lessees desire to indicate their interest hereunder, Lessees shall keep the Cars free from any marking or labeling which might be interpreted as a claim or ownership thereof by Lessees, or any party other than United.

16. Inspection - Inventory. During the continuance of this Lease, United shall have the right, at its own cost and expense, to inspect the Cars at any reasonable time or times wherever the Cars may be. United hereby assumes the risk of any personal injury to its inspectors or property damage it suffers arising from such inspections. Lessees shall, upon request of United, but no more than once every year, furnish to United two (2) copies of an accurate inventory of all Cars in service.

17. Loss, Theft or Destruction of Cars. In the event any Car is lost or stolen or is destroyed or damaged beyond economical repair from any cause whatsoever, Lessees shall promptly and fully inform United of such occurrence and shall within thirty (30) days after the date of such notice, pay to United, as liquidated damages in lieu of any further claim of United hereunder except for accrued rent and such claims as arise or exist under Paragraphs 11, 12 and 13, an amount in cash equal to:

(a) the present worth, as hereinafter defined, of the total remaining rental for such Car which would otherwise accrue during the original term as defined in Paragraph 5, from the date of such occurrence to the last day of such term; plus

(b) the net scrap value, as hereinafter defined, for such Car.

If any such loss, destruction or damage occurs off the lines of railroad operated by Lessees, United may elect in lieu of the amount provided in Paragraphs (a) and (b) to receive a sum equal to the settlement basis provided by the Interchange Rules. The present worth of the total remaining rental as used in this Paragraph 17(a) shall mean an amount equal to the rental discounted on an eight per cent (8%) per annum basis (compounded monthly from the date of such occurrence to the end of the original term). The net scrap value shall mean an amount in cash equal to the average of the current quoted price per net ton of No. 1 Heavy Railroad Melting Steel Scrap, prevailing at Pittsburgh, Pennsylvania, Cleveland, Ohio and Chicago, Illinois as published in Iron Age or other reputable industrial journals, on the first day of the month preceding the month in which payment of such net scrap value is required to be made, multiplied by thirty-five (35) tons. This Lease shall continue in full force and effect irrespective of the cause, place or extent of any damage, loss or destruction of any of the Cars, the risk of which shall be borne by

the Lessees; provided, however, that this Lease shall terminate with respect to any Car which is lost, stolen or destroyed or damaged beyond repair on the date United shall receive payment of the amount required to be paid to it on account of such Car under this Paragraph 17.

18. Return of Cars. Upon the expiration or upon the termination of this Lease with respect to any Car (other than pursuant to Paragraph 17 hereof), Lessees shall at their sole cost and expense,

(a) forthwith surrender possession of such Car to United in the condition required by Paragraph 10 hereof by delivering same to United (at its plant at Washington, Indiana or Blue Island, Illinois, as United elects), and

(b) if United shall so request by written notice delivered prior to surrender of possession of such Car as above provided, provide suitable storage for such Car for a period of ninety (90) days from the date of expiration or termination and inform United of the place of storage and the reporting number of the Car there stored.

Delivery in storage shall constitute delivery of possession for the purpose of this Paragraph 18 and such storage shall be at the risk of United. Upon termination of the storage period or upon request of United prior thereto, Lessees shall cause the Car to be transported to United at the place and in the manner provided in Paragraph 18(a). Until the delivery of possession to United pursuant to Paragraph 18(a) or (b), Lessees shall continue to pay rental at the rate being paid immediately prior to termination or expiration, and Lessees shall, in addition, make all other payments and keep all obligations and undertakings required of Lessees under any and all provisions of this Lease as though such termination or expiration had not occurred.

19. Default. The term "event of default" for the purpose hereof shall mean any one or more of the following:

(a) non-payment by Lessees within thirty (30) days after the same becomes due of any installment of rental or any other sum required to be paid hereunder by Lessees;

(b) the Lessees shall default or fail for a period of thirty (30) days in the due observance or performance of any covenant, condition or agreement required to be observed or performed on its part hereunder;

(c) the representations made by Lessees as provided in Paragraph 14 hereof shall at any time during the continuance of this Lease become untrue or incorrect;

(d) this Lease is rejected or the obligations of the Lessees hereunder are not assumed by the Reorganized Company (as that term is hereinafter defined in Paragraph 34); or the Reorganization Proceedings (as that term is hereinafter defined in subparagraph (e) of this Paragraph 19) are dismissed or otherwise terminated without the adoption of a plan confirming this Lease in all respects;

(e) a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against any Reorganized Company as hereinafter defined and all the obligations of Lessees under this Lease shall not have been duly assumed by a trustee or trustees appointed in such proceedings or otherwise given the same status as obligations assumed by such a trustee or trustees within thirty (30) days after such appointment, if any, or sixty (60) days after such petition shall have been filed, whichever shall be earlier; or

(f) any proceedings shall be commenced by or against any Reorganized Company as hereinafter defined 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 readjustment of the indebtedness payable hereunder), and all the obligations of Lessees under this Lease shall not have been duly assumed by a trustee or trustees or receiver or receivers appointed for such Reorganized Company or for its property in connection with any such proceedings or otherwise given the same status as obligations assumed by such a trustee or trustees or receiver or receivers, within thirty (30) days after such appointment, if any, or sixty (60) days after such proceedings shall have been commenced, whichever shall be earlier;

(g) the order of the United States District Court for the Eastern District of Pennsylvania entered in the Reorganization Proceedings authorizing the execution and delivery of this Lease shall be reversed, modified, amended, terminated or superseded in any material respect which might adversely affect the rights, powers, privileges, remedies or obligations of United under this Lease or of any assignee of United's right, title and interest in and under the Lease and the continuance of any such Order unstayed and in effect for a period of sixty (60) days from the date of entry thereof.

20. Remedies. Upon the happening of an event of default, United, at its option, may:

(a) proceed by appropriate court action either at law or in equity for specific performance by the Lessees of the applicable covenants of this Lease or to recover from Lessees all damages, including specifically but not exclusively, expenses and attorneys' fees which United may sustain by reason of Lessees' default or on account of United's enforcement of its remedies hereunder;

(b) elect only to terminate the Lessees' right of possession (but not to terminate the Lease) without releasing Lessees in whole or in part from their liabilities and obligations accrued hereunder, or hereafter to accrue for the remaining term of the Lease, and thereupon require Lessees to deliver all such Cars to United in accordance with Paragraph 18. United may, but need not, require delivery of the Cars to it or repossess the Cars, but in the event the Cars are delivered to United or are repossessed, United shall use reasonable efforts to relet the same or any part thereof to others upon a reasonable rental and such other terms as it may see fit. The proceeds of any such reletting shall first be applied to the expenses (including reasonable attorneys' fees) of retaking and reletting of the Cars and delivery to the new Lessees and then to the payment of rent due under this Lease. Lessees shall pay any deficiency remaining due after so applying the proceeds as the same shall accrue. Lessees shall not assert, in mitigation of their damages or otherwise, any lack of diligence by United in or related to the procuring of another lessee or in refusing to accept any proposed or prospective lessee or other transaction, such matters being within United's sole discretion and determination. The election by United to relet the Cars and the acceptance of a new lessee shall not operate to release Lessees from liability for any existing or future default in any other covenant or promise herein contained;

(c) declare this Lease terminated and recover from Lessees all amounts then due and payable plus, as liquidated damages for loss of the bargain and not as penalty, a sum which represents the excess of the present worth, at the time of such termination, if any, of the aggregate rental which would have thereafter accrued from the date of such termination to the end of the original term over the then present worth of the fair rental value of the Cars for such period. Present worth is to be computed in each case on the basis of a nine per cent (9%) per annum discount, compounded monthly from the respective dates upon which rental would have been payable hereunder had this Lease not

terminated. In addition to the foregoing, United shall recover any damages sustained by reason of the breach of any covenant of the Lease other than for the payment of rental;

(d) recover or take possession of any or all of the Cars and hold, possess and enjoy the same, free from any right of the Lessees to use the Cars for any purposes whatsoever.

The remedies provided in this Paragraph 20 in favor of United shall not be deemed exclusive but shall, where not by rule of law inconsistent with each other, be cumulative and may be availed of singly, in combination, or all together and in any order, and shall be in addition to all other remedies, in United's favor existing at law or in equity. The Lessees hereby waive any mandatory requirements of law now or hereafter in effect which might limit or modify any of the remedies herein provided to the extent that such waiver is permitted by law.

21. Sublease and Assignment. Lessees shall have the right to sublease any of the Cars, subject at all times to the terms of this Lease, and each of the parties shall have the right to assign the Lease or their rights thereunder only as follows:

(a) all rights of United hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of either in whole or in part with or without notice to Lessees, but subject to Lessees' rights under this Lease. If United shall have given written notice to Lessees stating the identity and post office address of any assignee entitled to receive future rentals and any other sums payable by Lessees hereunder, Lessees shall thereafter make such payments to the designated assignee. Lessees will not amend, alter or terminate this Lease without the consent of the assignee while such assignment is in effect. The rights of any assignee or any party or parties on behalf of whom such assignee is acting shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever, whether arising out of any breach of any obligation of United hereunder or by reason of any other indebtedness or liability at any time owing by United to the Lessees;

(b) Lessees shall not assign this Lease without the written consent of United, provided, however, that Lessees may assign all of their rights under this Lease to another railroad corporation which succeeds to all or substantially all of the property and business of Penn Central Transportation Company, Debtor, or to any governmental agency, provided that such successor shall assume all of the obligations of the Lessees hereunder.

The making of an assignment or sublease by Lessees or an assignment by United shall not serve to relieve such party of any liability or

undertakings hereunder nor to impose any liability or undertaking hereunder upon any such assignee or sublessee except as otherwise provided above or unless expressly assumed in writing by such sublessee of assignee.

22. Opinion of Counsel. Upon the request of United or its assignee at any time or times, Lessees will deliver to United an opinion of Counsel for Lessees or an attorney designated by him, addressed to United or its assignee in form and substance satisfactory to counsel for United, or its assignee, which opinion shall be to the effect that:

(a) Lessees, George P. Baker, Richard C. Bond, Jervis Langdon, Jr., and Willard Wirtz have been and are duly appointed and validly acting as Trustees of the property of Penn Central Transportation Company, Debtor, have the power and authority to carry on its business, and by specific order of court have been authorized to execute and deliver this Lease; or alternatively if, during the continuance of this Lease there shall be a corporation or other entity succeeding to the aforementioned Lessees' interest, that such lessee is duly organized and validly existing under all applicable laws and that it has full power and right to enter into or assume this Lease and carry out all of Lessees' obligations hereunder;

(b) this Lease constitutes the legal, valid and binding obligation of Lessees enforceable in accordance with its terms and the obligation of Lessees during the continuance of the Reorganization Proceedings for rental and other payments hereunder constitutes an expense of administration payable on a parity with other such expenses and no other Equipment obligation incurred by the Lessees before or after their execution of this Lease has priority over this Lease in such Reorganization proceedings with regard to the Cars, and upon occurrence of an Event of Default (as defined in Paragraph 19 hereof) any claim for damages under this Lease will constitute such an expense of administration;

(c) the rights of United as set forth in this Lease and the title of United to the Cars are free and clear of the lien of any mortgage, security agreement or other instrument binding on Lessees or in favor of any party claiming by, through or under Lessees or Penn Central Transportation Company, Debtor, and all of the Cars were, upon delivery to Lessees in condition satisfactory to Lessees and were accepted by Lessees in accordance with the terms of this Lease; provided that with respect to its opinion as to the satisfactory condition of the Cars counsel for Lessees may rely upon Certificates of Inspection and Acceptance executed by the duly authorized representative of the Lessees.

(d) no recording, filing or depositing of this Lease, other than with the Interstate Commerce Commission in accordance with Section 20(c) of the Interstate Commerce Act and with the Registrar General of Canada pursuant to Section 86 of the Railway Act, together with required notice of such depositing, is necessary to preserve or protect the title of United or its assignee in the United States of America and in Canada; and

(e) all governmental or other authority or approval necessary, if any, in connection with the execution and delivery of this Lease or the performance of any of Lessees' obligations thereunder has been obtained.

23. Notice. Any notice required or permitted to be given pursuant to the terms of this Lease shall be properly given when forwarded registered United States mail, return receipt requested, postage prepaid, addressed to:

United at: 2200 East Devon Avenue, Des Plaines, Illinois 60018

or at such other address as United may from time to time designate by notice in writing and to:

Lessees at: 1334 Six Penn Center Plaza, Philadelphia, Pa. 19104
Attention: Treasurer

or any such other place as Lessees may from time to time designate by notice in writing.

24. Recording of Lease. Prior to the delivery and acceptance of the first Car, United intends, without expense to Lessees, to cause this Lease and any assignment thereof to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20(c) of the Interstate Commerce Act and with the Registrar General of Canada pursuant to Section 86 of the Railway Act, together with required notice of such recording. Lessees will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, reregister or rerecord whenever required) any and all further instruments required by law or reasonably requested by United, for the purpose of proper protection to the satisfaction of counsel for United, of its title to the Cars, or for the purpose of carrying out the intention of this Lease. Except as hereinbefore provided, Lessees will pay all costs, charges and expenses incident to the filing, refiling, registering, reregistering, recording and rerecording of any such further instrument or incident to the taking of any such other action, and will furnish to United certificates or other evidence of any such action.

25. Governing Law - Writing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Illinois. The terms of this Lease and the rights and obligations of the parties hereto may not be changed or terminated orally, but only by agreement in writing signed by the party against whom enforcement of such change or termination is sought.

26. Counterparts. This Lease may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be evidenced by any such signed counterpart.

27. Severability - Waiver. If any term or provision of this Lease or the application thereof to any persons or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law. Failure of United to exercise any rights hereunder shall not constitute a waiver of any such right upon the continuation or recurrence of the situation or contingency giving rise to such right.

28. Terminology. In construing any language contained in this Lease, no reference shall be made and no significance given to paragraph titles, such titles being used only for convenience or reference. Where the context so permits, the singular shall include the plural and vice versa.

29. Past Due Rental. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals or other sum due hereunder, whether during the thirty (30) day period within which a default may be cured or for a longer period, and whether or not deemed a default or violation of this Lease, shall result in the obligation on the part of the Lessees to pay also an amount equal to ten per cent (10%) per annum (or if such rate may not lawfully be charged, then the highest rate which may lawfully be charged) of the overdue rentals for the period of time during which they are overdue.

30. Benefit. The covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of the parties, their successors and assigns (to the extent permitted in Paragraph 21 hereof) and the term "United" and the term "Lessees" shall mean, respectively, all of the foregoing persons who are at any time bound by the terms hereof. Without limiting the generality of the foregoing, the indemnities of the Lessees contained in Paragraph 13 hereof shall apply to and inure to the benefit of any assignee of United, and if such assignee is a trustee under an indenture under which notes of United have been issued in connection with the financing of the Cars, then to any holder of such notes.

31. Purchase Option. The Lessees shall have the right to purchase the Cars if Lessees are not then in default hereunder at the expiration of the original term of the Lease, or extended term if the option to extend has been exercised, by serving written notice on United at any time within the last year of such term, at least ninety (90) days prior to the last day of such term. The purchase price shall be the greater of:

(i) the depreciated value of the Cars on reproduction cost basis as provided under the Interchange Rules as of the end of the original or extended lease term, whichever is applicable, or

(ii) the fair market value to be agreed upon by United and Lessees.

In the event that the parties cannot agree on fair market value, it shall be determined by three (3) arbitrators, one to be selected by Lessees, one by United and the third selected by the two arbitrators selected by the parties. Fair market value for the purposes hereof shall mean the value which would obtain in arm's length transaction between an informed and willing buyer other than a buyer currently in possession and an informed and willing seller under no compulsion to sell without deducting from such value costs or removal of the Cars from their location in current use.

32. Manufacturer's Warranty. Lessees acknowledge that the sole warranties applicable to the Cars or in any way arising out of or in connection with this transaction, are the manufacturer's warranties received by United upon sale or transfer of the Cars to it by the manufacturer. Such manufacturer's warranty, which United is required to and does hereby assign to Lessees in accordance with Paragraph 14 of this Lease, is as follows:

Manufacturer warrants that when delivered, the Cars will be as required by the specifications approved by the the party for whose use the Cars are originally intended and entitled U. S. Railway Mfg. Co. Final Specification for Penn Central Dated January 20, 1972 - rev. March 2, 1972 (provided that in the event Manufacturer shall be unable to secure any specified materials for any reason beyond its control, the specifications shall be deemed to be modified so as to permit substitutions not materially adversely affecting the Cars) and (except as to items furnished or supplied by the party for whose use such Cars are originally intended or items specified by such party which are not manufactured, supplied or performed by Manufacturer) will be free from defects in material and workmanship under normal use and service. Manufacturer's sole obligation under this warranty shall be limited to repairing or replacing any part or parts of such Cars which shall, within one (1) year after Manufacturer shall have made delivery of such defective Car, be returned to such place as Manufacturer shall designate, with transportation

charges prepaid, and which Manufacturer's examination shall disclose to Manufacturer's reasonable satisfaction to have been defective in normal use and service. THIS WARRANTY IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE EXTENDING BEYOND THE DESCRIPTION IN THE SPECIFICATIONS AND OF ALL OTHER OBLIGATIONS AND LIABILITIES ON THE PART OF MANUFACTURER, and Manufacturer shall not be liable for any indirect, special or consequential damages resulting from any defects in material or workmanship. United agrees to obtain from Manufacturer and to assign to Lessees any warranty rights which Manufacturer may have against any supplier of component parts of the Cars.

33. Insurance.

(a) Lessees shall, at their own cost and expense, insure each Car from the time of delivery and acceptance thereof and at all times thereafter until Lessees' obligations under this Lease with respect to such Car have been discharged, against loss of any kind or nature or from any cause whatsoever (such as, fire, lightning, theft, wreck, derailment, collision, flood, tornado, cyclone, sabotage, riot or civil commotion), such insurance, in the case of each Car, to be in an amount equal to the settlement basis provided by the Interchange Rules, except that such coverage may be limited so that any loss (1) amounting to less than \$2,500 per Car or (2) amounting to more than \$100,000 per occurrence, shall not be payable by the insurer. All such insurance shall be taken for the benefit of United and Lessees, as their respective interests may appear, in an insurance company or companies satisfactory to United. Such policy or policies shall insure the respective interests of United and Lessees in the Cars and shall provide that the proceeds of such insurance shall be payable to Lessor. All insurance proceeds received by United with respect to any Car shall:

(i) be paid to Lessees, in the case of repairable damage to such Car or Cars, upon receipt by United from Lessees of proof in duplicate satisfactory to United of the proper repair of such damage; or

(ii) be applied by United, in the case of the loss, destruction or damage beyond repair of such Car or Cars, towards the satisfaction of Lessees' obligation to make the payment required by Paragraph 17 hereof.

(b) All such policies required above shall contain a provision to the effect that the insurer will give United thirty (30) days' prior written notice before cancellation, termination, or modification of any such policy is effective.

(c) In the event Lessees are notified that United has assigned this Lease and/or the rentals payable hereunder, Lessees shall provide insurance containing loss payable clauses satisfactory to both United and United's assignee. The Lessees shall furnish United or United's assignee with certificates or other satisfactory evidence of the maintenance of the insurance required hereunder.

(d) Except as provided in subparagraph (e) of this Paragraph 33, the proceeds of any insurance received by United on account of or for any loss or casualty shall be released to Lessees upon a written application signed by one of Lessees or by a person designated by Lessees for the payment of, or to reimburse Lessees for, the cost of repairing the Cars which have been damaged. Such application shall be accompanied by satisfactory evidence of the cost and satisfactory completion of such repair. If an Event of Default has occurred and is continuing hereunder, such proceeds may be applied at United's Option, against any liability of Lessees to United hereunder.

(e) The proceeds of any insurance received by United on account of a lost, stolen, destroyed or damaged Car, in respect of which Lessees shall have made payment to United pursuant to Paragraph 17 hereof, shall be released to Lessees upon a written application signed by one of the Lessees or a person designated by the Lessees, provided, however, that if an Event of Default has occurred and is continuing hereunder, such proceeds may be applied by United against any liability of Lessees to United hereunder.

34. Reorganized Company. The term "Reorganized Company" shall mean any corporation, including Penn Central Transportation Company or other entity, which acquires substantially all of the property and business of Penn Central Transportation Company, Debtor upon termination of the trusteeship of the property of Penn Central Transportation Company, Debtor, and shall include any successor pursuant to Paragraph 21(b) hereof.

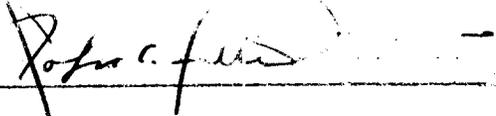
35. Lessees. The term "Lessees" shall mean George P. Baker, Richard C. Bond, Jervis Langdon, Jr. and Willard Wirtz, Trustees of the property of Penn Central Transportation Company, Debtor, as well as any additional or successor Trustees of such property, and upon assignment and transfer of or succession to the interest of the Lessees to a Reorganized Company, shall mean any such Reorganized Company as well as any successor and assignee provided in Paragraph 21 hereof.

IN WITNESS WHEREOF, United and Lessees have duly executed this Lease as of the day and year first above written.

UNITED STATES RAILWAY LEASING COMPANY,

an Illinois corporation

By



President

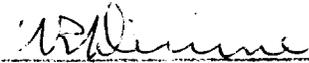
ATTEST:



Secretary

GEORGE P. BAKER, RICHARD C. BOND,
JERVIS LANGDON, JR. and WILLARD WIRTZ,
Trustees of the Property of the Penn
Central Transportation Company, Debtor

By



Vice-President

Witness:



ASSISTANT Secretary

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this *24th* day of *June*, 1972,
before me personally appeared *John C. Felten* to me
personally known, who being by me duly sworn, says that
he is _____ President of the United States
Railway Leasing Company, and *Paul R. Leck* to
me personally known to be the _____ Secretary of
said corporation, that the seal 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
they acknowledge that the execution of the foregoing
instrument was the free act and deed of said corporation.

Paul R. Leck
Notary Public

My Commission Expires June 11, 1975

COMMONWEALTH OF PENNSYLVANIA)
) SS
COUNTY OF PHILADELPHIA)

On this *16th* day of *June*, 1972, before
me personally appeared *W.R. DIVINE* to me personally
known, who being by me duly sworn, says that he is
_____ of the Trustees of Penn Central Trans-
portation Company, Debtor, and *W. H. BARLOW*
to me personally known to be the ASSISTANT
Secretary of said Trustees, that said instrument was signed
on behalf of and by authority of said Trustees, and they
acknowledged that the execution of the foregoing instrument
was the free act and deed of said Trustees.

Catherine M. Pfeiffer
Notary Public

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

EXHIBIT "A"

Lease dated June 12, 1972, by and between UNITED STATES RAILWAY LEASING COMPANY ("United") and GEORGE P. BAKER, RICHARD C. BOND, JERVIS LANGDON, JR., and WILLARD WIRTZ, as Trustees of the property of the Penn Central Transportation Company, Debtor, and not individually ("Lessees" or "Trustees").

<u>Type of Car</u>	<u>Number of Cars</u>	<u>Reporting Numbers and Marks</u>
Group 1 -- 50'6" 70 Ton Box Cars with Dual Air Pac, 20" Cushion Pak underframe and 10' sliding doors	500	PC 229000 to PC 229499, both inclusive

EXHIBIT "B"

Lease dated _____, 1972, by and between UNITED STATES RAILWAY LEASING COMPANY ("United") and GEORGE P. BAKER, RICHARD C. BOND, JERVIS LANGDON, JR. and WILLARD WIRTZ, Trustees of the property of Penn Central Transportation Company, Debtor ("Lessees")

CERTIFICATE OF INSPECTION AND ACCEPTANCE

_____, 1972

United States Railway Leasing Company
2200 East Devon Avenue
Des Plaines, Illinois 60018

Gentlemen:

I, the undersigned, being the duly authorized representative of Lessees, hereby certify that I, either personally or through qualified inspectors working under my supervision, have made an inspection of _____ () Cars bearing numbers as follows:

and hereby accept such Cars for the Lessess pursuant to the Lease; that each of said Cars is plainly marked in stencil on both sides of each car with the words:

UNITED STATES RAILWAY LEASING COMPANY
DES PLAINES, ILLINOIS
Lessor

Title to this Car subject to documents recorded under Section 20(c) of Interstate Commerce Act.

in readily visible letters not less than one inch in height; and that each of said Cars conforms to, and fully complies with the terms of said Lease and is in condition satisfactory to the Lessess.

NOTICE OF ASSIGNMENT

This is to advise that, effective April 1, 1976, 12:01 a.m., the Financing Agreement described below has been assigned to the Consolidated Rail Corporation by the Trustees of:

Penn Central Transportation Company
Six Penn Center Plaza
Philadelphia, PA 19104

The Financing Agreement is a Lease Agreement, dated 6/12/72, bearing the ICC recordation number 6635. The payee's name and address is:

United States Railway Equipment Company
2200 East Devon Avenue
Des Plaines, Illinois 60018

This Notice of Assignment has been placed in the file of the ICC recordation number listed above and the entire assignment is contained in the ICC recordation file stamped in the margin of this assignment. A copy hereof will be promptly mailed to the payee listed above for distribution to the beneficial holder(s) of the Financing Agreement described in this Notice of Assignment.

Consolidated Rail Corporation