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COMMERCE

Lease of Railroad Equipment

Dated July 26, 1972

FROM

EL-PCTC LEASING CORPORATION,
Lessor

TO

GEORGE P. BAKER, RICHARD C. BOND,
JERVIS LANGDON, JR. and WILLARD WIRTZ,
Trustees of the Property of
PENN CENTRAL TRANSPORTATION COMPANY, Debtor,
Lessees

100 Diesel-Electric Locomotives

THIS LEASE OF RAILROAD EQUIPMENT dated July 26, 1972, between EL-PCTC LEASING CORPORATION, a corporation of the State of Delaware (Lessor), and GEORGE P. BAKER, RICHARD C. BOND, JERVIS LANGDON, JR. and WILLARD WIRTZ, as Trustees of the property of PENN CENTRAL TRANSPORTATION COMPANY, Debtor, and the successors of said Trustees, or of any of them (Lessees),

WITNESSETH :

WHEREAS, GENERAL MOTORS CORPORATION, a corporation of the State of Delaware (Manufacturer), and Lessor have executed a Purchase Contract dated as of May 1, 1972 (said Purchase Contract being hereinafter called the Purchase Contract) whereby Manufacturer has agreed to manufacture and sell and Lessor has agreed to purchase and pay for 100 Model GP38-2 Diesel-Electric Locomotives bearing, respectively, the Serial Numbers of Manufacturer and the Road Numbers set forth in Schedule A hereto (said Locomotives being hereinafter collectively called Locomotives and individually a Locomotive); and

WHEREAS, Lessees desire to lease all of the Locomotives or such lesser number thereof as are delivered and accepted in accordance with the provisions hereof; and

WHEREAS, Lessor and Lessees have entered into a Temporary Railroad Equipment Lease dated May 8, 1972 (the Temporary Lease) providing for the lease of Locomotives delivered pursuant to the Purchase Contract prior to the recordation of this Lease pursuant to Section 20c of the Interstate Commerce Act as hereinafter provided; and

WHEREAS, the Temporary Lease is by its terms to terminate on July 28, 1972, or upon the recordation of this Lease as aforesaid, whichever event shall first occur, or on such earlier date in respect of any Locomotive as Lessor shall receive from Lessees payment of a sum equal to the purchase price for such Locomotive pursuant to Section 6 of the Temporary Lease; and

WHEREAS, certain lenders (the Lenders) have severally agreed under a Loan and Financing Agreement dated as of July 15, 1972 (the

Loan and Financing Agreement) to make loans to Lessor in amounts specified therein to provide funds necessary for payment of, or to discharge short-term borrowings heretofore incurred for the payment of, the purchase price of the Locomotives by Lessor; and

WHEREAS, as security for the aforesaid loans, Lessor has simultaneously with the execution hereof assigned to UNITED STATES TRUST COMPANY OF NEW YORK, a corporation of the State of New York, as Trustee (the Trustee) under an Equipment Note Agreement dated the date hereof (the Equipment Note Agreement), all of its right, title and interest in and to the Locomotives deliverable under the Purchase Contract and to become subject hereto and all of its right, title and interest in and under this Lease; and

WHEREAS, Manufacturer, in consideration of Lessees' agreement to lease the Locomotives from Lessor, has agreed by a Warranty Agreement and Guarantee as to Lessor dated the date hereof (the Warranty Agreement) to be obligated to Lessees by certain covenants and warranties of Manufacturer and to guarantee to Lessees the performance in full by Lessor, its successors and assigns, of all of Lessor's duties and obligations hereunder; and

WHEREAS, the terms and provisions contained in this Lease and the Warranty Agreement constitute the only understanding, oral or written, between Lessor and Lessees relating to the Locomotives; and

WHEREAS, the aforesaid George P. Baker, Richard C. Bond, Jervis Langdon, Jr. and Willard Wirtz have been duly appointed Trustees of the property of Penn Central Transportation Company, Debtor (the Railroad) by an order of the United States District Court for the Eastern District of Pennsylvania, in a proceeding under Section 77 of the Bankruptcy Act entitled "In the Matter of Penn Central Transportation Company, Debtor, No. 70-347", and said appointment has been duly ratified by an order of the Interstate Commerce Commission, and said Trustees have duly qualified as such and are duly vested with title to and are in possession of and operating the property of the Railroad pursuant to the provisions and directions contained in orders of said Court; and

WHEREAS, by an order of said Court dated July 12, 1972, the form and terms of this Lease were approved by said Court in substantially the present form hereof, and Lessees were duly authorized to execute and deliver this Lease, and otherwise to make and carry out the covenants and agreements on their part herein contained; and

WHEREAS, Lessees represent that all acts and things necessary to make this Lease valid and binding upon Lessees have been done and performed;

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 Lessees, Lessor hereby leases the Locomotives to Lessees upon the following terms and conditions:

SECTION 1. *Definitions.* The terms defined and referred to in this Section (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Lease and any supplement hereto shall have the respective meanings specified in this Section.

The following terms shall have the meanings specified or indicated in the recitals hereto:

Equipment Note Agreement

Loan and Financing Agreement

Locomotive and Locomotives

Purchase Contract

Railroad

Temporary Lease

Warranty Agreement

Appraiser shall mean an independent appraiser mutually agreed upon by Lessor and Lessees, or failing such agreement, a panel of three independent appraisers, one of whom shall be selected by Lessor, the second by Lessees and the third designated by the first two so selected.

Business day shall mean any day other than a Sunday, a Saturday or any other day on which banking institutions in the City of New York are authorized by law to be closed.

Certificate of Inspection and Acceptance shall mean a certificate substantially in the form of Schedule B to the Purchase Contract.

Event of Default shall mean one of the Events of Default specified in Section 14 hereof.

Fair Market Value shall mean at any time for the determination thereof an amount determined on the basis of, and equal to, the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than a lessee currently in possession or 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.

Fair Rental Value shall mean at any time for the determination thereof an amount determined on the basis of, and equal to, the value which would obtain in an arm's-length transaction between an informed and willing lessee-user (other than a lessee-user currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

Lease shall mean this instrument and any and all supplements hereto.

Lessees shall have the meaning specified in Section 18 hereof.

Lessor shall mean EL-PCTC Leasing Corporation or any successor to it by merger, consolidation or other disposition of all or a substantial part of its assets, other than an assignee of the rights, benefits and advantages of Lessor hereunder pursuant to Section 19 hereof.

Manufacturer shall mean General Motors Corporation and its successors and assigns.

Manufacturer's Serial Number shall mean, as to any Locomotive, the serial number set forth in Schedule A hereto with respect thereto,

(ii) The execution and delivery of this Lease by Lessees and their assumption and undertaking of the obligations, duties and liabilities hereof have been duly authorized by an order of said Court; and this Lease is legal, valid, binding and enforceable against Lessees in accordance with its terms.

(iii) The rights of Lessor as herein set forth and the title of Lessor to the Locomotives are free and clear of the lien, charge or security interest created by any mortgage, security agreement or other instrument binding upon the Railroad or Lessees.

(iv) Except for the authorization by the United States District Court for the Eastern District of Pennsylvania of the execution and delivery of this Lease by the Lessees, no governmental authorizations, approvals or exemptions are required for the execution and delivery of this Lease or for the validity and enforceability hereof or for the leasing of the Locomotives hereunder, for the rentals and on the other terms and conditions herein provided; or, if any such authorizations are required, they have been obtained and, if any such authorizations shall hereafter be required, they will be promptly obtained.

(v) No litigation or administrative proceedings are pending or, to the knowledge of Lessees, are threatened against Lessees, the adverse determination of which would affect the validity of this Lease or the rights of Lessor hereunder.

(vi) Obligations to make rental and other payments under this Lease will constitute expenses of administration of Lessees, payable on a parity with other equipment obligations theretofore or thereafter assumed or incurred by Lessees; and, upon occurrence of an Event of Default under this Lease, any claim for damages will constitute an expense of administration.

SECTION 6. *Opinions of Counsel.* On each Closing Date under the Loan and Financing Agreement Lessees will deliver to the Trustee, in its capacities as trustee under the Equipment Note Agreement and as agent for the Lenders under the Loan and Financing Agreement:

(a) an opinion satisfactory to the Trustee, and to the Lenders and their special counsel, dated such Closing Date, of Robert W.

Blanchette, Esq., Counsel for Lessees, signed by him or on his behalf by an attorney designated by him, to the effect that:

(i) this Lease and the Warranty Agreement have been duly executed and delivered by Lessees, and are legal, valid, binding and enforceable against Lessees in accordance with their terms;

(ii) the Equipment Note Agreement and this Lease have been duly filed and recorded with the Interstate Commerce Commission under Section 20c of the Interstate Commerce Act, and no other filing or recording is necessary to protect in the United States of America the right, title and interest of the Trustee in and to the Equipment, to make effective therein the security contemplated by the Equipment Note Agreement and for the full protection therein of the holders of the Equipment Notes issued pursuant to the Equipment Note Agreement;

(iii) the execution and delivery of this Lease and the Warranty Agreement by Lessees have been duly authorized by the order of the United States District Court for the Eastern District of Pennsylvania referred to in Section 2.4 of the Loan and Financing Agreement; the execution and delivery by Lessees, Pennsylvania Company and the Trustee of an amendment to a certain Trust Agreement dated October 12, 1964 establishing a trust of the voting rights of The Pennsylvania Railroad Company (now the Railroad) and Pennsylvania Company in respect of certain stock of Norfolk and Western Railway Company, so as to permit the Trustee to act as assignee, mortgagee and trustee of the rights of Lessor as lessor hereunder, has been duly authorized by the order of the Interstate Commerce Commission referred to in said Section 2.4, and the execution and delivery by Lessees of such amendment has been duly authorized by the aforesaid order of the United States District Court for the Eastern District of Pennsylvania; and no other governmental authorizations are required for the execution and delivery of the Warranty Agreement and this Lease by Lessees, the leasing of the Equipment hereunder and the validity and enforceability of the Warranty Agreement and this Lease as against Lessees; or if any such authorization is necessary it has been obtained, specifying the same;

manship in, the Locomotives delivered to Lessees hereunder, it being agreed that all such risks, as between Lessor and Lessees, are to be borne by Lessees.

Lessees agree, during the continuance of this Lease, at Lessees' own cost and expense to maintain and keep all of the Locomotives in good order and repair in accordance with standards prescribed by Manufacturer in its applicable locomotive service manuals and maintenance instructions covering the respective Locomotives and that any replacement power components (such as engines, transmissions and parts thereof) shall be in accordance with the Specifications.

Except for alterations or changes required by law, Lessees shall not, without the prior written approval of Lessor, effect any change in the design, construction or body of the Locomotives or in the electrical equipment or the components thereof installed in the Locomotives, or in the Specifications.

Any parts installed or replacements made by Lessees upon any Locomotive (except for communications, signal and automatic control equipment or devices having a similar use which have been added to the Locomotives by Lessees, the cost of which is not included in Manufacturer's total unit price on which the rentals hereunder have been computed, which is not required for the operation or use of the Locomotives and which can be removed without material injury to the Locomotives) shall be considered accessions to such Locomotive and title thereto shall be immediately vested in Lessor, without cost or expense to Lessor.

Lessees shall pay or satisfy and discharge any and all sums claimed by any person against Lessees which, if unpaid, might become a lien or a charge upon the Locomotives or entitled to priority over any of the rights of Lessor in and to the Locomotives, but Lessees shall not be required to discharge any such claim so long as they shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which, in the opinion of Lessor, will not affect or endanger the title and interest of Lessor in and to the Locomotives.

Lessees shall, at their own cost and expense, insure each Locomotive from the time of delivery and acceptance thereof and at all times thereafter until Lessees' obligations under this Lease with respect to such Locomotive have been discharged, against loss, damage

or destruction thereof caused by fire, lightning, wreck, derailment, collision, flood, tornado, cyclone, sabotage, riot or civil commotion, such insurance, in the case of each Locomotive, to be in an amount satisfactory to Lessor, except that such coverage may be limited so that no loss amounting to less than \$25,000 on each Locomotive shall be payable. All such insurance shall be taken for the benefit of Lessor and Lessees, as their respective interests may appear, in an insurance company or companies satisfactory to Lessor. Such policy or policies shall insure the respective interests of Lessor and Lessees in the Locomotives and shall provide that the proceeds of such insurance shall be payable to Lessor. All insurance proceeds received by Lessor with respect to any Locomotives shall

(a) be paid over to Lessees, in the case of repairable damage to such Locomotive, upon receipt by Lessor from Lessees of proof in duplicate satisfactory to Lessor of the proper repair of such damage; or

(b) be applied by Lessor, in the case of the loss, destruction or damage beyond repair of such Locomotive, towards the satisfaction of Lessees' obligation to make the payment required by Section 11 hereof.

SECTION 11. *Payment for Lost, Worn Out, Destroyed, Damaged or Requisitioned Locomotives.* Lessees shall bear the risk of and, except as hereinafter in this Section 11 provided, shall not be released from Lessees' obligations hereunder in the event of any loss or destruction of or damage to any of the Locomotives for any cause whatsoever, or any requisition, taking over or nationalization of any of the Locomotives by any governmental agency, after the acceptance and delivery thereof hereunder by Lessees.

In case any Locomotive shall become lost, worn out, destroyed or, in the opinion of Lessees, irreparably damaged, or shall be requisitioned, taken over or nationalized by any governmental agency under the power of eminent domain or otherwise (except for the assumption of the obligations of the Lessees herein originally named by a Reorganized Company), prior to payment in full of the rentals payable pursuant to Section 4 hereof, Lessees shall promptly and fully inform Lessor of the occurrence of the applicable event, and on the rental payment date set forth in Section 4 hereof next succeeding the date on which Lessees

(ii) The execution and delivery of this Lease by Lessees and their assumption and undertaking of the obligations, duties and liabilities hereof have been duly authorized by an order of said Court; and this Lease is legal, valid, binding and enforceable against Lessees in accordance with its terms.

(iii) The rights of Lessor as herein set forth and the title of Lessor to the Locomotives are free and clear of the lien, charge or security interest created by any mortgage, security agreement or other instrument binding upon the Railroad or Lessees.

(iv) Except for the authorization by the United States District Court for the Eastern District of Pennsylvania of the execution and delivery of this Lease by the Lessees, no governmental authorizations, approvals or exemptions are required for the execution and delivery of this Lease or for the validity and enforceability hereof or for the leasing of the Locomotives hereunder, for the rentals and on the other terms and conditions herein provided; or, if any such authorizations are required, they have been obtained and, if any such authorizations shall hereafter be required, they will be promptly obtained.

(v) No litigation or administrative proceedings are pending or, to the knowledge of Lessees, are threatened against Lessees, the adverse determination of which would affect the validity of this Lease or the rights of Lessor hereunder.

(vi) Obligations to make rental and other payments under this Lease will constitute expenses of administration of Lessees, payable on a parity with other equipment obligations theretofore or thereafter assumed or incurred by Lessees; and, upon occurrence of an Event of Default under this Lease, any claim for damages will constitute an expense of administration.

SECTION 6. *Opinions of Counsel.* On each Closing Date under the Loan and Financing Agreement Lessees will deliver to the Trustee, in its capacities as trustee under the Equipment Note Agreement and as agent for the Lenders under the Loan and Financing Agreement:

(a) an opinion satisfactory to the Trustee, and to the Lenders and their special counsel, dated such Closing Date, of Robert W.

Blanchette, Esq., Counsel for Lessees, signed by him or on his behalf by an attorney designated by him, to the effect that:

(i) this Lease and the Warranty Agreement have been duly executed and delivered by Lessees, and are legal, valid, binding and enforceable against Lessees in accordance with their terms;

(ii) the Equipment Note Agreement and this Lease have been duly filed and recorded with the Interstate Commerce Commission under Section 20c of the Interstate Commerce Act, and no other filing or recording is necessary to protect in the United States of America the right, title and interest of the Trustee in and to the Equipment, to make effective therein the security contemplated by the Equipment Note Agreement and for the full protection therein of the holders of the Equipment Notes issued pursuant to the Equipment Note Agreement;

(iii) the execution and delivery of this Lease and the Warranty Agreement by Lessees have been duly authorized by the order of the United States District Court for the Eastern District of Pennsylvania referred to in Section 2.4 of the Loan and Financing Agreement; the execution and delivery by Lessees, Pennsylvania Company and the Trustee of an amendment to a certain Trust Agreement dated October 12, 1964 establishing a trust of the voting rights of The Pennsylvania Railroad Company (now the Railroad) and Pennsylvania Company in respect of certain stock of Norfolk and Western Railway Company, so as to permit the Trustee to act as assignee, mortgagee and trustee of the rights of Lessor as lessor hereunder, has been duly authorized by the order of the Interstate Commerce Commission referred to in said Section 2.4, and the execution and delivery by Lessees of such amendment has been duly authorized by the aforesaid order of the United States District Court for the Eastern District of Pennsylvania; and no other governmental authorizations are required for the execution and delivery of the Warranty Agreement and this Lease by Lessees, the leasing of the Equipment hereunder and the validity and enforceability of the Warranty Agreement and this Lease as against Lessees; or if any such authorization is necessary it has been obtained, specifying the same;

manship in, the Locomotives delivered to Lessees hereunder, it being agreed that all such risks, as between Lessor and Lessees, are to be borne by Lessees.

Lessees agree, during the continuance of this Lease, at Lessees' own cost and expense to maintain and keep all of the Locomotives in good order and repair in accordance with standards prescribed by Manufacturer in its applicable locomotive service manuals and maintenance instructions covering the respective Locomotives and that any replacement power components (such as engines, transmissions and parts thereof) shall be in accordance with the Specifications.

Except for alterations or changes required by law, Lessees shall not, without the prior written approval of Lessor, effect any change in the design, construction or body of the Locomotives or in the electrical equipment or the components thereof installed in the Locomotives, or in the Specifications.

Any parts installed or replacements made by Lessees upon any Locomotive (except for communications, signal and automatic control equipment or devices having a similar use which have been added to the Locomotives by Lessees, the cost of which is not included in Manufacturer's total unit price on which the rentals hereunder have been computed, which is not required for the operation or use of the Locomotives and which can be removed without material injury to the Locomotives) shall be considered accessions to such Locomotive and title thereto shall be immediately vested in Lessor, without cost or expense to Lessor.

Lessees shall pay or satisfy and discharge any and all sums claimed by any person against Lessees which, if unpaid, might become a lien or a charge upon the Locomotives or entitled to priority over any of the rights of Lessor in and to the Locomotives, but Lessees shall not be required to discharge any such claim so long as they shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which, in the opinion of Lessor, will not affect or endanger the title and interest of Lessor in and to the Locomotives.

Lessees shall, at their own cost and expense, insure each Locomotive from the time of delivery and acceptance thereof and at all times thereafter until Lessees' obligations under this Lease with respect to such Locomotive have been discharged, against loss, damage

or destruction thereof caused by fire, lightning, wreck, derailment, collision, flood, tornado, cyclone, sabotage, riot or civil commotion, such insurance, in the case of each Locomotive, to be in an amount satisfactory to Lessor, except that such coverage may be limited so that no loss amounting to less than \$25,000 on each Locomotive shall be payable. All such insurance shall be taken for the benefit of Lessor and Lessees, as their respective interests may appear, in an insurance company or companies satisfactory to Lessor. Such policy or policies shall insure the respective interests of Lessor and Lessees in the Locomotives and shall provide that the proceeds of such insurance shall be payable to Lessor. All insurance proceeds received by Lessor with respect to any Locomotives shall

(a) be paid over to Lessees, in the case of repairable damage to such Locomotive, upon receipt by Lessor from Lessees of proof in duplicate satisfactory to Lessor of the proper repair of such damage; or

(b) be applied by Lessor, in the case of the loss, destruction or damage beyond repair of such Locomotive, towards the satisfaction of Lessees' obligation to make the payment required by Section 11 hereof.

SECTION 11. *Payment for Lost, Worn Out, Destroyed, Damaged or Requisitioned Locomotives.* Lessees shall bear the risk of and, except as hereinafter in this Section 11 provided, shall not be released from Lessees' obligations hereunder in the event of any loss or destruction of or damage to any of the Locomotives for any cause whatsoever, or any requisition, taking over or nationalization of any of the Locomotives by any governmental agency, after the acceptance and delivery thereof hereunder by Lessees.

In case any Locomotive shall become lost, worn out, destroyed or, in the opinion of Lessees, irreparably damaged, or shall be requisitioned, taken over or nationalized by any governmental agency under the power of eminent domain or otherwise (except for the assumption of the obligations of the Lessees herein originally named by a Reorganized Company), prior to payment in full of the rentals payable pursuant to Section 4 hereof, Lessees shall promptly and fully inform Lessor of the occurrence of the applicable event, and on the rental payment date set forth in Section 4 hereof next succeeding the date on which Lessees

shall have determined that the Locomotive was lost, worn out, destroyed, irreparably damaged, requisitioned, taken over or nationalized, Lessees shall pay to Lessor the rent payable for such Locomotive for the Quarterly Rental Period then ending and, in addition, shall pay to Lessor as damages, in lieu of any further claim of Lessor to or on account of such Locomotive (except for indemnification against any loss of investment tax credit as provided in Section 9 hereof), the Stipulated Loss Value of such Locomotive as of the end of such Quarterly Rental Period. Upon any such payment, title to such Locomotive (and any compensation, claims or causes of action for such loss, destruction, damage, requisition, taking or nationalization) shall immediately vest in Lessees and such Locomotive shall no longer be subject to this Lease and the rent for such Locomotive shall cease to accrue.

If any Locomotive shall be seized, attached or otherwise arrested while in the territorial limits of any country other than the United States and such seizure, attachment or arrest shall not have been vacated and the applicable Locomotive unconditionally released therefrom within 30 days of the initiation of such seizure, attachment or arrest, such Locomotive shall upon the expiration of such 30-day period be deemed, for the purposes of this Section 11, to have been "taken" with the effect contemplated by this Section 11 and by Section 12 hereof.

SECTION 12. *Annual Report.* Lessees will furnish to Lessor on or before May 1 in each year commencing May 1, 1973, and on such other date or dates as Lessor may from time to time reasonably request, an accurate report certified by a duly authorized agent or officer of Lessees, stating as of a recent date (not exceeding 90 days preceding the date of such report) (a) the Manufacturer's Serial Numbers and the Road Numbers of the Locomotives then subject to this Lease, (b) the Manufacturer's Serial Numbers and the Road Numbers of all Locomotives that have become lost, worn out, destroyed, irreparably damaged, requisitioned, taken over or nationalized by any governmental agency, since the date of the previous report (or since the date hereof in the case of the first such report), (c) the Manufacturer's Serial Numbers and the Road Numbers of all serviceable Locomotives, (d) that all Locomotives then subject to this Lease have been kept in good order and repair or, if such be the case, the Manufacturer's Serial Numbers and the Road Numbers of all Locomotives then awaiting repairs or being repaired in accordance with Section 10 hereof, (e)

SECTION 19. *Assignment by Lessor.* All or any of the rights, benefits and advantages of Lessor, including the right to the rent or to any other payment under this Lease, and title to the Locomotives, may be assigned or transferred by Lessor and reassigned or retransferred by any assignee at any time and from time to time. No such assignment shall subject any assignee to, or relieve Lessor from, any obligation of Lessor hereunder.

Lessees hereby acknowledge due notice of the transfer made by Lessor to the Trustee under the Equipment Note Agreement of all of Lessor's right, title and interest in and to the Locomotives subject to, and to become subject to, the terms and conditions of this Lease and all of Lessor's right, title and interest in and under this Lease, including the right to receive the rent and all other payments under this Lease, and title to the Locomotives. Lessees expressly represent and agree for the purpose of assurance to the Trustee and the holders of Equipment Notes to be made and delivered under the Equipment Note Agreement that (i) Lessees will, until receipt of notice from the Trustee that the aforesaid transfer is terminated, make payment of all amounts due and to become due to Lessor hereunder (including payments of rentals, Stipulated Loss Values and Termination Values) directly to the Trustee, and (ii) the rights of the Trustee to payments to be made by Lessees hereunder, together with all other rights hereunder assigned to the Trustee, shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever arising out of any breach of any obligation of Manufacturer or Lessor in respect of the Locomotives or the manufacture, construction, delivery, guaranty or warranty thereof, or in respect of any indemnity herein contained, nor subject to any defense, set-off, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to Lessees by Lessor or Manufacturer. Any and all such obligations howsoever arising shall be and remain enforceable by Lessees against and only against Manufacturer or Lessor as the case may be.

Lessees agree that, so long as the Equipment Note Agreement shall be in effect, copies of all notices, certificates, reports, opinions of counsel and other communications required or permitted to be given or furnished to Lessor under any of the provisions of this Lease shall concurrently be given or furnished to the Trustee at its address as provided in or pursuant to the Equipment Note Agreement.

manship in, the Locomotives delivered to Lessees hereunder, it being agreed that all such risks, as between Lessor and Lessees, are to be borne by Lessees.

Lessees agree, during the continuance of this Lease, at Lessees' own cost and expense to maintain and keep all of the Locomotives in good order and repair in accordance with standards prescribed by Manufacturer in its applicable locomotive service manuals and maintenance instructions covering the respective Locomotives and that any replacement power components (such as engines, transmissions and parts thereof) shall be in accordance with the Specifications.

Except for alterations or changes required by law, Lessees shall not, without the prior written approval of Lessor, effect any change in the design, construction or body of the Locomotives or in the electrical equipment or the components thereof installed in the Locomotives, or in the Specifications.

Any parts installed or replacements made by Lessees upon any Locomotive (except for communications, signal and automatic control equipment or devices having a similar use which have been added to the Locomotives by Lessees, the cost of which is not included in Manufacturer's total unit price on which the rentals hereunder have been computed, which is not required for the operation or use of the Locomotives and which can be removed without material injury to the Locomotives) shall be considered accessions to such Locomotive and title thereto shall be immediately vested in Lessor, without cost or expense to Lessor.

Lessees shall pay or satisfy and discharge any and all sums claimed by any person against Lessees which, if unpaid, might become a lien or a charge upon the Locomotives or entitled to priority over any of the rights of Lessor in and to the Locomotives, but Lessees shall not be required to discharge any such claim so long as they shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which, in the opinion of Lessor, will not affect or endanger the title and interest of Lessor in and to the Locomotives.

Lessees shall, at their own cost and expense, insure each Locomotive from the time of delivery and acceptance thereof and at all times thereafter until Lessees' obligations under this Lease with respect to such Locomotive have been discharged, against loss, damage

or destruction thereof caused by fire, lightning, wreck, derailment, collision, flood, tornado, cyclone, sabotage, riot or civil commotion, such insurance, in the case of each Locomotive, to be in an amount satisfactory to Lessor, except that such coverage may be limited so that no loss amounting to less than \$25,000 on each Locomotive shall be payable. All such insurance shall be taken for the benefit of Lessor and Lessees, as their respective interests may appear, in an insurance company or companies satisfactory to Lessor. Such policy or policies shall insure the respective interests of Lessor and Lessees in the Locomotives and shall provide that the proceeds of such insurance shall be payable to Lessor. All insurance proceeds received by Lessor with respect to any Locomotives shall

(a) be paid over to Lessees, in the case of repairable damage to such Locomotive, upon receipt by Lessor from Lessees of proof in duplicate satisfactory to Lessor of the proper repair of such damage; or

(b) be applied by Lessor, in the case of the loss, destruction or damage beyond repair of such Locomotive, towards the satisfaction of Lessees' obligation to make the payment required by Section 11 hereof.

SECTION 11. *Payment for Lost, Worn Out, Destroyed, Damaged or Requisitioned Locomotives.* Lessees shall bear the risk of and, except as hereinafter in this Section 11 provided, shall not be released from Lessees' obligations hereunder in the event of any loss or destruction of or damage to any of the Locomotives for any cause whatsoever, or any requisition, taking over or nationalization of any of the Locomotives by any governmental agency, after the acceptance and delivery thereof hereunder by Lessees.

In case any Locomotive shall become lost, worn out, destroyed or, in the opinion of Lessees, irreparably damaged, or shall be requisitioned, taken over or nationalized by any governmental agency under the power of eminent domain or otherwise (except for the assumption of the obligations of the Lessees herein originally named by a Reorganized Company), prior to payment in full of the rentals payable pursuant to Section 4 hereof, Lessees shall promptly and fully inform Lessor of the occurrence of the applicable event, and on the rental payment date set forth in Section 4 hereof next succeeding the date on which Lessees

shall have determined that the Locomotive was lost, worn out, destroyed, irreparably damaged, requisitioned, taken over or nationalized, Lessees shall pay to Lessor the rent payable for such Locomotive for the Quarterly Rental Period then ending and, in addition, shall pay to Lessor as damages, in lieu of any further claim of Lessor to or on account of such Locomotive (except for indemnification against any loss of investment tax credit as provided in Section 9 hereof), the Stipulated Loss Value of such Locomotive as of the end of such Quarterly Rental Period. Upon any such payment, title to such Locomotive (and any compensation, claims or causes of action for such loss, destruction, damage, requisition, taking or nationalization) shall immediately vest in Lessees and such Locomotive shall no longer be subject to this Lease and the rent for such Locomotive shall cease to accrue.

If any Locomotive shall be seized, attached or otherwise arrested while in the territorial limits of any country other than the United States and such seizure, attachment or arrest shall not have been vacated and the applicable Locomotive unconditionally released therefrom within 30 days of the initiation of such seizure, attachment or arrest, such Locomotive shall upon the expiration of such 30-day period be deemed, for the purposes of this Section 11, to have been "taken" with the effect contemplated by this Section 11 and by Section 12 hereof.

SECTION 12. *Annual Report.* Lessees will furnish to Lessor on or before May 1 in each year commencing May 1, 1973, and on such other date or dates as Lessor may from time to time reasonably request, an accurate report certified by a duly authorized agent or officer of Lessees, stating as of a recent date (not exceeding 90 days preceding the date of such report) (a) the Manufacturer's Serial Numbers and the Road Numbers of the Locomotives then subject to this Lease, (b) the Manufacturer's Serial Numbers and the Road Numbers of all Locomotives that have become lost, worn out, destroyed, irreparably damaged, requisitioned, taken over or nationalized by any governmental agency, since the date of the previous report (or since the date hereof in the case of the first such report), (c) the Manufacturer's Serial Numbers and the Road Numbers of all serviceable Locomotives, (d) that all Locomotives then subject to this Lease have been kept in good order and repair or, if such be the case, the Manufacturer's Serial Numbers and the Road Numbers of all Locomotives then awaiting repairs or being repaired in accordance with Section 10 hereof, (e)

SECTION 19. *Assignment by Lessor.* All or any of the rights, benefits and advantages of Lessor, including the right to the rent or to any other payment under this Lease, and title to the Locomotives, may be assigned or transferred by Lessor and reassigned or retransferred by any assignee at any time and from time to time. No such assignment shall subject any assignee to, or relieve Lessor from, any obligation of Lessor hereunder.

Lessees hereby acknowledge due notice of the transfer made by Lessor to the Trustee under the Equipment Note Agreement of all of Lessor's right, title and interest in and to the Locomotives subject to, and to become subject to, the terms and conditions of this Lease and all of Lessor's right, title and interest in and under this Lease, including the right to receive the rent and all other payments under this Lease, and title to the Locomotives. Lessees expressly represent and agree for the purpose of assurance to the Trustee and the holders of Equipment Notes to be made and delivered under the Equipment Note Agreement that (i) Lessees will, until receipt of notice from the Trustee that the aforesaid transfer is terminated, make payment of all amounts due and to become due to Lessor hereunder (including payments of rentals, Stipulated Loss Values and Termination Values) directly to the Trustee, and (ii) the rights of the Trustee to payments to be made by Lessees hereunder, together with all other rights hereunder assigned to the Trustee, shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever arising out of any breach of any obligation of Manufacturer or Lessor in respect of the Locomotives or the manufacture, construction, delivery, guaranty or warranty thereof, or in respect of any indemnity herein contained, nor subject to any defense, set-off, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to Lessees by Lessor or Manufacturer. Any and all such obligations howsoever arising shall be and remain enforceable by Lessees against and only against Manufacturer or Lessor as the case may be.

Lessees agree that, so long as the Equipment Note Agreement shall be in effect, copies of all notices, certificates, reports, opinions of counsel and other communications required or permitted to be given or furnished to Lessor under any of the provisions of this Lease shall concurrently be given or furnished to the Trustee at its address as provided in or pursuant to the Equipment Note Agreement.

SECTION 20. *Recording.* Lessees, without expense to Lessor, will cause this Lease and the Equipment Note Agreement and all amendments, supplements and assignments hereof or thereof, to be duly filed and recorded and re-filed and re-recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and this Lease to be deposited with the Registrar General of Canada in accordance with Section 86 of the Railway Act (and notice of such deposit to be given in the *Canada Gazette* pursuant to said Section 86). Lessees will promptly furnish to Lessor certificates or other evidences of such filing and recording and re-filing and re-recording and an opinion or opinions satisfactory to Lessor of Counsel for Lessees (or, in the case of opinions with respect to filings and recordings in Canada or in Provinces thereof, of Messrs. Osler, Hoskin & Harcourt, of Toronto, Ontario, Canada, or other attorneys designated by said Counsel satisfactory to Lessor) with respect thereto (it being understood that the opinions furnished pursuant to Section 6 hereof shall be sufficient with respect to the first filings and recordings of this Lease and the Equipment Note Agreement pursuant to this Section 20). In addition, Lessees shall do and perform all such other acts as may be required by law, or reasonably requested by Lessor, for the protection of Lessor's title to and interest in the Locomotives.

SECTION 21. *Other Equipment Leases and Secured Obligations.* Lessees agree that, during the continuance of this Lease, Lessees will not hereafter assume or enter into any other leases of equipment, equipment trust agreements, conditional sale agreements or other liabilities or obligations in connection with the leasing or financing of the acquisition of rolling stock equipment, (i) if such liabilities or obligations would be entitled, directly or indirectly, to any priority in right of payment over the obligations of Lessees under this Lease, or (ii) if such liabilities or obligations would be secured, directly or indirectly, by any mortgage, lien or other security interest in property of the Railroad or Lessees (except the rolling stock equipment involved in the particular transaction) unless the obligations of Lessees under this Lease are equally and ratably secured thereby.

SECTION 22. *Notices.* Any notice required or permitted to be given to Lessor shall be deemed to have been given when deposited in the

United States mails, first-class postage prepaid, addressed as follows: EL-PCTC Leasing Corporation, Room 2600, 767 Fifth Avenue, New York, New York 10022, or at such other address as may have been furnished in writing to Lessees by Lessor.

Any notice required or permitted to be given to Lessees shall be deemed to have been given when deposited in the United States mails, first-class postage prepaid, addressed as follows: Trustees of the Property of Penn Central Transportation Company, Debtor, Room 1334, Six Penn Center Plaza, Philadelphia, Pennsylvania 19104, Attention: Treasurer, or at such other address as may have been furnished in writing by Lessees to Lessor.

SECTION 23. *New York Laws.* The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of New York, but Lessor, and any assignee of Lessor's rights hereunder, shall be entitled to such additional rights arising out of the filing or recording hereof and of the Equipment Note Agreement as shall be conferred by Federal laws or by the laws of any jurisdiction in which this Lease, or the Equipment Note Agreement, or any such assignment, shall be filed or recorded.

SECTION 24. *Miscellaneous.* (a) Any other provision contained in this Lease to the contrary notwithstanding, it is hereby agreed that the provisions of Sections 4, 9, 11, 13, 14, 16 and 17 of this Lease shall survive the termination of the leasing of the Locomotives under the terms of this Lease.

(b) This Lease contains the entire agreement between the parties relating to the subject matter hereof, and any prior and collateral representations, warranties and conditions with respect to said subject matter are merged herein. No modification, extension, waiver, renewal or termination of this Lease, or any of the provisions hereof, shall be binding on either party hereto unless made in writing on its behalf by the duly authorized representative of said party.

(c) This Lease may be executed in two or more counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute one and the same document.

IN WITNESS WHEREOF, LESSOR has caused this Lease to be executed in its corporate name, by one of its officers thereunto duly authorized, and its corporate seal to be hereunto affixed and duly attested, and Lessees have caused this Lease to be executed on their behalf by one of the Lessees thereunto duly authorized, all on the respective dates of the notarial acknowledgements annexed hereto.

EL-PCTC LEASING CORPORATION

By *[Signature]*
Vice President

Attest: *[Signature]*
Assistant Secretary

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

By *[Signature]*
One of the Trustees

Witness: *[Signature]*
Assistant Secretary

STATE OF New York }
 COUNTY OF New York } ss.:

On this 26 day of July, 1972, before me personally appeared F. A. Smith, to me personally known, who, being by me duly sworn, said that he is a Vice President of EL-PCTC LEASING CORPORATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on this day 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.

Virginia L. Kenney

Notary Public
 New York
 My Commission Expires 1973

COMMONWEALTH OF PENNSYLVANIA }
 CITY AND COUNTY OF PHILADELPHIA } ss.:

On this 2nd day of August, 1972, before me personally appeared Richard C. Bond, to me personally known, who, being by me duly sworn, said that he is one of the Trustees of the property of Penn Central Transportation Company, Debtor, that the foregoing instrument was signed on this day by him on behalf of and by authority of the Trustees of the property of Penn Central Transportation Company, Debtor, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Trustees.

William J. O'Neill

WILLIAM J. O'NEILL
 Notary Public, Philadelphia, Philadelphia Co.
 My Commission Expires June 26, 1976

SCHEDULE A

DESCRIPTION—SPECIFICATIONS—SERIAL
NUMBERS—ROAD NUMBERS AND UNIT PRICES

Description	Specification Number and Date	Units	Manufacturer's Serial Number	Road Number	UNIT		Total
					Price	Extras	
2000 H.P. Diesel-Electric Road Switching Locomotive	Spec. 8090 Dated January 3, 1972 as Amended by Specification Amendment 8090-3 Dated January 3, 1972	69	7354-1 - 7354-69	7940-8008	\$ 225,500	\$ 24,160	249,660
		31	7354-70 - 7354-100	8009-8039	225,500	24,406	249,906
	Total	100					

a decree against Lessees requiring specific performance of the covenants of Lessees so to assemble, deliver, store and transport all such Locomotives.

Lessees shall deliver forthwith to Lessor, or to such person or persons whom Lessor may designate, possession of each Locomotive upon expiration of the extended term of this Lease as to any such Locomotive or upon termination of this Lease as to any such Locomotive for any reason other than those specified in Section 11 hereof.

Without in any way limiting the obligation of Lessees under the foregoing provisions of this Section, Lessees hereby irrevocably appoint Lessor as the agent and attorney of Lessees, with full power and authority, at any time while Lessees are obligated to deliver possession of any Locomotive to Lessor, to demand and take possession of such Locomotive in the name and on behalf of Lessees from whosoever shall be at the time in possession of such Locomotive.

Except as otherwise provided in Section 11 hereof, in the event that any Locomotive subject to this Lease is not redelivered to Lessor in accordance with the preceding provisions of this Section 16, all of the obligations of Lessees under this Lease with respect to such Locomotive (including the obligation to pay rentals) shall remain in full force and effect until such Locomotive is redelivered to Lessor as above provided.

SECTION 17. *Purchase Options.* Provided that this Lease has not been earlier terminated and Lessees are not in default hereunder, Lessees may by written notice delivered to Lessor not less than six months prior to the end of the original or any extended term of this Lease, elect to purchase all or any of the Locomotives covered by this Lease at the end of such term for a purchase price equal to the Fair Market Value of such Locomotives as of the end of such term.

If on or before four months prior to the expiration of the original or any extended term of this Lease, Lessor and Lessees are unable to agree upon a determination of the Fair Market Value of the Locomotives, the Fair Market Value shall be determined by an Appraiser. 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 Lessor and Lessees. The determination so made shall be conclusively binding upon both Lessor and Lessees. The expenses and fee of the Appraiser shall be borne by Lessees.

SECTION 18. *Assignment; Possession and Use; Successors to Lessees.* So long as Lessees shall not be in default under this Lease, Lessees shall be entitled to the possession and use of the Locomotives in accordance with the terms of this Lease, but Lessees agree, to the fullest extent permitted by law, that Lessees shall not, without the prior written consent of Lessor, assign, transfer or encumber Lessees' leasehold interest under this Lease in the Locomotives (except to the extent that the provisions of any mortgage now or hereafter created on any of the lines of railroad of Lessees or any other liens authorized by the Court in the proceedings for the reorganization of the Railroad may subject such leasehold interest to the lien thereof). Lessees agree, to the fullest extent permitted by law, that Lessees shall not, without the prior written consent of Lessor, part with the possession or control of, or suffer or allow to pass out of Lessees' possession or control, either voluntarily, by operation of law or otherwise, any Locomotive except that Lessees may use the Locomotives on the lines of railroad owned, operated or leased by Lessees, and on the lines of other railroads over which railroad equipment of Lessees is regularly operated pursuant to contract, trackage or other operating rights, and in joint facility operations with other carriers and in the usual interchange of locomotives, if customary at the time, and in the case of any emergency requiring detours or repairs.

Nothing in this Section 18 shall be deemed to limit the right of Lessees to assign and transfer Lessees' leasehold interest hereunder in the Locomotives and the possession thereof to a Reorganized Company, provided that all the obligations then existing or to accrue of Lessees under this Lease shall be assumed as a general obligation by such Reorganized Company.

Anything to the contrary herein notwithstanding, Lessees, with the approval of the Court in the proceedings for the reorganization of the Railroad, or a Reorganized Company shall have the right to sublease, subject to this Lease, all or any (but not less than five under any

one sublease) of the Locomotives, provided that (i) such Lessees or Reorganized Company shall have determined to reduce, or shall have reduced, substantially the railroad operations of, including the lines of railroad owned, operated or leased by, such Lessees or Reorganized Company from the level of such operations as conducted as of the date of this Lease; and (ii) the sublessee shall be a Class I Railroad principally engaged in the business of operating lines of railroad in the United States.

After any assignment and transfer of Lessees' leasehold interest hereunder in the Locomotives and the possession thereof as above permitted nothing in this Section 18 shall be deemed to limit the right of the Reorganized Company, as successor to Lessees, at any time further to assign and transfer its leasehold interest hereunder in the Locomotives and the possession thereof to any successor corporation which shall have assumed all of the obligations hereunder of Lessees and into or with which the Reorganized Company shall have merged or consolidated or which shall have acquired all or substantially all of the property of the Reorganized Company; nor shall anything in this Section 18 be deemed to limit successive such assignments and transfers.

The term "Lessees", whenever used in this Lease, means 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 successor or additional trustees of such property, before any assignment and transfer of Lessees' leasehold interest hereunder in the Locomotives and the possession thereof to a Reorganized Company as hereinbefore provided in this Section 18, and thereafter shall mean any Reorganized Company.

The liabilities and obligations of said Trustees, George P. Baker, Richard C. Bond, Jervis Langdon, Jr. and Willard Wirtz, as well as of any such successor or additional trustees, under and in respect of this Lease, are the liabilities of such Trustees, or any or all of them, solely as trustees of the property of Penn Central Transportation Company, and not individually. Said Trustees and any successor or additional trustees shall not be relieved of their liabilities or obligations under or in respect of this Lease, except upon any assignment and transfer of Lessees' leasehold interest hereunder in the Locomotives and the possession thereof to a Reorganized Company as hereinbefore provided in this Section 18.

SECTION 19. *Assignment by Lessor.* All or any of the rights, benefits and advantages of Lessor, including the right to the rent or to any other payment under this Lease, and title to the Locomotives, may be assigned or transferred by Lessor and reassigned or retransferred by any assignee at any time and from time to time. No such assignment shall subject any assignee to, or relieve Lessor from, any obligation of Lessor hereunder.

Lessees hereby acknowledge due notice of the transfer made by Lessor to the Trustee under the Equipment Note Agreement of all of Lessor's right, title and interest in and to the Locomotives subject to, and to become subject to, the terms and conditions of this Lease and all of Lessor's right, title and interest in and under this Lease, including the right to receive the rent and all other payments under this Lease, and title to the Locomotives. Lessees expressly represent and agree for the purpose of assurance to the Trustee and the holders of Equipment Notes to be made and delivered under the Equipment Note Agreement that (i) Lessees will, until receipt of notice from the Trustee that the aforesaid transfer is terminated, make payment of all amounts due and to become due to Lessor hereunder (including payments of rentals, Stipulated Loss Values and Termination Values) directly to the Trustee, and (ii) the rights of the Trustee to payments to be made by Lessees hereunder, together with all other rights hereunder assigned to the Trustee, shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever arising out of any breach of any obligation of Manufacturer or Lessor in respect of the Locomotives or the manufacture, construction, delivery, guaranty or warranty thereof, or in respect of any indemnity herein contained, nor subject to any defense, set-off, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to Lessees by Lessor or Manufacturer. Any and all such obligations howsoever arising shall be and remain enforceable by Lessees against and only against Manufacturer or Lessor as the case may be.

Lessees agree that, so long as the Equipment Note Agreement shall be in effect, copies of all notices, certificates, reports, opinions of counsel and other communications required or permitted to be given or furnished to Lessor under any of the provisions of this Lease shall concurrently be given or furnished to the Trustee at its address as provided in or pursuant to the Equipment Note Agreement.

SECTION 20. *Recording.* Lessees, without expense to Lessor, will cause this Lease and the Equipment Note Agreement and all amendments, supplements and assignments hereof or thereof, to be duly filed and recorded and re-filed and re-recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and this Lease to be deposited with the Registrar General of Canada in accordance with Section 86 of the Railway Act (and notice of such deposit to be given in the *Canada Gazette* pursuant to said Section 86). Lessees will promptly furnish to Lessor certificates or other evidences of such filing and recording and re-filing and re-recording and an opinion or opinions satisfactory to Lessor of Counsel for Lessees (or, in the case of opinions with respect to filings and recordings in Canada or in Provinces thereof, of Messrs. Osler, Hoskin & Harcourt, of Toronto, Ontario, Canada, or other attorneys designated by said Counsel satisfactory to Lessor) with respect thereto (it being understood that the opinions furnished pursuant to Section 6 hereof shall be sufficient with respect to the first filings and recordings of this Lease and the Equipment Note Agreement pursuant to this Section 20). In addition, Lessees shall do and perform all such other acts as may be required by law, or reasonably requested by Lessor, for the protection of Lessor's title to and interest in the Locomotives.

SECTION 21. *Other Equipment Leases and Secured Obligations.* Lessees agree that, during the continuance of this Lease, Lessees will not hereafter assume or enter into any other leases of equipment, equipment trust agreements, conditional sale agreements or other liabilities or obligations in connection with the leasing or financing of the acquisition of rolling stock equipment, (i) if such liabilities or obligations would be entitled, directly or indirectly, to any priority in right of payment over the obligations of Lessees under this Lease, or (ii) if such liabilities or obligations would be secured, directly or indirectly, by any mortgage, lien or other security interest in property of the Railroad or Lessees (except the rolling stock equipment involved in the particular transaction) unless the obligations of Lessees under this Lease are equally and ratably secured thereby.

SECTION 22. *Notices.* Any notice required or permitted to be given to Lessor shall be deemed to have been given when deposited in the

United States mails, first-class postage prepaid, addressed as follows: EL-PCTC Leasing Corporation, Room 2600, 767 Fifth Avenue, New York, New York 10022, or at such other address as may have been furnished in writing to Lessees by Lessor.

Any notice required or permitted to be given to Lessees shall be deemed to have been given when deposited in the United States mails, first-class postage prepaid, addressed as follows: Trustees of the Property of Penn Central Transportation Company, Debtor, Room 1334, Six Penn Center Plaza, Philadelphia, Pennsylvania 19104, Attention: Treasurer, or at such other address as may have been furnished in writing by Lessees to Lessor.

SECTION 23. *New York Laws.* The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of New York, but Lessor, and any assignee of Lessor's rights hereunder, shall be entitled to such additional rights arising out of the filing or recording hereof and of the Equipment Note Agreement as shall be conferred by Federal laws or by the laws of any jurisdiction in which this Lease, or the Equipment Note Agreement, or any such assignment, shall be filed or recorded.

SECTION 24. *Miscellaneous.* (a) Any other provision contained in this Lease to the contrary notwithstanding, it is hereby agreed that the provisions of Sections 4, 9, 11, 13, 14, 16 and 17 of this Lease shall survive the termination of the leasing of the Locomotives under the terms of this Lease.

(b) This Lease contains the entire agreement between the parties relating to the subject matter hereof, and any prior and collateral representations, warranties and conditions with respect to said subject matter are merged herein. No modification, extension, waiver, renewal or termination of this Lease, or any of the provisions hereof, shall be binding on either party hereto unless made in writing on its behalf by the duly authorized representative of said party.

(c) This Lease may be executed in two or more counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute one and the same document.

IN WITNESS WHEREOF, LESSOR has caused this Lease to be executed in its corporate name, by one of its officers thereunto duly authorized, and its corporate seal to be hereunto affixed and duly attested, and Lessees have caused this Lease to be executed on their behalf by one of the Lessees thereunto duly authorized, all on the respective dates of the notarial acknowledgements annexed hereto.

EL-PCTC LEASING CORPORATION

By *[Signature]*
Vice President

Attest: *[Signature]*
Assistant Secretary

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

By *[Signature]*
One of the Trustees

Witness: *[Signature]*
Assistant Secretary

STATE OF New York }
 COUNTY OF New York } ss.:

On this 26 day of July, 1972, before me personally appeared F. A. Smith, to me personally known, who, being by me duly sworn, said that he is a Vice President of EL-PCTC LEASING CORPORATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on this day 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.

Virginia L. Kenney

Notary Public
 New York
 My Commission Expires 1973

COMMONWEALTH OF PENNSYLVANIA }
 CITY AND COUNTY OF PHILADELPHIA } ss.:

On this 2nd day of August, 1972, before me personally appeared Richard C. Bond, to me personally known, who, being by me duly sworn, said that he is one of the Trustees of the property of Penn Central Transportation Company, Debtor, that the foregoing instrument was signed on this day by him on behalf of and by authority of the Trustees of the property of Penn Central Transportation Company, Debtor, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Trustees.

William J. O'Neill

WILLIAM J. O'NEILL
 Notary Public, Philadelphia, Philadelphia Co.
 My Commission Expires June 26, 1976

SCHEDULE A

DESCRIPTION—SPECIFICATIONS—SERIAL
NUMBERS—ROAD NUMBERS AND UNIT PRICES

Description	Specification Number and Date	Units	Manufacturer's Serial Number	Road Number	UNIT		Total
					Price \$	Extras \$	
2000 H.P. Diesel-Electric Road Switching Locomotive	Spec. 8090 Dated January 3, 1972 as Amended by Specification Amendment 8090-3 Dated January 3, 1972	69	7354-1 - 7354-69	7940-8008	225,500	24,160	249,660
		31	7354-70 - 7354-100	8009-8039	225,500	24,406	249,906
	Total	100					

SCHEDULE B

APPLICABLE PERCENTAGES OF TOTAL UNIT PRICE OF A LOCOMOTIVE FOR DETERMINATION OF STIPULATED LOSS VALUE OR TERMINATION VALUE AT END OF ANY QUARTERLY RENTAL PERIOD

Quarterly Rental Period Ending	Column I	Column II	Quarterly Rental Period Ending	Column I	Column II
	Termination Value	Stipulated Loss Value		Termination Value	Stipulated Loss Value
	%	%		%	%
October 15, 1972..	98.68	101.00	October 15, 1980..	48.85	53.38
January 15, 1973..	97.34	99.70	January 15, 1981..	47.19	51.82
April 15, 1973....	95.96	98.37	April 15, 1981....	45.50	50.23
July 15, 1973.....	94.55	97.02	July 15, 1981.....	43.77	48.60
October 15, 1973..	93.11	95.63	October 15, 1981..	42.01	46.94
January 15, 1974..	91.65	94.22	January 15, 1982..	40.20	45.24
April 15, 1974....	90.15	92.77	April 15, 1982....	38.36	43.51
July 15, 1974.....	88.62	91.30	July 15, 1982.....	36.48	41.74
October 15, 1974..	87.05	89.79	October 15, 1982..	35.00	40.37
January 15, 1975..	85.45	88.25	January 15, 1983..	33.49	38.97
April 15, 1975....	83.82	86.68	April 15, 1983....	31.95	37.54
July 15, 1975.....	82.15	85.07	July 15, 1983.....	30.37	36.08
October 15, 1975..	80.45	83.43	October 15, 1983..	28.76	34.59
January 15, 1976..	78.71	81.75	January 15, 1984..	27.11	33.07
April 15, 1976....	76.93	80.04	April 15, 1984....	25.43	31.52
July 15, 1976.....	75.12	78.29	July 15, 1984.....	23.72	29.93
October 15, 1976..	73.27	76.51	October 15, 1984..	21.96	28.31
January 15, 1977..	71.37	74.68	January 15, 1985..	20.17	26.65
April 15, 1977....	69.44	72.82	April 15, 1985....	18.34	24.96
July 15, 1977.....	67.46	70.91	July 15, 1985.....	16.47	23.23
October 15, 1977..	66.21	69.73	October 15, 1985..	14.56	21.47
January 15, 1978..	64.92	68.52	January 15, 1986..	12.61	19.67
April 15, 1978....	63.61	67.29	April 15, 1986....	10.62	17.82
July 15, 1978.....	62.27	66.02	July 15, 1986.....	8.59	15.94
October 15, 1978..	60.90	64.74	October 15, 1986..	6.51	14.02
January 15, 1979..	59.51	63.42	January 15, 1987..	4.39	12.06
April 15, 1979....	58.08	62.08	April 15, 1987....	2.22	10.05
July 15, 1979.....	56.62	60.70	July 15, 1987.....	0.00	8.00*
October 15, 1979..	55.13	59.30			
January 15, 1980..	53.61	57.87			
April 15, 1980....	52.06	56.40			
July 15, 1980.....	50.47	54.91			

* Applicable throughout any extended term of the Lease.