WHITE & CASE

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RECORDATION NO. 13573-C Filed 1425

MAC:RAL

November 21, 1985

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INTERSTATE COMMERCE COMMISSION

re Illinois Central Gulf Railroad Company
Lease Refinancing Dated November 21, 1985

Dear Sir:

Pursuant to 49 U.S.C. §11303(a), I enclose herewith on behalf of Japan Leasing (U.S.A.), Inc. and the financial institutions listed as Sellers in Schedule I hereto, for filing and recordation the original and one counterpart of the following document:

Amendment No. 3 to Equipment Lease dated as of November 1, 1985 between Illinois Central Gulf Railroad Company and Mercantile- Safe Deposit and Trust Company amending an Equipment Lease dated as of January 4, 1982 between IC Equipment Leasing Company and Illinois Central Gulf Railroad Company, which was filed and recorded on March 1, 1982 in the office of the Secretary of the Interstate Commerce Commission and was given Recordation No. 13573, as amended by the First Amendment to Equipment Lease dated as of January 4, 1982 between IC Equipment Leasing Company and Illinois Central Gulf Railroad Company, which was filed and recorded on May 1, 1984 in the office of the Secretary of the Interstate Commerce Commission and was given Recordation No. 13573-A, and as further amended by the Second Amendment to the Equipment Lease, dated as of April 1, 1984 between IC Equipment Leasing Company and Illinois Central Gulf Railroad Company, which was filed and recorded on May 1, 1984 in the office of the Secretary of the Interstate Commerce Commission and was given Recordation No. 13573-B.

Anne D. Smith

The names and addresses of the parties to the agreement listed above are as follows:

Owner Trustee-Lessor:

Mercantile-Safe Deposit and Trust Company
2 Hopkins Plaza
P.O. Box 2258
Baltimore, Maryland 21203

Lessee:

Illinois Central Gulf Railroad Company
Two Illinois Center
233 North Michigan Avenue
Chicago, Illinois 60601

Owner Participant:

IC Equipment Leasing Company
One Illinois Center
111 East Wacker Drive
Chicago, Illinois 60601

The equipment covered by the aforementioned agreement consists of 175 100-ton bulkhead flatcars marked and numbered ICG 978675-978749, both inclusive and ICG 978900-978999, both inclusive.

Enclosed is our check for $10 for the required recordation fee. Please accept one counterpart of the enclosed agreement for your files, stamp the remaining original with your recordation number and return it to the delivering messenger along with your fee receipt, addressed to the undersigned.

Very truly yours,

Margery A. Colloff

Margery A. Colloff
Attorney for Japan Leasing
(U.S.A.), Inc., et al.

Mr. James H. Bayne
Secretary,
Interstate Commerce Commission,
Washington, D.C. 20423

Enclosures

SCHEDULE I

SELLERS

Representative Seller:

Japan Leasing (U.S.A.), Inc.
2 Sound View Drive
Greenwich, Connecticut 06830

Sellers:

Japan Leasing (U.S.A.), Inc.
2 Sound View Drive
Greenwich, Connecticut 06830

Marubeni America Corporation
200 Park Avenue
New York, New York 10166

Mitsui Leasing (U.S.A.) Inc.
Suite 618
One Landmark Square
Stamford, Connecticut 06901

Kanematsu Gosho (U.S.A.), Inc.
1133 Avenue of the Americas
New York, New York 10036

Showa Leasing (U.S.A.) Inc.
224 South State Street
Dover, Delaware 19901

Esco Leasing (U.S.A.), Inc.
306 South State Street
Dover, Delaware 19901

RECORDATION NO. 15573 C Filed 1425

NOV 21 1985 · 11 20 AM

INTERSTATE COMMERCE COMMISSION

AMENDMENT NO. 3 TO

EQUIPMENT LEASE

Dated as of November 1, 1985

Between

ILLINOIS CENTRAL GULF RAILROAD COMPANY

and

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY

NOTE: THIS EQUIPMENT LEASE HAS BEEN ASSIGNED TO AND IS SUBJECT TO A SECURITY INTEREST IN FAVOR OF THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, INDENTURE TRUSTEE, UNDER AND TO THE EXTENT SET FORTH IN THE TRUST INDENTURE AND SECURITY AGREEMENT, DATED AS OF NOVEMBER 1, 1985, BETWEEN MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, AS OWNER TRUSTEE, AND THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, AS INDENTURE TRUSTEE, AS SUCH INDENTURE MAY BE AMENDED, MODIFIED, OR SUPPLEMENTED FROM TIME TO TIME IN ACCORDANCE WITH THE PROVISIONS THEREOF. THIS EQUIPMENT LEASE HAS BEEN EXECUTED IN SEVERAL COUNTERPARTS. ONLY THE ORIGINAL COUNTERPART CONTAINING THE RECEIPT THEREFOR EXECUTED BY THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION ON THE SIGNATURE PAGE THEREOF EVIDENCES THE MONETARY OBLIGATIONS OF THE LESSEE HEREUNDER.

AMENDMENT NO. 3 TO EQUIPMENT LEASE

AMENDMENT NO. 3 dated as of November 1, 1985 ("Amendment No. 3") between ILLINOIS CENTRAL GULF RAILROAD COMPANY, a Delaware corporation (the "Lessee"), and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, not in its individual capacity but solely as Owner Trustee under the Trust Agreement (as hereinafter defined) (the "Owner Trustee"), to the Original Lease (as hereinafter defined) between the Lessee and IC Equipment Leasing Company (the "Owner Participant").

R E C I T A L S

WHEREAS, all terms defined in the Original Lease and not otherwise defined herein are used herein with the same meaning;

WHEREAS, the Lessee and the Owner Participant have previously entered into an Equipment Lease dated as of January 4, 1982, as amended to date;

WHEREAS, the Owner Trustee and the Owner Participant have heretofore entered into a Trust Agreement dated as of November 1, 1985 (the "Trust Agreement") pursuant to which the Owner Participant has, subject to certain limitations and except as otherwise provided herein, transferred its rights in the Original Lease and in the Equipment to the Owner Trustee whereupon the Owner Trustee has become the "Lessor";

WHEREAS, concurrently herewith, the Lessor, the Owner Participant, the Indenture Trustee, the Lessee and the institutions listed therein as Sellers are entering into a Participation Agreement; and

WHEREAS, the Lessee and the Lessor wish to amend the Original Lease to reflect the refinancing of the debt issued in connection with the Original Lease, but otherwise for the Lessee to continue to lease the Equipment as contemplated by the Original Lease.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

Section 1.01. The Original Lease (other than the recitals contained therein) is hereby amended to provide that (i) each reference therein to the Notes shall be deemed to refer to the Deferred Purchase Certificates (as hereinafter defined), (ii) each reference to the Note Purchaser shall be deemed to refer to the Indenture Trustee (as hereinafter defined), (iii) each reference to the Security Agreement shall be deemed to refer to the Indenture (as hereinafter defined), (iv) each reference to Fixed Rental shall be deemed to refer to Basic Rent (as hereinafter defined), and (v) all references to Interim Rent or Additional Rent shall be without effect.

Section 1.02. The following definitions are hereby added to the Original Lease as part of a new "Section O. Definitions":

O.1 "Basic Rent" means the rent payable throughout the term of the Lease for each Item of Equipment pursuant to Section 2.1 of the Lease.

O.2 "Default" means any occurrence that is or with notice or the lapse of time or both would be an Event of Default under the Lease.

O.3 "Deferred Purchase Certificates" means the Series A Deferred Purchase Certificates issued by the Owner Trustee under the Indenture.

O.4 "Indenture" means the Trust Indenture and Security Agreement dated as of the date hereof between the Owner Trustee and the Indenture Trustee as originally executed or as from time to time supplemented or amended pursuant to the applicable provisions thereof.

O.5 "Indenture Trustee" means The Connecticut Bank and Trust Company, National Association, a national banking association, and each other person which may from time to time be acting as successor Indenture Trustee under the Indenture.

O.6 "Lease" means the Original Lease, as amended to date and as further amended by this Amendment No. 3.

O.7 "Original Lease" means the Equipment Lease dated as of January 4, 1982 between the Lessee and the Owner

Participant as amended as of January 4, 1982 and April 1, 1984.

O.8 "Original Participation Agreement" means the Participation Agreement dated as of January 4, 1982 among the Lessee, the Owner Participant and The Northern Trust Company.

O.9 "Participation Agreement" means the Participation Agreement dated as of the date hereof among the Lessee, the Owner Participant, the Lessor, the institutions listed in Schedule I thereto as Sellers and the Indenture Trustee.

O.10 "Rent" means Basic and Supplemental Rent.

O.11 "Representative Seller" means Japan Leasing (U.S.A.), Inc.

O.12 "Seller" means each of the institutions named in Schedule I to the Participation Agreement and its successors and assigns.

O.13 "Sellers Closing Date" has the meaning provided in the Participation Agreement.

ARTICLE II

Section 2.01. Section 1.1 of the Original Lease is hereby amended by adding the following paragraph thereto: "From and after the Sellers' Closing Date, the Lessee shall continue to lease and let and Lessor as Owner Trustee shall continue to hire to the Lessee the Equipment, subject to all terms of the Original Lease, as amended to date and as set forth in this Amendment No. 3 to reflect the refinancing of the debt outstanding in connection with the Original Lease, as contemplated by the Original Lease".

Section 2.02. Section 1.2 of the Original Lease is hereby amended by deeming the words "Note Purchaser" to mean the "Note Purchaser" as defined in the Original Lease and by deeming the word "Lessor" to mean "Lessor" as defined in the Original Lease.

ARTICLE III

Section 3.01. Section 2.1 of the Original Lease is hereby deleted in its entirety and restated as follows:

"The Lessee hereby agrees to pay Basic Rent to Lessor for each Item of Equipment in arrears on the dates and in the amounts specified on Schedule D hereto, attached to Amendment No. 3 as Exhibit A.

The Lessee also agrees to pay to Lessor, or whomever shall be entitled thereto, any and all Supplemental Rent promptly as the same shall become due and owing, and in the event of any failure on the part of Lessee to pay any Supplemental Rent, Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of Basic Rent. Lessee also agrees to pay, on demand, as Supplemental Rent, to the extent permitted by applicable law, interest at the rate provided in Section 19 hereof on any part of any installment of Basic Rent not paid when due for any period for which the same shall be overdue and on any payment of Supplemental Rent not paid when due or rightfully demanded by Lessor, as the case may be, for a period until the same shall be paid. For the purpose of this Lease, "Supplemental Rent" means all amounts, liabilities, and obligations (other than Basic Rent) which Lessee assumes or agrees to pay hereunder or under the other Operative Documents, as defined in the Participation Agreement, to Lessor or others, including, without limitation, (i) Casualty Value payment with respect to each Item of Equipment; (ii) all amounts required to be paid by Lessee under the agreements, covenants and indemnities contained in this Lease or the Participation Agreement; (iii) amounts required to be paid to reimburse the Owner Participant for payments made pursuant to Section 2.7 of the Original Participation Agreement; and (iv) amounts paid by the Owner Participant to the Owner Trustee under the Trust Agreement."

Section 3.02. Section 2.2 of the Original Lease is hereby deleted in its entirety and restated as follows: ""Business Day" shall mean "Business Day" as defined in the Participation Agreement."

Section 3.03. Section 2.3 of the Original Lease is hereby amended by:

(a) deeming the word "Lessor" in the first, second and third paragraphs to mean "Lessor" as defined in the Original Lease and "Participation Agreement" to mean the "Participation Agreement" as defined in the Original Lease; and

(b) adding the following paragraph as a fourth paragraph:

"The rental payments required by this Lease reflect the refinancing of the debt incurred in connection with the Original Lease, as contemplated thereby."

Section 3.04. Section 2.4 of the Original Lease is hereby amended by:

(a) deleting the words "the Lessor" in paragraph (e) of the Original Lease and inserting in their place the words "any party";

(b) adding a new paragraph (h) as follows:

"(h) So long as the Indenture shall not have been discharged pursuant to Section 10.01 thereof, Lessor hereby directs, and Lessee agrees, that all Rent payable by the Lessee shall be paid directly to the Indenture Trustee, by wire transfer, at the office of The Connecticut Bank and Trust Company, National Association, at One Constitution Plaza, Hartford, Connecticut 06115, Attention: Corporate Trust Department for deposit as the Indenture Trustee may direct, at such time so as to be received on the date of payment. Payments constituting Excepted Property shall, as described in 2.4(e), be made to the person entitled thereto."

Section 3.05. Section 2.5 of the Original Lease is hereby amended by:

(a) deleting in the first sentence the words "Interim Rental, Additional Rental and Fixed Rental and other",

(b) adding the words "the Owner Participant" after the words "Lessor under the Lease" and deleting the words "of the Lessor pursuant to Section 16 hereof" and inserting in their place "thereof" in the first sentence and adding the words "or the Owner Participant" after the last appearance of the word "Lessor" in the first sentence,

(c) adding the words "or the Owner Participant's" after the last appearance of the word "Lessor's" in the first sentence, and

(d) deleting the last sentence of Section 2.5 in its entirety and inserting in its place: "Each rental payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment for any reason whatsoever."

ARTICLE IV

Section 4.01. Section 3 of the Original Lease is hereby amended by adding after the words "Term Lease Commencement Date" the words ", as defined in Section 2.1(a) of the Original Lease" and deleting the words "provided for in Section 2.1 hereof."

ARTICLE V

Section 5.01. Section 4.2 of the Original Lease is hereby amended by adding the words "and the Owner Participant" after the first and third appearances of the word "Lessor" and changing the reference to "its rights" to "their rights" and the words "under Section 16 hereof" to "thereof".

ARTICLE VI

Section 6.01. Section 5 of the Original Lease is hereby amended by:

(a) inserting in the second sentence after the first and last appearance of the word "Lessor" the words "and the Owner Participant each";

(b) inserting after the second appearance of the word "Lessor", the words ", the Owner Participant";

(c) inserting in the second sentence after the third and fourth appearance of the word "Lessor" the words "or the Owner Participant";

(d) inserting in the third sentence after the first appearance of the word "Lessor" the words "and the Owner Participant"; and

(e) inserting in the fourth sentence the words "or the Owner Participant" after both appearances of the word "Lessor".

ARTICLE VII

Section 7.01. Section 6.1 of the Original Lease is hereby amended as follows:

(a) the first sentence of Section 6.1 of the Original Lease is hereby amended by inserting the words "Owner Participant, the" before the word "Lessor", replacing "of the Lessor pursuant to Section 16 hereof" with "thereof" and adding the words "and each Seller" at the end and inside of the parenthetical phrase "(including, without limitation, the Note Purchaser)"; and

(b) the words "except for amounts which the Lessor has specifically agreed to pay pursuant to Section 2.1 of the Participation Agreement," are hereby deleted from the first sentence of Section 6.1(b);

Section 7.02. Section 6.2 of the Original Lease is hereby amended as follows:

(a) by inserting the words ", and the Owner Participant," after the first appearance of the word "Lessor" in the third sentence; and

(b) by inserting the words "or the Owner Participant" after the second appearance of the word "Lessor" in the third sentence and after the word "Lessor" in the last sentence of Section 6.2 while deleting the phrase "pursuant to Section 16 hereof" in the third sentence.

ARTICLE VIII

Section 8.01. Section 7 of the Original Lease is hereby amended by inserting the words "and the Owner Participant" after the last two references to the word "Lessor".

ARTICLE IX

Section 9.01. Section 8 of the Original Lease is hereby amended by:

(a) deleting the words "from the Lessor" and inserting the words "when originally placed under the Lease" in the second sentence of Section 8 after the second appearance of the word "Lessee";

(b) inserting the words "or the Owner Participant's" after the word "Lessor's" in clause (i) of the third sentence;

(c) inserting the words "the Owner Participant" after the word "Lessor" in clause (ii) of the third sentence and substituting "thereof" for "pursuant to Section 16 hereof" in said clause (ii);

(d) inserting the words ", the Owner Participant" after "Lessor" in the fourth sentence; and

(e) inserting the words "or the Owner Participant" after the first and second appearance of the word "Lessor" in the last sentence of Section 8.

ARTICLE X

Section 10.01. Section 9 of the Original Lease is hereby amended as follows:

(a) by inserting the words "or the Owner Participant" (i) after the first appearance of the word "Lessor" in the first sentence; and (ii) after the last appearance of the word "Lessor" in the first sentence;

(b) by inserting the words "and the Owner Participant's" after the word "Lessor's" in the first sentence; and

(c) by inserting "thereof" in place of "under Section 16 hereof" in the first sentence.

ARTICLE XI

Section 11.01. Section 10.1 of the Original Lease is hereby amended as follows:

(a) the words "Prior to the delivery and acceptance of the first Item of Equipment hereunder" in the first sentence are hereby deleted and the words "Prior to the effectiveness of this Amendment No. 3 to this Lease" substituted therefor;

(b) the first reference to "this Lease" in Section 10.1 shall be amended to read "such Amendment No. 3";

(c) the words ", the Owner Participant, the Representative Seller" are hereby inserted in the first sentence after both appearances of the word "Lessor";

(d) the words ", the Owner Participant, the Representative Seller" are hereby inserted in the second sentence after the first and second appearance of the word "Lessor" and the words "and the Owner Participant's" are hereby inserted after the first appearance of the word "Lessor's" in the second sentence;

(e) the words ", Owner Participant's" are inserted after the second reference to "Lessor" in the second sentence;

(f) the third appearance of the word "Lessor" in the second sentence is hereby deleted and the words "Lessor, Owner Participant" substituted therefor; and

(g) the words "Except as provided in Section 2.6 of the Participation Agreement" are hereby deleted from the third sentence and the initial "T" in the word beginning the third sentence, as amended, capitalized.

Section 11.02. Section 10.2 of the Original Lease is hereby amended as follows:

(a) by inserting the words "and the Owner Participant" after the first appearance of the word "Lessor" in the first sentence of the first paragraph of Section 10.2 and after the last appearance of the word "Lessor" in the penultimate sentence of such paragraph and inserting the words "and each Seller" in and at the end of the parenthetical phrase "(including, without limitation, the Note Purchaser)";

(b) the word "thereof" is substituted for "of the Lessor pursuant to Section 16 hereof" in the first sentence of Section 10.2;

(c) the words "or the Owner Participant" are inserted after the first appearance of "Lessor" in the penultimate sentence of the first paragraph; and

(d) by inserting the words ", the Owner Participant," in the second paragraph of Section 10.2 after each appearance of the word "Lessor".

ARTICLE XII

Section 12.01. (a) The second sentence of Section 11.1 of the Original Lease is deleted in its entirety

and restated to read as follows: "The terms of such property and casualty insurance may contain exclusions or other terms restricting coverage, including deductibles or self-insurance provisions, provided such exclusions, deductibles and self-insurance provisions shall be no more favorable to the Lessee than is customary with comparable railroad companies."

(b) The third sentence of Section 11.1 of the Original Lease is deleted in its entirety and restated to read as follows:

"All such insurance shall cover the interest of, and name as additional insureds, the Lessor, the Owner Participant, and any assignee thereof (including, without limitation, the Indenture Trustee and the Sellers) and the Lessee, as their interests may appear, in the Equipment, or, as the case may be, shall protect the Lessor and any assignee of the Lessor, the Owner Participant (including, without limitation, the Indenture Trustee and the Sellers) and the Lessee, in respect of risks arising out of the condition, maintenance, use, ownership and operation of the Equipment and shall provide that proceeds, if any, in respect of the Equipment shall be payable to the Lessee, the Lessor, the Owner Participant, the Indenture Trustee as their respective interests may appear".

(c) The fourth sentence of Section 11.1 of the Original Lease is hereby amended by inserting the words ", the Representative Seller, the Owner Participant" after the words "Note Purchaser".

(d) The sixth sentence of Section 11.1 of the Original Lease is hereby amended by inserting the words ", the Owner Participant, the Sellers" after each appearance of the word "Lessor".

(e) The eighth sentence of Section 11.1 of the Original Lease is hereby amended by inserting the words "and the Sellers" after the words "Note Purchaser" and the words "the Owner Participant, the Representative Seller" after the word "Lessor".

(f) The last sentence of Section 11.1 is amended by deleting the proviso.

(g) The second paragraph of Section 11.1 of the Original Lease is hereby amended by inserting the words (1) ", the Owner Participant, the Sellers" after the first ap-

pearance of the word "Lessor", (2) the words "the Owner Participant, the Sellers," before the second appearance of "Note Purchaser" and (3) ", the Owner Participant, or the Sellers" after the last appearance of the word "Lessor" in clause "(ii)".

Section 12.02. Section 11.2 of the Original Lease is hereby amended by inserting the words "and the Owner Participant" after the word "Lessor" in the heading of Section 11.2, and by inserting the words ", the Owner Participant" after the word "Lessor" following the parenthetical "(after it has knowledge of such Casualty Occurrence)", and deleting the words "pursuant to Section 16 hereof" following such parenthetical. The reference to the Participation Agreement in the first sentence of Section 11.2 of the Original Lease shall be deemed to be a reference to the Original Participation Agreement.

Section 12.03. Section 11.3 of the Original Lease is hereby amended by deleting the words "Term Lease Commencement Date or".

Section 12.04. Section 11.5 of the Original Lease is hereby amended as follows:

(a) by inserting the words "and the Owner Participant" after the first and second appearance of the word "Lessor" in the first sentence of Section 11.5 and adding the additional word "each" after the second such insert;

(b) by inserting the words "and the Owner Participant" after the word "Lessor" in the third sentence of Section 11.5.

Section 12.05. The reference to the Participation Agreement in the second sentence of Section 11.6 of the Original Lease shall be deemed to be a reference to the Original Participation Agreement.

Section 12.06. Section 11.7 of the Original Lease is hereby amended by inserting the words "or the Owner Participant" after the word "Lessor".

ARTICLE XIII

Section 13.01. Section 12.1 of the Original Lease is hereby amended as follows:

(a) by inserting the words ", the Owner Participant" after the first appearance of the word "Lessor" in the first sentence;

(b) by deeming the first reference to "this Lease" to mean the Original Lease.

(c) by deleting the words "of the Lessor pursuant to Section 16 hereof" and inserting in their place the word "thereof";

(d) by substituting the words "Amendment No. 3" for the word "Lease" in the parenthetical beginning "(or since . . .";

(e) by inserting the words "after this Amendment No. 3" after the word "statement" at the end of the parenthetical described immediately above in subsection (d) herein; and

(f) by inserting the words "or the Owner Participant" after the last appearance of the word "Lessor".

Section 13.02. Section 12.2 of the Original Lease is hereby amended as follows:

(a) by inserting the words ", the Owner Participant" after the first appearance of the word "Lessor"; and

(b) by deleting the words "of the Lessor pursuant to Section 16 hereof" and inserting in their place the word "thereof".

ARTICLE XIV

Section 14.01. Section 13 of the Original Lease is hereby amended by inserting the words "or the Owner Participant" immediately after the second, third, fifth and sixth appearances of the word "Lessor".

ARTICLE XV

Section 15.01. Section 14.1 of the Original Lease is hereby amended as follows:

(a) by deleting the words "rental or Casualty Value" contained in paragraph (a) and substituting the words

"Basic Rent" therefor and by adding the following at the end of said paragraph (a): ", or default shall be made in the payment of Supplemental Rent and such default shall continue for 30 business days.";

(b) by deeming the term "Participation Agreement" in paragraphs "(c)" and "(d)" to mean both the Original Participation Agreement and the Participation Agreement; and

(c) by adding the following paragraph "(g)" to Section 14.1:

"(g) An Event of Default shall have occurred and be continuing in any of the Leases, as defined in the Participation Agreement."

Section 15.02. Section 14.2(a) of the Original Lease is hereby amended by deleting the word "Lessor" and substituting therefor the words "Owner Participant".

Section 15.03. Section 14.5 is hereby amended by inserting the words ", the Owner Participant," after the word "Lessor" in Section 14.5.

ARTICLE XVI

Section 16.01. Section 15 of the Original Lease is hereby amended as follows:

(a) by inserting the words "or the Owner Participant, as the Lessor may direct." after the third appearance of the word "Lessor" in the first sentence of Section 15.1;

(b) by inserting the words "or the Owner Participant" after each appearance of the word "Lessor" in the second sentence and at the end of paragraph (a) of Section 15.1; and

(c) by inserting the words "or the Owner Participant" after both appearances of the word "Lessor" in Section 15.1(b).

Section 16.02. Section 15.3 is hereby amended by inserting the words "and the Owner Participant" after the first reference to the "Lessor".

ARTICLE XVII

Section 17.01. Section 16 of the Original Lease is hereby amended as follows:

(a) by adding the words "or the Owner Participant's" after the words "the Lessor's" in clause (i) of the second sentence;

(b) by deleting the words "(except those rights, privileges and remedies relating to amounts payable to the Lessor pursuant to Sections 6, 10.2, 11.1 [with respect to public liability insurance], 20 and 21.2 hereof which" and substituting therefor the words "(except those rights expressly provided for in Section 4.11 of the Indenture which rights" in clause (ii) of the second sentence; and

(c) by adding "except as may otherwise be provided by the terms of any such assignment" immediately preceding the words "and (iii)" and changing the reference to "by the Lessor" at the end of the parenthetical to read "By the party to whom such rights inure)".

ARTICLE XVIII

Section 18.01. Section 17.1 of the Original Lease is hereby amended as follows:

(a) by adding "and the Owner Participant" after the reference to the "Lessor" in the first sentence; and

(b) by inserting the words ", the Owner Participant" after the word "Lessor" in the third sentence of Section 17.1.

ARTICLE XIX

Section 19.01. Section 18 of the Original Lease is hereby amended by:

(a) adding "and the Owner Participant" after the first reference to "Lessor" in Section 18.1; and

(b) inserting the words "or the Owner Participant, as the Lessor may direct," after the word "Lessor" in Section 18.4.

(b) inserting the words "or the Owner Participant, as the Lessor may direct," after the word "Lessor" in Section 18.4.

ARTICLE XX

Section 20.01. Section 19 of the Original Lease is hereby deleted in its entirety and restated as follows:

"Anything to the contrary herein contained notwithstanding any nonpayment of Rent or other sums due hereunder shall result in the additional obligation on the part of the Lessee to pay also an amount equal (i), for any period during which any principal or interest remains unpaid on the Deferred Purchase Certificates, to interest at a rate of 11.97% per annum (computed on the basis of a 365-day year and actual days elapsed), or the highest lawful rate, whichever is less, and (ii), after the principal and interest on the Deferred Purchase Certificates shall have been paid, to the lesser of 1% per annum in excess of the rate quoted by Continental Illinois National Bank and Trust Company of Chicago as its prime rate then in effect, or the highest lawful rate, on such overdue amounts for the period of time during which such amounts were overdue and not repaid."

ARTICLE XXI

Section 21.01. Section 20 of the Original Lease is hereby amended as follows:

(a) by deleting the words "the obligations of the Lessor on" in Section 20(e);

(b) by inserting the words "means the Owner Participant and" in Section 20(f) after the word "Lessor"; and

(c) by deleting the words "specified in Schedule 1 to the Participation Agreement" in Section 20(g) and substituting therefor "at such account as the Lessor may direct."

"shall be transmitted and directed as required by the Participation Agreement and shall be effective when received.";

(b) by deleting the word "Lessor" after "If to the" in Section 21.1 and inserting the words "Owner Participant" and deleting the reference to "Suite 2700" in the Owner Participant's address; and

(c) by adding the following immediately after the address of the Note Purchaser:

"If to the Lessor: Mercantile-Safe Deposit and Trust Company
2 Hopkins Plaza
Box 2258
Baltimore, Maryland 21203
Attention: Corporate Trust Department"

Section 22.02. Section 21.2 is hereby amended as follows:

(a) by inserting the words "Owner Participant or the" before the first appearance of the word "Lessor" in Section 21.2 and deleting the words "in the case of an assignment by the Lessor pursuant to Section 16 hereof the assigns thereunder" and substituting in its place the words "any assignee thereof"; and

(b) by deleting the remainder of Section 21.2 following the words "or (b)" and replacing it with the following:

"the rate of __% per annum or 1% over the prime rate, as provided in Section 19 hereof."

Section 22.03. Section 21.4 is hereby deleted in its entirety and the following is substitued therefor:

"This Lease shall be governed by and construed in accordance with the laws of the State of New York, provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation."

ARTICLE XXIII

Section 23.01. Schedule C (Casualty Values) is hereby amended by replacing said Schedule with Schedule C attached hereto as Exhibit B.

ARTICLE XXIV

Section 24.01. This Amendment No. 3 shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation.

Section 24.02. This Amendment No. 3 may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute one and the same instrument.

Section 24.03. Section 2.4 of the Original Lease is amended by adding a new paragraph "(i)" stating that: "(i) If the Indenture Trustee has advised the Lessee that the Indenture is no longer in effect, payments shall be made to the Lessor at its address (or such other office of Lessor as it shall designate in writing to the Lessee) in immediately available funds not later than 11 A.M. New York time on the date due. Lessee shall immediately notify Lessor and the Indenture Trustee of any failure to pay any Rent when due hereunder."

Section 24.04. Upon the termination of the Indenture, all rental payments shall become payable directly to the Lessor or as the Owner Participant may otherwise direct and all references to the Representative Seller, Sellers, Note Purchaser, Indenture Trustee, Majority in Interest of Holders and Deferred Purchase Certificates shall be void and without effect, except as the context may otherwise require. The Lessee hereby agrees upon termination of the Trust Agreement to make such amendments to this Lease as shall be

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 3 to be executed effective as of the Sellers Closing Date.

ATTEST:

Corporate Trust Officer

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, not in its individual capacity, except as otherwise provided herein, but solely as Owner Trustee

By

Title: VICE PRESIDENT

ILLINOIS CENTRAL GULF RAILROAD COMPANY

By

Title:

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 3 to be executed effective as of the Sellers Closing Date.

MERCANTILE-SAFE DEPOSIT
AND TRUST COMPANY, not in
its individual capacity,
except as otherwise provided
herein, but solely as Owner
Trustee

By _____
Title:

ILLINOIS CENTRAL GULF
RAILROAD COMPANY

By _____
Title: Vice President – Comptroller

ACKNOWLEDGEMENT

State of Maryland)
: ss.:
City of Baltimore)

On this 7th day of November, 1985 before me personally appeared R.E. Schreiber to me personally known, who being by me duly sworn, says that he is the Vice President of Mercantile-Safe Deposit and Trust Company and L.S. Despeaux, to me personally known, who being by me duly sworn, says that she is a Corporate Trust Officer of Mercantile-Safe Deposit and Trust Company, that the seal affixed hereto 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 each acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]

Patricia A. Conn

My commission expires July 1, 1986

ILLINOIS CENTRAL GULF
RAILROAD COMPANY

[CORPORATE SEAL]

Attest:

Assistant Secretary

STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

On this 8th day of November, 1985, before me personally appeared Don R. Montgomery, to me personally known, who being by me duly sworn, says that he is Vice President-Comptroller of ILLINOIS CENTRAL GULF RAILROAD 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 January 27, 1986

Receipt of this original counterpart of the foregoing Amendment No. 3 is hereby acknowledged this 21st day of November, 1985.

THE CONNECTICUT BANK AND
TRUST COMPANY, NATIONAL
ASSOCIATION

THE LEASE TO WHICH THE FOREGOING CONSTITUTES AMENDMENT NO. 3 HAS BEEN ASSIGNED AS SECURITY FOR INDEBTEDNESS OF THE OWNER TRUSTEE.

To the extent, if any, that the Lease to which the foregoing constitutes Amendment No. 3 constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction) no security interest in such Lease may be created through the transfer or possession of any counterpart of any document other than the original executed counterpart of the foregoing Amendment No. 3, which shall be identified as the counterpart containing the receipt therefor executed by the Indenture Trustee (as defined herein) on the signature page thereof.

Exhibit A
to
Amendment No. 3 to Lease

BASIC RENT

Rental Payment Date	Rent as Percentage of Purchase Price
21 MAY 86	5.01026%
21 NOV 86	5.01120%
21 MAY 87	5.01219%
21 NOV 87	5.01324%
21 MAY 88	5.01435%
21 NOV 88	5.01552%
21 MAY 89	5.01675%
21 NOV 89	5.01805%
21 MAY 90	5.01942%
21 NOV 90	5.44519%
21 MAY 91	5.44693%
21 NOV 91	5.44876%
21 MAY 92	5.45070%
21 NOV 92	5.45275%
21 MAY 93	5.45491%
21 NOV 93	5.45718%
21 MAY 94	2.92960%
21 NOV 94	2.93087%
21 MAY 95	2.93222%
21 NOV 95	2.93311%
21 MAY 96	2.93311%
21 NOV 96	2.35436%

Exhibit B
to
Amendment No. 3 to Lease

CASUALTY VALUE

Date of Basic Rent Payment on Which Casualty Value is Paid	Percentage of Purchase Price Payable as Casualty Value
21 NOV 85	86.92670%
21 MAY 86	85.46934%
21 NOV 86	82.75350%
21 MAY 87	76.74954%
21 NOV 87	74.31409%
21 MAY 88	72.18926%
21 NOV 88	69.51523%
21 MAY 89	67.11018%
21 NOV 89	64.17044%
21 MAY 90	61.45330%
21 NOV 90	58.21761%
21 MAY 91	54.70378%
21 NOV 91	50.66717%
21 MAY 92	46.71246%
21 NOV 92	42.25777%
21 MAY 93	37.96331%
21 NOV 93	33.51382%
21 MAY 94	29.34000%
21 NOV 94	27.64390%
21 MAY 95	26.20802%
21 NOV 95	24.66732%
21 MAY 96	23.16815%
21 NOV 96	21.44170%
THEREAFTER	20.00000%