

RECORDATION NO. 13825 - B Filed 1425

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OCT 28 1982-3 00 PM 2-301A039

New No.

INTERSTATE COMMERCE COMMISSION
Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
Washington, D. C. 20423

No. OCT 28 1982
Date
Fee \$ 60.00

-A
B13825
RECORDATION NO. Filed 1425

ICC Washington, D. C.

OCT 28 1982-3 00 PM

Dear Ms. Mergenovich:

INTERSTATE COMMERCE COMMISSION

Enclosed for recordation under the provisions of Section 11303(a) of Title 49 of the U.S. Code are the original and seven counterparts of a Sublease Agreement No. 1 dated as of September 30, 1982. Sublease Agreement No. 1 is a primary document. Also enclosed are two Lease Supplements specifically describing the equipment to be leased under Sublease Agreement No. 1. The Lease Supplements are secondary documents.

A general description of the locomotives and railroad cars covered by the enclosed documents and intended for use related to interstate commerce is set forth in Schedule A attached to this letter and made a part hereof.

The names and addresses of the parties to Sublease Agreement No. 1 and the Lease Supplements are as follows: 13825 A

Lessor: Lone Star Steel Company
P.O. Box 35888
2200 West Mockingbird Lane
Dallas, Texas 75235
Attention: Vice President and Controller

Lessee: Philadelphia and Reading Corporation
P.O. Box 35888
2200 West Mockingbird Lane
Dallas, Texas 75235
Attention: Vice President and Controller

The undersigned is the Lessor mentioned in the enclosed documents and has knowledge of the matters set forth therein.

Please return the original and five copies of Sublease Agreement No. 1 and the Lease Supplements to Robert Nash, Esq., Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Also enclosed is a check in the amount of \$60.00 covering the required recording fee.

A short summary of the enclosed primary and secondary documents to appear in the Index as follows:

C. F. Kessler
C. Dunlap

OCT 28 1982-3 00 PM
INTERSTATE COMMERCE COMMISSION
RECEIVED
OCT 28 2 58 PM '82
FEE OPERATIONS

Sublease Agreement No. 1 and two Lease Supplements
between Lone Star Steel Company, as Lessor, P.O. Box 35888, 2200
West Mockingbird Lane, Dallas, Texas 75235 and Philadelphia and
Reading Corporation, as Lessee, c/o Northwest Industries, Inc.,
6300 Sears Tower, Chicago, Illinois 60606 covering 5 locomotives
and 118 railroad cars.

Very truly yours,

LONE STAR STEEL COMPANY

By Daniel P. Casey
Its Attorney in fact for ALX Lundsten, its Vice
LESSOR AS AFORESAID, President

Enclosures

OCT 28 1982-3 00 PM

LEASE SUPPLEMENT NO. 1C INTERSTATE COMMERCE COMMISSION

THIS LEASE SUPPLEMENT NO. 1C, dated as of September 30, 1982 between LONE STAR STEEL COMPANY, a Texas corporation (the "Lessor") and PHILADELPHIA AND READING CORPORATION, a New York corporation;

W I T N E S S E T H:

1. The Lessor and the Lessee have heretofore entered into a Sublease Agreement No. 1 dated as of September 30, 1982 (the "Lease") providing for the execution and delivery from time to time of Lease Supplements substantially in the form hereof. The terms defined in the Lease shall have the same meanings when used herein.

2. The Lessee hereby acknowledges and confirms that on the date hereof the Equipment described in Schedule A attached hereto and made a part hereof (the "Equipment"), has been unconditionally accepted by the Lessee and is now leased under the Lease. The Lessee represents and warrants that the Equipment is free and clear of all liens, claims and encumbrances except the lien of the Security Agreement and of Permitted Encumbrances.

3. The date of delivery and acceptance of the Equipment is the date of this Lease Supplement set forth in the opening paragraph hereof.

4. The aggregate Lessor's Cost for the Equipment, the Lessor's Cost for each Item of Equipment, the Lease Term, the Interim Rent rate and the amount thereof, the Periodic Rent rate and the amount of each installment thereof and the Periodic Rent Payment dates with respect to each Item of Equipment are as set forth in Schedule A attached hereto.

THIS LEASE SUPPLEMENT AND THE RIGHTS OF THE LESSOR UNDER THE LEASE IN RESPECT OF THE ITEMS OF EQUIPMENT HEREIN DESCRIBED AND CERTAIN RENT DUE AND TO BECOME DUE UNDER THE LEASE AND THIS LEASE SUPPLEMENT IN RESPECT OF SUCH ITEMS HAS BEEN ASSIGNED TO LONE STAR STEEL COMPANY PURSUANT TO SECTION 23 OF THE LEASE AGREEMENT DATED AS OF SEPTEMBER 30, 1982 AND HAS BEEN REASSIGNED TO, AND IS SUBJECT TO A SECURITY INTEREST IN FAVOR OF, STATE OF WISCONSIN INVESTMENT BOARD, ASSIGNEE, AS SECURED PARTY UNDER A SECURITY AGREEMENT DATED AS OF SEPTEMBER 30, 1982 FROM THE LESSOR TO SAID ASSIGNEE. NO SECURITY INTEREST IN THIS LEASE SUPPLEMENT AND THE RIGHTS OF THE LESSOR UNDER THE LEASE IN RESPECT OF THE EQUIPMENT HEREIN DESCRIBED MAY BE CREATED THROUGH THE TRANSFER AND POSSESSION OF ANY COUNTERPART OF THIS LEASE SUPPLEMENT OTHER THAN COUNTERPART NO. 1. INFORMATION CONCERNING SUCH SECURITY INTEREST MAY BE OBTAINED FROM STATE OF WISCONSIN INVESTMENT BOARD, 201 EAST WASHINGTON AVENUE, P.O. BOX 7842, MADISON, WISCONSIN 53707, ATTENTION: INVESTMENT DIRECTOR - PRIVATE PLACEMENTS.

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this instrument to be executed, all as of the day and year first above written.

LONE STAR STEEL COMPANY

By Daniel P. Casey
Its Attorney-in-Fact for Alex Lundsteen,
its Vice President LESSOR

PHILADELPHIA AND READING CORPORATION

By Bernard Stokke
Its Vice President LESSEE

[CORPORATE SEAL]

ATTEST:

R. J. Hill
Secretary

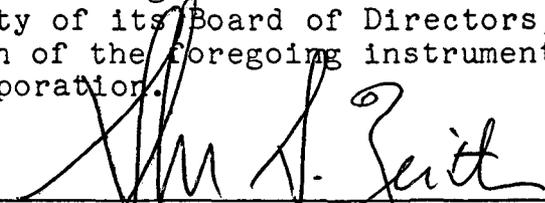
[CORPORATE SEAL]

ATTEST:

R. J. Hill
Secretary

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 30th day of September, 1982, before me personally appeared Daniel P. Casey, to me personally known, who, being by me duly sworn, says that he is the Attorney-in-Fact for Alex Lundsteen, V.P. of LONE STAR STEEL COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public

[NOTARIAL SEAL]

My Commission Expires: 1-26-85

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 30th day of September, 1982, before me personally appeared Bernard Firestone, to me personally known, who, being by me duly sworn, says that he is the Vice President of PHILADELPHIA AND READING CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public

[NOTARIAL SEAL]

My Commission Expires: 1-26-85

DESCRIPTION OF EQUIPMENT

<u>Description of Item</u>	<u>Seller</u>	<u>Group</u>	<u>Serial No.</u>	<u>Lessor's Cost</u>	<u>Place of Delivery and Location</u>	<u>Re-Lease Values</u>
Terex 33-05B Hauler	Lone Star	C	68341	\$ 150,900	Lone Star, Tx	See Schedule B attached hereto
Rebuilt Super- switcher (3) Renner RHP60 Straddle Crane	T&N Railroad	C	TN55/56/57	1,070,000	Lone Star, Tx	
New 1800HP Locomotive	Lone Star	C	60RHP024	220,200	Lone Star, Tx	
New Slug Locomotive	T&N Railroad	C	TN996	740,000	Lone Star, Tx	
	T&N Railroad	C	TN3	<u>248,000</u>	Lone Star, Tx	
Total Lessor's Cost				<u>\$2,429,100</u>		

SCHEDULE A
(to Lease Supplement No. 1C)

Interim Rent Rate and Amount:

See Section 3(a) of the
Lease

Lease Term:

Ten Years

Periodic Rent Rates:

First 20 Payments 3.7322% of
Lessor's Cost; Last 20 Payments
4.5493% of Lessor's Cost

Periodic Rent Amounts:

First 20 Payments \$90,658.87;
Last 20 Payments \$110,507.05

Periodic Rent Payment Dates:

April 3, 1983 and each July 3,
October 3, January 3 and April
3 thereafter to and including
January 3, 1993

SCHEDULE OF RE-LEASE VALUES

RE-LEASE VALUE: The following per cent of the Lessor's Cost of an Item of Equipment is to be paid on a Periodic Rent Payment Date pursuant to Section 13 of the Lease Agreement as a result of the Lessee terminating the Lease due to the obsolescence of any such Item if such Item is re-leased pursuant to the terms of Section 13 of the Lease Agreement depending upon when the Re-LEASE Value is paid:

<u>Periodic Rent Payment Date No.</u>	<u>Re-LEASE Value Payable with respect to an Item of Equipment (in addition to Periodic Rent install- ment for such Item due on such date)</u>
21	74.11%
22	71.97%
23	69.69%
24	67.28%
25	64.71%
26	61.98%
27	59.08%
28	56.00%
29	52.73%
30	49.26%
31	45.56%
32	41.64%
33	37.47%
34	33.04%
35	28.33%
36	23.33%
37	18.02%
38	12.37%
39	6.37%
40	0.00%