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FILED 142

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WRITER'S DIRECT DIAL NUMBER

December 23, 1985

DEC 23 1985 -3 22 PM

HAND DELIVERY

Interstate Commerce Commission
Constitution Avenue and 12th Street, N.W.
Washington, D.C. 20423

INTERSTATE COMMERCE COMMISSION

Date 12/23/85
Fee \$ 10.00

ICE Washington, D.C.

Attention: Mildred Lee, Office of the Secretary,
Public Record Section, Room 2303

Dear Ms. Lee:

Enclosed for filing and recording in your office are three (3) originally executed and notarized copies of a Lease of Railroad Equipment, dated as of December 17, 1985 by and between Consolidated Rail Corporation and NEMLC Leasing Associates No. 3 and the requisite fee payable to the Interstate Commerce Commission in the amount of \$10.00. The parties to the Lease are:

Consolidated Rail Corporation (Lessee)
1310 Six Penn Center Plaza
Philadelphia, Pennsylvania 19103

NEWMLC Leasing Associates No. 3 (Lessor)
50 Milk Street
Boston, Massachusetts 02109

The equipment which is the subject of the Lease is described in Schedule A attached thereto.

Please provide the representative of this firm who is delivering this package to you with a receipt of some sort or the documents described in the above.

Wang
Frank Christensen

PEPPER, HAMILTON & SCHEETZ

Interstate Commerce Commission
December 23, 1985
Page Two

Thanking you in advance for your attention to this
matter, I am;

Sincerely,

Carol G. Simcox
Carol G. Simcox
Legal Assistant

CGS/vaf
Enclosures
cc: Paula G. Pressman, Esquire
John W. McLamb, Jr., Esquire

RECORDATION NO. 14867 Filed 1425

DEC 23 1985 - 3 30 PM

INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT

Dated as of December 17, 1985

between

CONSOLIDATED RAIL CORPORATION

and

NEMLC LEASING ASSOCIATES NO. 3

COUNTERPART NO. 2 OF 5 SERIALY NUMBERED
MANUALLY EXECUTED COUNTERPARTS. TO THE EXTENT IF
ANY THAT THIS DOCUMENT CONSTITUTES CHATTEL PAPER
UNDER THE UNIFORM COMMERCIAL CODE, NO SECURITY
INTEREST IN THIS DOCUMENT MAY BE CREATED THROUGH
THE TRANSFER AND POSSESSION OF ANY COUNTERPART
OTHER THAN COUNTERPART NO. 1.

LEASE OF RAILROAD EQUIPMENT dated as of December 17, 1985, between CONSOLIDATED RAIL CORPORATION, a Pennsylvania corporation (the "Lessee"), and NEMLC LEASING ASSOCIATES NO. 3, a Massachusetts limited partnership by its general partner NEMLC Leasing Corporation, a Massachusetts corporation (the "Lessor").

WHEREAS, the Lessor is entering into an Assignment of Purchase Agreement dated as of the date hereof (the "Purchase Agreement") with Electro-Motor Divisions of General Motors Corporation (the "Builder"), wherein the Builder has agreed to manufacture, sell, and deliver to the Lessor the units of railroad equipment described in Schedule A hereto (the "Equipment");

WHEREAS, the Lessee desires to lease such number of units of Equipment as are delivered and accepted and settled for under the Purchase Agreement (the "Units") at the rentals and for the terms and upon the conditions hereinafter provided; and

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

Section 1. Net Lease. This Lease is a net lease and except as expressly provided herein the Lessee shall not be entitled to any abatement of rent or additional rent, or setoff against or recoupment or reduction of rent or additional rent, including, but not limited to, abatements, setoffs, reductions or recoupments due or alleged to be due by reason of any past, present or future claims or counterclaims of the Lessee against the Lessor under this Lease or the Purchase Agreement, or against the builder or otherwise. The Lessee's obligations hereunder, and other amounts hereunder, shall be absolute and unconditional under any and all circumstances, and, except as otherwise expressly provided herein, this Lease shall not terminate, nor shall the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. So long as no Event of Default exists hereunder, if Lessor or anyone claiming through Lessor shall interfere with Lessee's possession and use of any Unit in accordance with the terms of the Lease, Lessee's obligation to pay rent with respect to such Unit hereunder shall abate for so long as such interference continues,

provided, however, that an authorized officer of the Lessee shall have given 10 days' prior written notice thereof to the Lessor in sufficient detail to identify such Unit and the source, nature and location of such interference, it being understood that such prior notice is one of the essence of this Lease and that an abatement of rent by the Lessee without such prior notice will constitute an Event of Default under Section 12 (A) after five business days. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof.

Section 2. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the Purchase Agreement. Delivery and Acceptance shall occur at Altoona, Pennsylvania. Upon such delivery, and provided that each Unit shall be acceptable to lessee following inspection, Lessee shall timely execute and deliver to the Lessor a certificate of acceptance (the "Certificate of Acceptance") in the form annexed hereto as Schedule C, whereupon, except as provided in the next sentence hereof, such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The delivery, inspection and acceptance hereunder of any Unit of Equipment after 1985, shall be null and void and ineffective to subject to such Unit to this Lease or to constitute acceptance hereof on behalf of the Lessor for any purpose whatsoever.

Section 3. Rentals. The Lessee agrees to pay to the Lessor, as rental for each Unit, 30 consecutive semi-annual payments in arrears commencing on July 1, 1986 (the "Basic Rent Commencement Date") and semiannually thereafter on July 1 and January 1 (each of such 30 consecutive dates being hereinafter call a "Rental Payment Date". The first twelve (12) rentals shall be in the amount of 4.0432% of Purchase Price each and the final eighteen (18) rentals shall be in the amount of 4.9413% of Purchase Price each, as defined in Schedule A.

If any of the Rental Payment Dates referred to above is not a business day the rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in Philadelphia and Boston are authorized or obligated to remain closed.

Section 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder as evidenced by the date on the Certificate of Acceptance and, subject to the provisions of Sections 7 and 10 hereof, shall terminate of the date on which the final payment or rent in respect thereof is due pursuant to Section 3 hereof. The obligations of the Lessee hereunder (including,

but not limited to, the obligations under Sections 6, 7, 9, 14 and 16 hereof) shall survive the expiration or termination of the term of this Lease and the full payment of all amounts payable under this Lease, as shall the obligations of the Lessor under Sections 6, 7, 9, 14 and 16 hereof.

Section 5. Identification Marks. The Lessee will cause each Unit to be kept numbered with the identification number set forth in Schedule A hereto, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "Title to this Equipment is subject to documents filed with the Interstate Commerce Commission." with appropriate changes thereof as from time to time may be required by law, in the opinion of the Lessor, in order to protect the Lessor's title to and interest in such Unit and the rights of the Lessor under this Lease. Lessee agrees, upon request of Lessor, at Lessee's expense, to place markings on the Equipment by stencil or metal tags supplied by Lessor, showing Lessor's title thereto. Upon Acceptance the Lessee will so mark each such Unit and will replace promptly any such markings which may be removed, defaced or destroyed. The Lessee will not change the identification number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Lessor and duly filed and deposited by the Lessee in all public offices where this Lease shall have been filed and deposited and (ii) the Lessee shall have furnished the Lessor an opinion of counsel to the effect that such statement has been so filed and deposited, that such filing and deposit will protect the Lessor's rights in such Units and that no other filing, deposit or giving of notice with or to any federal, state or local government or agency thereof is necessary to protect the rights of the Lessor in such Units.

Except as provided in the immediately preceding paragraph, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Units may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates.

Section 6. General Tax Indemnity.

(a) Indemnity. The Lessee agrees to pay, and to indemnify and hold the Lessor each Assignee, each Lender and their successors and assigns harmless, on an after-tax basis, from any and all Federal, state, local and foreign taxes, withholdings, levies, imports, duties, assessments, fees and charges together with any penalties, fines, additions to tax or interest thereon, however imposed, whether levied or imposed upon the Lessor each Assignee, each Lender and their successors and assigns, or any Unit, upon or respect to the purchase, ownership, delivery, leasing, re-leasing, subleasing, possession, use, operation, maintenance, repair, condition, transfer of title, return or other disposition thereof; the indebtedness with respect thereto; the rentals, receipts or earnings arising therefrom; or this Agreement or any payment made pursuant to this Agreement (all such taxes, assessments, fees, charges, penalties, fines, additions to tax and interest imposed

hereafter referred to as "General Taxes"); excluding, however: (i) United States Federal income taxes and any state, District of Columbia or local net income taxes or other similar taxes measured by net income or net earnings of Lessor, any Assignee or any Lender; (ii) any claims for penalties, fines or interest resulting from an act, omission or misrepresentation of Lessor or anyone acting under, through, or on behalf of Lessor (other than Lessee pursuant to this Section 6); and (iii) any taxes imposed upon Lessor as a result of the voluntary transfer of title, sale or other disposition of the Units (other than a transfer by Lessor made as a result of a transfer by Lessor pursuant to Section 7, 10 or 13 hereof).

(b) Payment. All amounts payable to the Lessor pursuant to this Section 6 shall be paid promptly in immediately available funds and in any event within 15 days after receipt by the Lessee of written demand therefor from the Lessor requesting reimbursement or indemnification for any General Taxes, on the basis that the Lessor has paid or within 15 days expects to pay such amounts.

(c) Contest. If any proceeding (including the written claim or written threat of such proceeding) is commenced against the Lessor for any General Taxes, the Lessor shall promptly notify the Lessee. Lessor agrees to confer with Lessee, if so requested, and agrees to take such action in connection with contesting any such proceeding as the Lessee shall reasonably request provided, however, that:

(i) within 30 days after notice by the Lessor to Lessee of such proceeding the Lessee shall request that it be contested;

(ii) Lessor, at its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with any applicable agency with respect to any such claim, accept the findings of such agency or otherwise terminate any audit or other administrative proceedings and may, at its sole option, either pay the General Taxes and sue for a refund in such court as the Lessor shall elect, or contest the proceeding in any appropriate forum; provided, however, that Lessee shall have no obligation to indemnify Lessor for any such General Taxes, if as a result of Lessor's foregoing of any such administrative appeals, proceedings, hearings or conferences, Lessor shall lose the right to contest the merits of such imposition or levies; and

(iii) prior to taking such action, the Lessee at its expense shall furnish the Lessor in a timely manner with an opinion of independent tax counsel satisfactory to the Lessor to the effect that there exists a reasonable likelihood of the Lessor's prevailing on the merits in the contest of such proceeding;

it being understood, however, that in no event shall the Lessor be required to commence any proceeding pursuant to this paragraph (c) unless the Lessee shall have provided the Lessor with sufficient funds on an

interest free basis to pay such General Taxes as are required to be paid so to proceed.

(d) Costs of Contest. The Lessee shall indemnify the Lessor in a manner satisfactory to the Lessor for any liability or loss which the Lessor may incur from time to time as a result of participating in any proceeding described in paragraph (c) of this Section 6. The indemnification shall be an amount which, on an after-tax basis, shall be equal to all costs and expenses which the Lessor may incur from time to time in connection with any such proceeding or any appeal thereof, including, without limitation, reasonable attorneys' and accountants' fees and disbursements, and the amount of any interest, tax or penalty which may ultimately, be due and payable as a result of any such proceeding. Such amounts shall be payable within 15 days after the presentation to Lessee of appropriate documentation in reasonable detail of such costs, expenses, interest, taxes or penalties and the demand for payment thereof.

(e) Refund. If the Lessor shall obtain a refund of all or any part of such General Taxes paid by the Lessee or with the Lessee's advance of funds, the Lessor shall pay to the lessee the amount of such refund, subject to the Lessee making the indemnification in paragraph (c) of this Section 6. If in addition to such refund the Lessor shall receive an amount representing interest on the amount of such refund, the Lessee shall be paid that proportion of such interest which is fairly attributable to General Taxes paid by the Lessee prior to the receipt of such refund or with an advance provided by the Lessee.

(f) Reports. In case any report or return is required to be made relating to any General Taxes, the Lessee will, at its own expense, make and timely file such reports and returns where permitted to do so under applicable rules and regulations (the interest of the Lessor in the Units to be shown in a manner satisfactory to the Lessor) or, where not so permitted, notify the Lessor of such requirement and at Lessee's and at Lessee's expense will prepare and deliver such reports to the Lessor within a reasonable time prior to the time such reports are to be filed. Any expenses incurred by the Lessor with respect to the submission or execution of any such report or return, or the filing or recording thereof, shall be reimbursed to the Lessor by the Lessee in the manner provided in paragraph (d) of this Section 6. Lessor agrees to notify Lessee of any reporting or return requirements of which it is aware in the ordinary course of its principal business (other than reports or returns required in the railroad industry or for property or sales and use taxes) and to provide Lessee, in a timely manner, all information in the possession of Lessor which is reasonably required for the preparation and filing of such report or return.

Section 7. Maintenance; Casualty Occurrences; Insurance. The Lessee, at its own expense and in a manner no less thorough and complete than is the prudent industry standard for Class I line-haul railroads, will maintain, service and adhere to a preventive maintenance schedule with respect to each Unit which will include testing, repair and overhaul so that each Unit will remain (a) in as good operating condition as when

delivered (ordinary wear and tear excepted), and (b) in compliance with any and all applicable laws and regulations, and (c) suitable for immediate purchase or lease and immediate regular use in main line freight service by a Class I line-haul railroad (not then a debtor in any insolvency, bankruptcy or reorganization proceedings). In no event shall any Unit be maintained or serviced to a lesser standard for maintenance, or serviced on a basis less frequent than the maintenance standard, or maintenance or service scheduling basis, employed as of any given time during this Lease by the Lessee for any similar equipment owned or leased by it at such given time. In no event shall any Unit be maintained on a basis less frequent than the maintenance basis employed as of the date hereof by the Lessee for any similar equipment and as otherwise may be required to enforce warranty claims against each vendor and manufacturer of the Equipment.

In the event that any Unit shall be or become lost, stolen, destroyed or irreparably damaged, or in the opinion of Lessee, worn out from any cause whatsoever, permanently returned to the Builder pursuant to any patent indemnity provision of the Purchase Agreement, or taken or requisitioned by condemnation or otherwise by the United States government or by any other government or governmental entity resulting in loss of possession by the Lessee for period of 90 consecutive days (such occurrences being hereinafter called "Casualty Occurrences"), prior to the return of such Unit in the manner set forth in Section 14 hereof, the Lessee shall promptly (but in any event within 60 days after such Casualty Occurrence) and fully notify the Lessor, with respect thereto. On the Rental Payment Date next succeeding such event provided any such loss, return, taking or requisition shall have continued for at least 90 consecutive days, the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Unit then due and payable or accrued to such date plus a sum equal to the Casualty Value (as hereinafter defined) of such Unit as of the Rental Payment Date, in accordance with Schedule B hereto. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate (except in the case of the loss, theft, complete destruction or permanent return to the Builder of such Units) and the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis and the Lessee may be a purchaser of such Unit (unless such Unit is declared worn out by Lessee) and shall notify the Lessor prior to any such purchase by the Lessee. Any payments (including, without limitation, insurance proceeds) received at any time by Lessor or by Lessee from any governmental authority or other party (except Lessee) as a result of a Casualty Occurrence will be applied as follows: (i) any such payments received at any time by Lessee shall be promptly paid to Lessor for application pursuant to the following provisions: (ii) so much of such payments as shall not exceed the amount required to be paid by Lessee shall be applied in reduction of Lessee's obligation to pay such amount, if not already paid by Lessee, or, if already paid by Lessee, shall be applied to reimburse Lessee for its payment of such amount, unless an Event of Default shall have occurred and be continuing; and (iii) the

balance, if any, of such payments remaining thereafter shall be retained by Lessor. Any payments (including, without limitation, insurance proceeds) received at any time by Lessor or Lessee from any governmental authority or other party with respect to any condemnation, confiscation, theft or seizure of, or requisition of title to or use of, or loss or damage to, Unit or Units not constituting a Casualty Occurrence, will be applied directly in payment of repairs or for replacement of property in accordance with the provisions hereof, if not already paid by Lessee, or if already paid by Lessee and no Event of Default shall have occurred and be continuing, shall be applied to reimburse Lessee for such payment, and any balance remaining after compliance with said Sections with respect to such loss or damage shall be retained by Lessee.

The Casualty Value of each Unit as of any Rental Payment Date shall be that amount for that Unit as is set forth in Schedule B hereto opposite such date.

Whenever any Unit shall suffer a Casualty Occurrence after the final payment of rent in respect thereof is due pursuant to Section 3 hereof and before such Unit shall have been returned in the manner provided in Section 14 hereof, the Lessee shall promptly (as provided above) and fully notify the Lessor with respect thereto and, except as provided in Section 14 hereof, pay to the Lessor an amount equal to the Casualty Value of such Unit, which shall be an amount equal to the amount for such Unit on the Sixtieth Date following the Basic Rent Commencement Date. Upon the making of any such payment by the Lessee in respect of any Unit, (except in the case of the loss, theft or complete destruction of such Unit or return to the Builder of such Unit) the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence, or any component thereof, at the best price obtainable on an "as is, where is" basis and the Lessee may be a purchaser of such Unit and shall notify the Lessor prior to any such purchase by the Lessee. Provided that the Lessee has previously paid the Casualty Value to the Lessor and provided no Event of Default (or other event which after notice of lapse of time or both would become an Event of Default) shall have occurred and be continuing, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

In the event of the requisition (other than a requisition which constitutes a Casualty Occurrence) for use by the United States Government or by any other government or governmental entity (hereinafter collectively called the "Government") of any Unit during the term of this Lease, all of the Lessee's obligation to pay rent) under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred, except that if such Unit is returned by the Government at any time after the end of the term of this Lease, the Lessee shall be obligated to return such Unit to the Lessor pursuant to Section 11 or 14 hereof, as the case may be, promptly upon such return by the Government rather than at the end of the term of this Lease, but the Lessee shall in all other respect comply with the provisions of said Section 11 or 14, as the case may be, with respect to such Unit. All

payments received by the Lessor or the Lessee from the government for the use of such Unit during the term of this Lease shall be paid over to, or retained by, the Lessee, provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing; and all payments received by the Lessor or the Lessee from the government for the use of such Unit after the term of this Lease shall be paid over to, or retained by, the Lessor.

Except as hereinabove in this Section 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance hereof by the Lessee hereunder.

The Lessee will, at all times prior to the return of the Units to the Lessor, at its own expense, cause to be carried and maintained casualty insurance and public liability insurance in respect of the Units at the time subject hereto, against such risks, in such amounts and on such terms and conditions as are satisfactory to the Lessor; provided, however, that the Lessor will be reasonable in determining such terms and conditions and, in any event, such insurance shall be comparable in amounts and against such risks as are customarily insured against by the Lessee in respect of similar equipment owned or leased by it, but in no event shall such coverage be for amounts or against risks less than the prudent industry standard for Class I line-haul railroads. All policies with respect to such insurance shall provide for payments to the Lessor and each Assignee and Lender, as additional named insured or sole loss payee(s), as its interests may appear, shall provide for at least 30 days' prior written notice by the insurance carrier to the Lessor in the event of cancellation, expiration or amendment (and the Lessee shall provide 30 days' prior written notice to the Lessor in any such event), shall include waivers by the insurer of all claims for premiums against the Lessor, and shall provide that losses are payable notwithstanding, among other things, any act of negligence of the Lessee, or the Lessor, more hazardous use or occupation of the Units than that permitted by such policies, any breach or violation by the Lessee or the Lessor, of any warranty, declaration, condition or other provision contained in any such policy, or foreclosure, notice of sale or any other proceeding in respect of the Units, or any change in the title to or ownership of any of the Units. The policies of insurance required hereunder shall be issued by insurers of recognized responsibility. Each such insurance policy shall expressly provide that all of the provisions thereof except the limits of liability (which shall be applicable to all insureds as a group) and liability for premiums (which shall be solely a liability of the Lessee) shall operate in the same manner as if they were a separate policy covering each insured and shall be primary without right of contribution from any insurance carried by the Lessor. The Lessee shall, not later than June 15 of each year, commencing June 15, 1986, furnish to the Lessor a certificate of an independent insurance broker acceptable to the Lessor evidencing the maintenance of the insurance required hereunder and shall furnish certificates evidencing renewal 15 days' prior to the expiration date of such policy or policies. In the event that the Lessee shall fail to maintain insurance as herein provided, the Lessor may at

its option on five business days' prior written notice to the Lessee provide such insurance (giving the Lessee prompt written notice thereof) and, in such event, the Lessee shall, upon demand from time to time, reimburse the Lessor for the cost thereof together with interest on the amount of such cost from the date of payment thereof at a rate per annum equal to the "prime" or "base" rate of interest announced from time to time by Bank of New England, N.A. for corporate borrower of the highest credit rating. If the Lessor shall receive any insurance proceeds or condemnation payment in respect of a Unit suffering a Casualty Occurrence, the Lessor shall, subject to the Lessee's having made payment of the Casualty Value in respect of such Unit and provided no Event of Default (or other event which after notice or lapse of time both would become an Event of Default) shall have occurred and be continuing, pay such proceeds or condemnation payments to the Lessee. All insurance proceeds received by the Lessor in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of any Unit in respect of which such proceeds were paid has been fully repaired, provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing. Any amounts paid or payable to Lessor under the foregoing insurance shall not be reduced on account of any amount which may be paid or payable to Lessor by reason of claims made under any other policies of insurance under which Lessor is a beneficiary or claimant. Notwithstanding the foregoing, the Lessor shall in no event be obligated to participate in the funding of any self-insurance program of the Lessee.

Section 8. Reports. On or before April 30 in each year, commencing with a calendar year 1986, the Lessee will furnish to the Lessor a certificate signed by the Chief Mechanical Officer of the Lessee (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year or are then undergoing repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Lessor may reasonably request and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by Section 5 hereof have been preserved or replaced. The Lessor, at its sole expense, shall have the right by its agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

The Lessee shall promptly notify the Lessor of any occurrence of an Event of Default or other event which after notice or lapse of time or both would become an Event of Default, specifying such Event of Default and all such events and the nature and status thereof.

Section 9. Disclaimer of Warranties; Compliance with Laws and Rules; Alterations; Liens; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN,

THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO THE LESSEE'S RIGHT TO QUIET ENJOYMENT THEREOF (EXCEPT AS TO ACTS OF LESSOR OR ANYONE CLAIMING THROUGH IT), OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, AND LESSOR HEREBY DISCLAIMS ANY SUCH REPRESENTATION OR WARRANTY (WHICH DISCLAIMER LESSEE HEREBY ACKNOWLEDGES). WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, LESSOR SHALL NOT BE LIABLE OR RESPONSIBLE FOR ANY DEFECTS, EITHER PATENT OR LATENT (WHETHER OR NOT DISCOVERABLE BY LESSEE), IN THE EQUIPMENT, OR FOR ANY DIRECT OR INDIRECT DAMAGE TO PERSONS OR PROPERTY RESULTING THEREFROM, OR FOR LESSEE'S LOSS OF USE OF THE EQUIPMENT OR FOR ANY INTERRUPTION IN LESSEE'S BUSINESS CAUSED BY LESSEE'S INABILITY TO USE OF THE EQUIPMENT FOR ANY REASON WHATSOEVER, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee, its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Builder; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, sub-leasing, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as among the Lessee and the Lessor that the Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all applicable laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads, of applicable, and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units. The Equipment will at all times be and remain in the possession and control of Lessee. The Equipment shall in no event be located outside of the continental limits of the United States except for occasional use in Canada which use shall in no event cause Lessor to lose any of the assumed tax benefits set forth in Section 16 hereof. Lessee shall use and operate the

Equipment or cause it to be used and operated only by personnel authorized by Lessee.

In the event that, prior to the expiration of this Lease, such laws or rules require any alteration, replacement, addition or modification of or to any part on any Unit, the Lessee will conform therewith at its own expense (any such additions which are readily removable without material damage to the Units shall become the property of the Lessee if their removal would not adversely and materially affect the value of the Units and their installation was required by law for limited special use and not general operation; and to the extent such additions are not readily removable without causing material damage to the Units, the same shall be and become the property of Lessor and subject to the terms of the Lease); provided, however, that the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Lessor (which shall be promptly given to Lessee), adversely affect the property or right of the Lessor under this lease. Lessee agrees, that upon request of Lessor, to give Lessor written notice describing the nature and cost of additions made to the Units. The Lessee, at its own cost and expense, may from time to time make such other additions, modifications and improvements to the Units during the term of this Lease as are readily removable without causing material damage to the Units (and do not adversely and materially affect the value of the Units). The additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee, except to the extent such additions, modifications or improvements are described in the following sentence. Any and all parts installed on and additions and replacements made to any Unit (i) which are not readily removable without causing material damage to such Unit and were installed or were added to such Unit in contravention of the provisions contained hereinabove, (ii) the cost of which is included in the Lessor's basis for such Unit, (iii) in the course of ordinary maintenance of the Units or (iv) which are required for the operation or use of such Unit by the interchange rules of the Association of American Railroads or by the regulations of the Interstate Commerce Commission, the United States Department of Transportation or any other regulatory body, shall constitute accessions to such Unit and full ownership thereof free from any lien, charge, security interest or encumbrance (except for additions required by law for limited special use and not general operation which are readily removable without causing material damage to the Units and without adversely and materially affecting the value of the Units) shall immediately be vested in the Lessor; Lessor shall have the right, with Lessee's consent, at its option exercisable upon written notice given to Lessee not more than 90 days and not less than 30 days prior to the expiration or termination of the Term with respect to an Item of Equipment to purchase any such removable Improvement affixed or installed on such Item of Equipment and owned by Lessee at the time of Lessor's exercise of such option at a cash price equal to the fair market sales value thereof (as determined pursuant to Section 10 hereof as of the date of such purchase), and, if Lessor does not exercise such option, Lessee shall remove such Improvement at its own expense without causing material damage to such Item of Equipment prior to the return of such Item of

Equipment to Lessor hereunder. Except as required or permitted by the provisions of this Section 9, Lessee shall not modify an Item of Equipment without the prior written authority and approval of Lessor.

Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to the Equipment or any part or Item thereof, Lessor's title thereto, or any interest therein, except (i) any Lien granted or placed thereon by Lessor as a result of any assignment by Lessor pursuant to Section 12 hereof, (ii) any Lien resulting from an independent act of or claim against Lessor or anyone claiming an interest in any Unit or Units through the Lessor which does not result from arise out of, or relate to the manufacture, acquisition, ownership or leasing of the Equipment or this Lease or any Lease Supplement or any Event of Default, (iii) Liens for taxes either not yet delinquent or being contested by Lessee in good faith by appropriate proceedings and where, in Lessor's (and in each Lender's) opinion, there is no danger of the sale, forfeiture or loss of the Equipment or any part or Item thereof, (iv) materialmen's, mechanics', workmen's, repairmen's, employees' storage or other like Liens arising in the ordinary course of business, which are not delinquent or are being contested by Lessee in good faith by appropriate proceedings and where, in Lessor's (and in each Lender's) opinion, there is no danger of the sale, forfeiture or loss of the Equipment or any part or Item thereof, and (v) liens caused by Lessor. Lessee, at its own expense, will promptly pay, satisfy and otherwise take such actions as may be necessary to keep the Equipment free and clear of, and to duly discharge or eliminate or bond in a manner satisfactory to Lessor and each Assignee, any such Lien not excepted above if the same shall arise at any time. Lessee will notify Lessor and each Assignee in writing promptly upon becoming aware of any tax or other Lien (other than any Lien excepted above) that shall attach to the Equipment or any Item of Equipment, and of the full particulars thereof.

The Lessee agrees to indemnify, protect and hold harmless the Lessor, each Assignee, each Lender and their respective successors and assigns, on an after-tax basis from and against all losses, damages, injuries, liabilities, claims (including without limitation claims for strict liability in tort), demands, actions and suits of every kind whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent, trademark and copyright liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of or the occurrence of a default, an event of default or an Event of Default under this Lease or any sublease entered into pursuant to Section 12 hereunder, the ownership of any Unit, the manufacture, ordering, acquisition, use, operation, condition, purchase, sublease, delivery, acceptance, rejection, storage or return of any Unit or any accident in connection with the operation, use, condition, possession, storage or return of any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in Section 14 of this Lease. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the expiration or termination of the term of this Lease.

Except as otherwise expressly provided in Section 14, the Lessee shall bear the responsibility and risk for, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of any or all of the Units of Equipment.

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

Section 10. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein sometimes called an "Event of Default") shall occur:

(A) default shall be made in payment of any amount provided for in Section 3 or 7 hereof, and such default shall continue for ten (10) business days after receipt of written notice by Lessee of Lessor's failure to receive such payment;

(B) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or of the right to possession of the Units, or any thereof or shall fail to observe and perform the agreements with respect to insurance set forth herein;

(C) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for 30 days after the earlier of (i) written notice from the Lessor to the Lessee specifying the default and demanding that the same be remedied and (ii) the date on which such default shall first become known to any officer of the Lessee;

(D) a petition for reorganization under Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed and otherwise in accordance with the provisions of 11 U.S.C. §1168, or any successor provision as the same may hereafter be amended; or

(E) any other proceeding shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder under any bankruptcy or insolvency laws, or laws relating to the relief of debtors,

readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of such obligations), and, unless such proceeding shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease shall not have been and shall not continue to have been duly assumed in writing pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceeding shall have been commenced; then, in any such case, the Lessor, at its option, may exercise one or more of the following:

(a) proceed by appropriate court action or actions either at law or in equity to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof including but not limited to net after-tax losses of Federal, state and local income tax benefits to which the Lessor would otherwise be entitled under this Lease; or

(b) terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents, subject to compliance with all mandatory requirements of law, enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may then be due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days in such full rental period) including but not limited to any amounts due the Lessor pursuant to Section 7 and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty whichever of the following amounts of the Lessor, in its sole discretion, shall specify: (i) an amount, with respect to each Unit, equal to the excess, if any, of the Basic Rent payable for such Unit for the remainder of the then current Term, over the fair market rental value (determined as hereinafter set forth in this Section 10) of such Unit for the remainder of the then current Term, after discounting such excess to present worth as of the payment date specified in such notice at 8 1/2% per annum; or (ii) an amount, with respect to each Unit, equal to the excess, if any, of the Casualty Loss Value of such Unit computed as of the Rent Payment Date next

preceding the payment date specified in such notice, over the fair market sales value of the Unit (determined as hereinafter set forth in this Section 10) as of the payment date specified in such notice;

(c) if Lessor shall have sold the Equipment or any Unit, Lessor, if it shall so elect, demand that Lessee pay to Lessor, and Lessee shall pay to Lessor, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent due for the Equipment or Unit(s) so sold for any Rental Period commencing after the date on which such sale occurs), all unpaid Interim Rent and Basic Rent payable for all Rental Periods up to and including the Rental Period in which such sale occurs, plus the amount of any deficiency between the net proceeds of such sale and the Casualty Loss Value of the Equipment or Unit(s) so sold, computed as of the Rent Payment Date next preceding the date of such sale, together with interest at the rate of 15% per annum but not more than the maximum rate allowed by law on the amount of such deficiency from the Rent Payment Date as of which such Casualty Loss Value is computed until the date of actual payment; and

(d) Lessor may exercise any other right or remedy which may be available to it under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof or to rescind this Lease.

For the purposes hereof, the "fair market rental value" or the "fair market sales value" of the Equipment shall mean such value as determined by mutual written agreement of Lessor and Lessee or, upon request by Lessor at any time prior to such mutual agreement, by the Appraisal Procedure; provided, however, that if such Appraisal Procedure shall not fix such fair market value prior to the date set for payment, Lessee shall pay on such date damages based on Lessor's determination of such value, subject to refund from Lessor of any excess payment determined as a result of completion of the Appraisal Procedure; provided that such refund shall be made only if and to the extent that (a) the amount of such excess exceeds the greater of (i) the then fair market sales value or fair market rental value, as the case may be, of such Equipment or (ii) the Casualty Loss Value of such Equipment, and (b) all other amounts then owing to Lessor hereunder have been paid in full. Such fair market sales value and such fair market rental value shall be determined on the basis of, and shall equal in value, the amount which would obtain in an arm's length transaction between an informed and willing buyer or lessee (other than a lessee currently in possession and a used equipment or scrap dealer) and an informed and willing seller or lessor under no compulsion to sell or lease, and after subtracting from such amount any cost to Lessor for removal and delivery of possession of the Equipment to Lessor at the expiration of the Term. At any sale pursuant to this Section 10, Lessor may bid for and purchase the Equipment. No express or implied waiver by Lessor of any Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default. To the extent permitted by applicable law, Lessee hereby waives any rights now or hereafter conferred by statute or otherwise which may require Lessor to sell, lease or otherwise use the Equipment in mitigation of Lessor's damages as set forth in this Section or which may otherwise limit or modify any of Lessor's rights and remedies in this Section.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amount due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all claims against the Lessor and its agent for agents for damages of whatever nature in connection with any retaking of any Unit in any reasonable and lawful manner. The Lessor and the Lessee agree that the Lessor shall be entitled to all rights (such rights being fundamental to the willingness of the Lessor to enter into this Lease) provided for in §1168 of the Bankruptcy Act or any comparable provision of any amendment thereto, or of any other bankruptcy act, so that the Lessor shall have the right to take possession of the Equipment upon an Event of Default under this Lease regardless of whether the Lessee is in reorganization.

No failure by the Lessor to exercise, and no delay by the Lessor in exercising, any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege by the Lessor preclude any other or future exercise thereof, or the exercise of any other right, power or privilege by the Lessor preclude any other or future exercise thereof, or the exercise of any other right, power or privilege.

Section 11. Return of Units upon Default. If this Lease shall terminate pursuant to Section 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the condition required by the first paragraph of Section 7 hereof. For the purpose of delivering possession, the Lessee shall:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and to all railroads to which any Unit or Units have been interchanged or which may have possession thereof to return the Unit or Units) place such Units upon storage tracks of the Lessee or any of its affiliates as the Lessor reasonably may designate;

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge of insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Lessor; provided, however, that such storage without charge shall not extend beyond the latest storage date specified in Section 14 hereof; and

(c) transport the same to any place on the lines of railroad operated by the Lessee or any of its affiliates or to any connecting carrier for shipment, all as directed by the Lessor.

Except as specifically provided herein, the assembling, delivery storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and, upon application to any court of equity having jurisdiction, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own expense, maintain and keep the Equipment in the condition required by the first paragraph of Section 7 hereof and will permit and cooperate with the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of any such Unit, to inspect the same in a reasonable manner consistent with current industry practice. All rent and per diem charges earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor.

Without in any way limiting the foregoing obligations of the Lessee under this Section 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

Section 12. Assignment; Possession and Use. So long as no Event of Default exists hereunder, this Lease shall not be assignable in whole or in part by the Lessor or any affiliate, subsidiary or parent of Lessor without the written consent of the Lessee, which shall not be unreasonably withheld; provided, however, that no such consent shall be required for (a) an assignment to an affiliate, subsidiary or parent of Lessor; or (b) an assignment to a lender of this Lease and/or any payments hereunder as collateral for a loan or loans. All rights of the Lessor hereunder shall inure to the benefit of the Lessor's successors and assigns.

So long as no Event of Default exists hereunder, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease and, without the prior written consent of the Lessor, the Lessee may sublease the Units to, or permit their use by, a user incorporated in the United States of America (or any State thereof or the District of Columbia), upon lines of railroad owned or operated by the Lessee or such user or by a railroad company or companies incorporated in the United States of America (or any State thereof or the District of Columbia), or over which the Lessee, such user, or such railroad company or companies have trackage rights or rights for operation of their trains, and upon the lines or railroad of connecting and other carriers

in the usual interchange of traffic or in through or run through service, but only upon and subject to all the terms and conditions of this Lease; provided, however, that the Lessor's consent, not to be unreasonably withheld, must be obtained for any sublease that is for a term longer than six months; provided, further, however, that the Lessee shall not sublease or permit the sublease or use of any Unit to service involving operation or maintenance outside the United States of America; and provided, further, however, that any such sublease or use shall be consistent with the provisions of Section 16 hereof. No such assignment or sublease shall relieve the Lessee of its obligations hereunder which shall be and remain those of a principal and not a surety.

Section 13. Purchase Option. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice deliver to the Lessor not less than 180 days prior to the end of the term, purchase all but not less than all such Units then subject to this Lease at a Fair Market Purchase Price (plus any applicable sales, excise or other taxes imposed as a result of such sale) payable in immediately available funds on the dates this Lease expires with respect to each Unit.

Upon payment of the purchase price of any Unit, pursuant to an election by the Lessee to purchase the Units, the Lessor shall upon request of the Lessee execute and deliver to the Lessee, or to the Lessee's assignee or nominee, a bill of sale for such Unit such as will transfer to the Lessee on an as is, where is basis without representation or warranty by or recourse to Lessor.

Fair Market Purchase price shall be equal to the cash purchase price which would be obtained in an arm's length transaction between an informed and willing purchaser and 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 purchase price.

Section 14. Return of Units upon Expiration of Term. Unless Lessee shall have purchased and paid for the Units, then as soon as practicable on or after the expiration of the term of this Lease with respect to any Unit, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Units to the Lessor upon appropriate storage tracks of the Lessee at a location or locations mutually agreeable to Lessor and Lessee or, in the absence of such mutual agreement, at a major maintenance terminal or terminals on the lines of the railroad as the Lessee may select, and permit the Lessor to store such Unit on such tracks for a period not exceeding 90 days following notification to the Lessor by the Lessee that all the Units have been assembled and delivered for storage (the "Storage Period") and transport the same, at any time within the Storage Period, to any reasonable place on the lines of railroad operated by the Lessee, or to any connecting carrier for shipment, all as directed by the Lessor, the movement and storage of such Units during the Storage Period to be at the expense and risk of the Lessee; and in the event that any Unit shall suffer a Casualty Occurrence during such Storage Period, the Lessee shall pay the Lessor the Casualty Value thereof as provided in Section 7 hereof;

provided however, that Lessee shall have no obligation to pay Lessor the Casualty Value for a Unit which suffers a Casualty Occurrence while being operated by Lessor or its agent during the Storage Period, or which, at the specific direction of the Lessor, is stored or operated in a manner different from the normal storage or operation practice of the Lessee. During such Storage Period the Lessee will permit the Lessor or any person designated by it, including the authorized representatives of any prospective purchaser, lessee or user of such Unit, to inspect the same in accordance with normal industry practice and consistent with the intended use of the Units; provided, however, that the Lessee shall not be liable, except in the case of negligence, wilful misconduct or strict liability of the Lessee or of its employees or agents, for any injury to or the death of, any person exercising, on behalf of either the Lessor or any prospective purchaser, lessee or user, such rights of inspection. Each Unit returned to the Lessor pursuant to this Section 14 shall be in the condition required by the first paragraph of Section 7 hereof and free and clear of all liens, charges, security interests or other encumbrances (other than liens, charges, security interests or other encumbrances created by the Lessor or the Vendor or resulting from claims against the Lessor or the Vendor not related to the ownership of the Units). The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and, upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance thereof. During the period that the Units are being assembled and delivered for storage and during the Storage Period, the Lessee will at its own expense, maintain and keep the Units in the condition required by the first paragraph of Section 7 hereof and will permit the Lessor or any person designated by it, including the authorized representative of any prospective purchaser, lessee or user of any such Unit, to inspect the same. All rent and per diem charges earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day from the date of such termination an amount equal to the amount, if any, by which \$220.00 per Unit for each such day exceeds the actual earnings received by the Lessor with respect to such Unit for each such day.

The Lessee further agrees, the Lessee's reasonable operational requirements permitting, that the Lessor, at the Lessor's cost and expenses, may, after the expiration of the 90 day period referred to above, store such Units upon such storage tracks of the Lessee as the Lessee reasonably designates. The storage charge shall be in accordance with the then current applicable tariff.

Section 15. Recording. The Lessee, at Lessee's expense, will cause a Memorandum of this Lease and any assignment hereof to be filed in accordance with 49 U.S.C. §11303 and deposited with the Registrar General of Canada (and notice of such deposit to be given forth in The Canada Gazette) pursuant to Section 86 of the Railway Act of Canada prior to the

delivery and acceptance of any Unit hereunder. The Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, re-register, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor for the purpose of proper protection, to its satisfaction, of the Lessor's rights in the Units, or for the purpose of carrying out the intention of this Lease, and the Lessee will promptly furnish to the Lessor evidence of all such filing, registering, depositing, recording and other acts which may be required under this Section 15, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Lessor.

Section 16. (a) Assumed Tax Consequences. This Lease has been entered into on the assumption that it will have the following tax consequences (herein referred to as "Assumed Tax Consequences"):

(i) The transaction will be treated as a lease for tax purposes. The Lessor will be treated as the owner and lessor of each unit and the Lessee will be treated as lessee of each unit.

(ii) The Lessor shall be entitled to an investment tax credit in its tax year with respect to each unit pursuant to Section 38 and related sections of the Internal Revenue Code of 1954 as in effect as of the date of this Agreement (the "Code") in an amount equal to 10 percent of the Lessor's tax basis of such unit (with respect to all units, the "Investment Credit"), and there will be no recapture of the Investment Credit.

(iii) In the hands of the Lessor as of the date of delivery and acceptance of each unit, such unit will constitute (A) "recovery property" and "5-year property" within the meaning of Section 168 of the code, and the Lessor will be entitled to the deductions allowed under Section 168 of the Code with respect to such Recovery Property (the "Cost Recovery Deductions") and (B) "new section 38 property" as defined in Section 48(b) of the Code.

(iv) The Lessor will be entitled to the Cost Recovery Deductions with respect to the full amount of the Lessor's tax basis for each of the units as reduced pursuant to Section 48(q) of the Code by 50% of the Investment Credit allowed to the Lessor with respect to the units; the full amount of the Cost Recovery Deductions will be allowed to the Lessor and there will be no recapture of the Cost Recovery Deductions by the Lessor.

(v) The amounts of interest payable on any debt incurred with respect to this transaction shall be deductible as interest by the Lessor in accordance with its method of accounting (the "Interest Deductions").

(vi) The Lessor shall be entitled to depreciate the units for state and local income tax purposes in the Lessor's home estate (the "State and Local Tax Benefits").

(vii) Alterations, improvements and additions to any unit by the Lessee will not result in any tax consequences to the Lessor.

(viii) All income and deductions with respect to the units will be from sources within the United States.

It being expressly agreed, however, that the Lessee does not warrant or represent the accuracy of any of the assumptions set forth in subparagraph (a) of this Paragraph.

(b) Lessee's Representations and Warranties. The Lessee represents and warrants for purposes of this Paragraph that:

(i) the Lessee will not have done or caused any other person to have done anything to any of the units of the Equipment so as to preclude "the original use of such property" within the meaning of Section 48(b) of the Code from commencing with the Lessor;

(ii) the Lessee will at all times during the Lease Term use or cause each of the units to be used in a manner such that at all times the units will constitute "Section 38 property" within the meaning of Section 48(a) of the Code;

(iii) the Lessee has not made any claim and will not make any claim predicated on tax or legal ownership of the units, including but not limited to, a claim of the Cost Recovery Deductions, the Investment Credit, the Interest Deductions or the State and Local Tax Benefits;

(iv) at all times during the Lease Term the Lessee will not use nor permit the use of the units in any taxable year of the Lessor "predominately outside the United States," within the meaning of Sections 168(f)(2) and 48(a)(2) of the Code;

(v) at all times during the Lease Term, the Lessee will not use nor permit the use of the units outside the United States of America in such a manner as to affect the ability of the Lessor to treat, for Federal income tax purposes, each item of income, deduction and credit relating to all units subject to the Lease as being derived from or allocable to, sources within the United States of America.

(vi) in determining the Recovery Deduction for each Item of Equipment for each taxable year, as of the date hereof Lessor shall be entitled to utilize the Accelerated Cost Recovery System provided for in Section 168 of the Code, including the

utilization of the applicable percentages specified in the table set forth in Section 168(b)(1) of the Code for the applicable class of recovery property referred to in Section 168(c)(2)(B) of the Code;

(c). Indemnity. If solely and directly by reason of any act of commission or omission (including any acts of commission or omission permitted to be taken pursuant to the Lease), misrepresentation, breach of any agreement, covenant, representation or warranty contained herein on the part of the Lessee or the sale or other disposition of the Equipment after the occurrence of any Event of Default, (i) the Lessor shall lose the right to claim or shall not claim (as the result of a good faith determination based upon the advice of independent tax counsel selected by the Lessor and approved by Lessee, which approval shall not be unreasonably withheld (hereinafter referred to as "Tax Counsel"), that such claim is not properly allowable by reason of any act of commission or omission, misrepresentation or breach of any agreement, covenant or warranty by the Lessee), shall suffer a disallowance of, or shall be required to recapture all or any portion of the Investment Credit, the cost Recovery Deductions, the Interest Deductions, or State and Local Tax Benefits or such benefits as are available to the Lessor only at later dates than assumed, or (ii) the Lessor shall suffer a disallowance of or be required to recapture an amount of foreign tax credit which would have been allowable to the Lessor if the Lessor had not participated in the transactions contemplated by the Lease (the "Foreign Tax Credit") any item of income, loss or deduction with respect to the Equipment is treated as derived from, or allocable to sources outside the United States whether or not any foreign income tax imposed as a result thereof is credited against Federal or state income taxes of Lessor, or if there shall be included in Lessor's income for Federal or state income tax purposes any amount or account of any addition modification or improvement to the Equipment made or paid for by Lessee, (any of such events being a "Loss"), then in any such case, the Basic Rent for such Item of Equipment shall, on the Rent Payment Date next following the date on which the liability of Lessee hereunder shall become fixed as hereinafter provided, and on each succeeding Rent Payment Date, be increased by such amount which, after deduction of all taxes required to be paid by Lessor as a result of Lessor's receipt of such sums under the laws of the United States, any state or any political subdivision thereof or any foreign taxing authority, will maintain Lessor's after-tax economic yield and overall net after-tax cash flows in respect of such Item of Equipment at a level which is not less than the same level that would have been available if such Loss had not occurred, and Lessee shall pay to Lessor an amount which, after the deduction of any additional taxes required to be paid by Lessor in respect of Lessor's receipt of such amount, shall be equal to the amount of any interest, penalty or additions to tax which may be imposed in connection with such Loss. In the event that the Term with respect to any Item of Equipment is terminated prior to the time Lessee is obligated to make the payments to Lessor with respect to such Item of equipment as set forth in the preceding sentence (either because no such payment obligation had become fixed under such sentence prior to such termination or because the due date of any such payment or payments shall occur following such

termination), then Lessee shall pay to Lessor, in lieu of such payment or payments, on or before 30 days after the liability of Lessee hereunder shall become fixed as hereinafter provided, such lump sum as shall be necessary to maintain Lessor's aftertax economic yield and overall net after-tax cash flows in respect of such Item of equipment at a level which is not less than the same level that would have been available if such Loss had not occurred, plus an amount which, after the deduction of any additional taxes required to be paid by Lessor in respect of Lessor's receipt of such amount, shall be equal to the amount of any interest, penalty or additions to tax which may be imposed in connection with such Loss. No interest, penalty or Loss shall be paid by Lessee if such interest, penalty or Loss results solely from Lessor's negligence.

Upon the request of the Lessee, the Lessor will furnish to the Lessee a certificate of the Lessor's independent accountants, verifying that the amount of such indemnification payment is in effect an amount sufficient but not greater than the amount necessary, on an after-tax basis, to preserve the Lessor's after-tax economic yield and overall net after-tax cash flows.

All calculations of Lessor's after-tax economic yield and overall net after-tax cash flows under this Section 16 shall be determined on the basis of the assumptions that (i) Lessor is entitled to realize the assumed tax benefits set forth in subsection (a) of this Section 16, and (ii) Lessee will be subject to a combined effective Federal corporate income tax rate and state corporate income tax rate of 51.13%.

(e) Payment. All amounts payable to the Lessor hereunder shall be paid promptly and in immediately available funds and in any event within 15 days after receipt by the Lessee of a written demand therefor on the basis that the Lessor has paid or within 15 days expects to pay such amounts. Any payment due to the Lessee from the Lessor pursuant to this Section shall be paid promptly and in any event within 15 days after the Lessor realizes any reduction in its income or franchise taxes based upon net income.

(f) Limitations on Special Tax Indemnities. Notwithstanding anything to the contrary hereinbefore set forth, no amount shall be payable to the Lessor as an indemnity under this Paragraph in respect of any Loss to the extent that such Loss results from the occurrence of any of the following events:

(i) a voluntary transfer or other voluntary disposition by the Lessor of any interest in any unit or any interest in the Lease other than a transfer pursuant to Section 7, 10 or 13 hereof;

(ii) the failure of the Lessor to claim (unless Tax Counsel has advised that such claim is not properly allowable by reason of acts of commission or omission, misrepresentations or breach of any agreement, covenant or warranty by the Lessee) the Investment Credit, the Cost Recovery Deductions, the Foreign Tax Credits, the Interest Deductions or the State and Local Tax Benefits;

(iii) any other acts or omissions of the Lessor, inconsistent with the transactions contemplated hereby;

(iv) the failure of the Lessor to have sufficient liability for tax against which to credit the Investment Credit or to have sufficient income to benefit from the Cost Recovery Deductions or the Interest Deductions or to utilize the State and Local Tax Benefits, as the case may be;

(v) A Casualty Occurrence to the extent of the Casualty Value timely paid by the Lessee pursuant to Section 7 of the Lease; or

(vi) any changes in tax law.

(g) Contest of Disallowance of Tax Benefits. If a claim ("Claim") shall be made at any time which, if successful, would require the Lessee to indemnify the Lessor under this Section, the Lessor hereby agrees to take such action in connection with contesting such Claim as the Lessee shall reasonably request in writing from time to time; provided, however, that:

(i) within 30 days after notice by the Lessor to the Lessee of such Claim, the Lessee shall request that such Claim be contested;

(ii) the Lessor, at its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service with respect to such Claim and may, at its sole option, either pay the tax claimed and sue for a refund in the appropriate United States District Court or the United States Claims Court as the Lessor shall elect, or contest such Claim in the United States Tax Court; provided, however, that the Lessee shall have no obligation to indemnify the Lessor for any such Taxes if, as a result of the Lessor's foregoing any such administrative appeals, proceedings, hearings, or conferences, the Lessor shall lose the right to contest the merits in such Court of such impositions of levies;

(iii) prior to the Lessor's taking any such requested action, the Lessee at the Lessee's expense shall have furnished the Lessor in a timely manner with an opinion of independent tax counsel satisfactory to the Lessor to the effect that there exists a reasonable likelihood of the Lessor's prevailing on the merits in the contest of such Claim;

(iv) The Lessee shall have indemnified the Lessor in a manner satisfactory to the Lessor for any liability or loss directly related to such Claim which the Lessor may incur from time to time as the result of contesting such Claim and shall

pay to the Lessor within 15 days after written demand therefor from time to time an amount which, on an after tax basis, shall be equal to all costs and expenses which the Lessor may incur from time to time in connection with contesting or defending such Claim or any appeal thereof, including, without limitation, reasonable attorneys' and accountants' fees and disbursements, and the amount of any interest, additions to tax or penalties which may ultimately be payable as a result of contesting such Claim or appeal; and

(v) if the Lessor shall have elected hereunder to pay the tax claimed and then seek a refund, the Lessee will advance to the Lessor sufficient funds, on an interest free basis, to pay the tax.

(h) Appeals. Notwithstanding any other obligation of the Lessor under this Section, the Lessor shall have no obligation to appeal any adverse trial or appellate court determination with respect to any Claim, unless:

(i) prior to the Lessor's making any such appeal, the Lessee shall, upon request by the Lessor, have furnished the Lessor with security, satisfactory to the Lessor, with respect to the Lessee's liability for indemnification under this Section with respect to such Claim, together with at Lessee's expense a timely opinion of independent tax counsel satisfactory to the Lessor to the effect that there exists a reasonable likelihood of the Lessor prevailing on the merits of such appeal; and

(ii) with respect to any appeal of any appellate court determination, prior to the Lessor's making such appeal, the Lessee at its expense shall have timely furnished the Lessor with an opinion of independent tax counsel satisfactory to the Lessor to the effect that the likelihood of reversal of the adverse determination on appeal is substantially greater than the likelihood of affirmance.

(i) Deferral of Lessee's Liability. If any Claim shall be made and the Lessee shall have reasonably requested the Lessor to contest such Claim as above provided and shall have duly complied with all of the terms of subparagraph (h) of this Section, the Lessee's liability for indemnification hereunder (other than as provided in subparagraph (h)(iv) of this Section) shall be deferred until final determination of the liability of the Lessor. At such time the Lessee shall become obligated for the payment of any indemnification hereunder resulting from the outcome of such contest, and the Lessor shall become obligated to refund to the Lessee any amount received as a refund by the Lessor fairly attributable to advances by the lessee hereunder, together with any interest received by the Lessor on such refund. Such obligations of the Lessor and the Lessee will first be set off against each other and any difference owing by either party shall be paid within 30 days after such final determination.

(j) Notice and Cooperation. The Lessor agrees promptly to notify the Lessee in writing of any Claim and agrees not to make payment of the tax claimed or to consent to the assessment of any deficiency relating to such claim for at least 30 days after the giving of such notice and agrees to give to the Lessee any relevant information relating to such Claim which may be peculiarly within the knowledge of the Lessor and otherwise to cooperate with the Lessee in good faith in order to contest may such Claim.

(k) Waiver of Indemnification Settlement. Nothing contained in this Section shall require the Lessor to contest any Claim if the Lessor shall waive the payment by the Lessee of any amount that might otherwise be payable by the Lessee under this Section by way of indemnity in respect of such Claim. The Lessor shall not enter into a settlement or other compromise with respect to any Claim without the prior written consent of the Lessee, unless (i) the Lessor shall have complied with its obligations to contest under this Section or (ii) the Lessor shall waive its right to be indemnified with respect to such Claim under this Section.

(l) Survival of Indemnities. The respective liabilities of the Lessee and the Lessor to make indemnification payments pursuant to this Section shall, notwithstanding any expiration or termination of the Lease, continue to exist until such indemnity payments are made by the Lessee and the Lessor, respectively.

(m) Consolidated Tax Returns. For purposes of this Section, the term "Lessor" will include the corporation constituting Lessor and will also include any affiliated group of which Lessor is, or may become a member, and each member of such affiliated group, if consolidated, joint, or combined returns are filed for such affiliated group for Federal, state or local income tax purposes.

Section 17. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, an amount on the overdue rentals and other obligations for the period of time during which they are overdue at a rate per annum equal to the "prime" or "base" rate of interest announced from time to time by Bank of New England, N.A. for corporate borrowers of the highest credit rating, or such lesser amount as may be legally enforceable. Interest hereunder shall be determined on the basis of a 360 day year of twelve 30 day months.

Section 18. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been received by the addressee on the date of transmission, if by telex, or on the date of actual receipt, if by mail or by hand, if addressed as follows:

(a) if to Lessor, at 50 Milk Street, Boston, Massachusetts 02109
Attention: Vice President-Administration

(b) if to the Lessee, at 1310 Six Penn Center Plaza,
Philadelphia, Pennsylvania 19104, Attention of Assistant Treasurer
Financing;

or at such other address as either part shall have designated to the other party in writing.

Section 19. Severability; Effect and Modification of Lease. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

-This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee.

Section 20. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Lessor shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

Section 21. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the Commonwealth of Pennsylvania; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303 and such additional rights arising out of the filing or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Lease or any assignment hereof shall be filed or deposited.

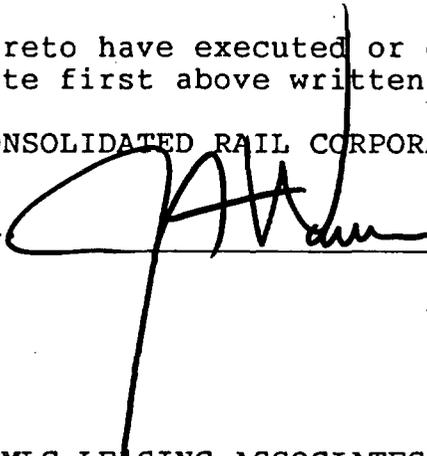
Section 22. Financial Information. Lessee agrees to furnish Lessor (a) as soon as available, and in any event within 120 days after the last day of each fiscal year of Lessee, a copy of the consolidated balance sheet of Lessee and its consolidated subsidiaries as of the end of such fiscal year, and related consolidated statements of income and retained earnings of Lessee and its consolidated subsidiaries for such fiscal year, certified by an independent certified public accounting firm of recognized standing, each on a comparative basis with corresponding statements for the prior fiscal year, and a copy of Lessee's form 10-K (if any) filed with the Securities and Exchange Commission for such fiscal year; (b) within 45 days after the last day of each fiscal quarter of Lessee (except the last such fiscal quarter), a copy of the balance sheet as of the end of such quarter, and statement of income and retained earnings covering the fiscal year to date of Lessee and its consolidated subsidiaries, each on a comparative basis with the corresponding period of the prior year, all in reasonable detail, together with a copy

of Lessee's form 10-Q (if any) filed with the Securities and Exchange Commission for such quarterly period; (c) contemporaneously with its transmittal to each stockholder of Lessee and to the Securities and Exchange Commission, all such other financial statements and reports as Lessee shall send to its stockholders and to the Securities and Exchange Commission; (d) as soon as available to Lessee, the notice of any material adjustment resulting from any audit of the books and/or records of Lessee by any taxing authority having jurisdiction over Lessee; and (e) such additional financial information as Lessor may reasonably request concerning Lessee.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

CONSOLIDATED RAIL CORPORATION

By



[corporate seal]

Attest:

J. D. McGEHEAN

Assistant Secretary

NEMLC LEASING ASSOCIATES NO. 3
by its general partner,
NEMLC LEASING CORPORATION

By:

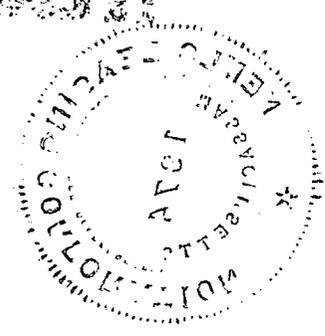


[corporate seal]

Attest:

Holney Collier

Assistant Secretary

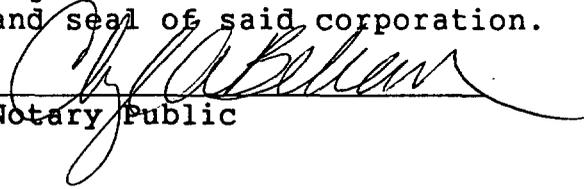


State of Massachusetts))
County of Suffolk) ss.:

On this 19 day of December, 1985 before me personally appeared Philip S. Sternstein to me personally known who, being by me duly sworn, says that he is Senior Vice President of NEMLC Leasing Corporation, general partner of NEMLC Leasing Associates **No. 3.**

That one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authorization of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and seal of said corporation.

(Seal)


Notary Public

State of *Pennsylvania*)
County of *Philadelphia*) ss.:

On this 20th day of December, 1985 before me personally appeared J. A. Warner to me personally known who, being by me duly sworn, says that he is Assistant Treasurer - Financing of Consolidated Rail Corporation.

That one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authorization of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and seal of said corporation.

(Seal)

Marianne C. Baker

Notary Public

MARIANNE C. BAKER
Notary Public, Phila., Phila. Co.
My Commission Expires Aug. 4, 1986

SCHEDULE A TO LEASE

<u>TYPE</u>	<u>BUILDER</u>	<u>QUANTITY</u>	<u>LESSEE'S IDENTIFICATION NUMBERS (BOTH INCLUSIVE)</u>	<u>PURCHASE PRICE (EACH)</u>
SD60 Locomotives	General Motors	3	CR 6840-42	\$800,000.00

SCHEDULE B TO LEASE

Casualty Value

The Casualty Value of any Unit payable to Lessor as a result of any Casualty Occurrence shall mean an amount equal to the percentage of the cost of such Unit determined in accordance with the following schedule:

<u>Rent Payment Date Number</u>	<u>Percentage of Cost Payable as Casualty Value</u>
1	109.943173
2	107.452058
3	107.700652
4	104.590050
5	104.209407
6	100.451694
7	99.404956
8	94.974538
9	93.428444
10	88.748709
11	87.052722
12	85.312240
13	82.633306
14	79.883667
15	77.056782
16	74.156371
17	71.174539
18	68.115174
19	64.969941
20	61.742935
21	58.439689
22	55.068242
23	51.625621
24	48.113789
25	44.530099
26	40.877333
27	37.109037
28	33.329233
29	29.290890
30	24.999997

Lessee's Initials

Lessor's Initials

SCHEDULE C TO LEASE

Certificate of Acceptance

To:

I, the duly authorized representative for the Lessor and Consolidated Rail Corporation (the "Lessee") under the Lease of Railroad Equipment, dated as of _____ do hereby certify that I inspected and accepted delivery thereunder of the following Units of Equipment:

TYPE OF EQUIPMENT:
MODEL:
DATE ACCEPTED:
NUMBER OF UNITS:
NUMBERED: OR
MANUFACTURER'S NUMBER:

I do further certify that the foregoing Units are in good order and condition, and appear to conform to the specifications, requirements and standards applicable thereto as provided in the Lease.

The execution of this Certificate will in no way relieve or decrease the responsibility of the Builder named below for any warranties it has made with respect to the Equipment.

Authorized Representative
of Lessor and Lessee

BUILDER:
