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December 29, 1988

INTERSTATE COMMERCE COMMISSION
DEC 29 1988 2:55 PM
RECORDATION NO. 16122 Filed 1425

DELIVERED BY HAND

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
12th Street & Constitution Avenue, N.W.
Washington, D.C. 20423

No. 8-364A025
Date DEC 29 1988
Fee $ 13.00
ICC Washington, D.C.

Dear Ms. McGee:

I have enclosed two originals of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the United States Code.

This document is a Lease Agreement between Investment AB Handlaren and Wilmington Trust Company, a primary document, dated December 29, 1988.

The names and addresses of the parties to the document are as follows:

Lessor: Investment AB Handlaren
c/o ICA Eol AB
Mejerigatan 1
S-41295
Gothenburg, Sweden

Lessee: Wilmington Trust Company
Rodney Square North
Wilmington, Delaware 19890

DEC 29 2 42 PM '88

A description of the equipment covered by the document follows:

> Two (2) AEM-7 electric locomotives, bearing National Railroad Passenger Corporation (Amtrak) road numbers 952 and 953.

A check made payable to the Commission in the amount of $13.00 is enclosed for the fee. Please return one original to: Peter F. Moriarty, Weiner, McCaffrey, Brodsky & Kaplan, P.C., 1350 New York Avenue, N.W., Suite 800, Washington, D.C. 20005.

A short summary of the document to appear in the index follows:

> Lease Agreement between Investment AB Handlaren and Wilmington Trust Company, dated December 29, 1988, regarding two AEM-7 electric locomotives bearing National Railroad Passenger Corporation (Amtrak) road numbers 952 and 953.

Respectfully submitted,

Peter F. Moriarty, Esq.

Enclosures

PFM/nns/1262P/8231

INTERSTATE COMMERCE COMMISSION

DEC 29 1988 2:55 PM
1 6122
RECORDATION NO. Filed 1425

LEASE AGREEMENT

Dated December 29, 1988

BETWEEN

INVESTMENT AB HANDLAREN
as Lessor

AND

WILMINGTON TRUST COMPANY,
not in its individual capacity
but solely as Owner Trustee,
as Lessee

2 AEM-7 ELECTRIC LOCOMOTIVES

Mannheimer & Zetterlof
New York

TABLE OF CONTENTS

SECTION		PAGE
1	DEFINITIONS	1
2	AGREEMENT FOR LEASE OF LOCOMOTIVES	1
3	NO WARRANTIES BY LESSOR	1
4	TERM	2
5	RENT AND OTHER PAYMENTS	3
6	MAINTENANCE, LAWS AND RULES	5
7	SUBLEASING	7
8	ADDITIONS AND ACCESSIONS	8
9	INSURANCE	9
10	LIENS	11
11	RISK OF LOSS, DAMAGE, DESTRUCTION OR LOSS OF USE OF LOCOMOTIVES	13
12	RETURN OF LOCOMOTIVES	13
13	EVENTS OF DEFAULT AND REMEDIES	15
14	ASSIGNMENT	18
15	REPORTS, LOGS AND INSPECTIONS	19
16	REPRESENTATIONS AND WARRANTIES OF LESSEE	20
17	REPRESENTATIONS AND WARRANTIES OF LESSOR	21
18	MISCELLANEOUS	22
19	GOVERNING LAW	25
20	ARBITRATION	25
21	PLEDGE AND GRANT OF SECURITY INTEREST	25
22	LIABILITY OF LESSEE LIMITED	28

EXHIBIT A - DEFINITIONS
EXHIBIT B - SPECIFICATION OF LOCOMOTIVES
EXHIBIT C - STIPULATED LOSS VALUE SCHEDULE
EXHIBIT D - NOTICE OF TERMINATION
EXHIBIT E - NOTICE OF OPTION RIGHT
EXHIBIT F - FORM OF NOTICE

SCHEDULE 1 - LEASE SUPPLEMENT

THIS LEASE AGREEMENT is made the 29th day of December, 1988; BETWEEN:

1 INVESTMENT AB HANDLAREN, a Swedish corporation, and its successors and assigns ("Lessor"); and

2 WILMINGTON TRUST COMPANY, a Delaware banking corporation, not in its individual capacity but solely as Owner Trustee, and its successors and assigns ("Lessee").

WHEREAS:

A. Lessor and Lessee have entered into the Locomotive Purchase Agreement, whereunder Lessor purchases the Locomotives from Lessee.

B. Lessor and Lessee have subject to the terms of this Lease agreed that Lessee shall lease the Locomotives from Lessor.

NOW, THEREFORE, the parties hereto agree as follows:

1. DEFINITIONS

The capitalized terms used herein shall have the respective meanings assigned thereto in Exhibit A hereto.

2. AGREEMENT FOR LEASE OF LOCOMOTIVES

Lessor hereby agrees (subject to the satisfaction of or waiver by Lessor of the conditions set forth in Section 7 of the Locomotive Purchase Agreement) to accept delivery of the Locomotives, as specified in Exhibit B hereto, in accordance with the Locomotive Purchase Agreement and upon such delivery simultaneously to lease to Lessee, and Lessee hereby agrees (subject to the satisfaction of or waiver by Lessee of the conditions set forth in Section 8 of the Locomotive Purchase Agreement) to lease from Lessor, the Locomotives. Upon delivery of each Locomotive, Lessor and Lessee shall execute and deliver a Lease Supplement covering such Locomotive in the form set forth in Schedule 1 hereto.

3. NO WARRANTIES BY LESSOR

LESSOR, BEING NEITHER THE MANUFACTURER OF THE LOCOMOTIVES NOR THE MANUFACTURER'S AGENT, HEREBY MAKES NO (AND HEREBY

EXPRESSLY DISCLAIMS ANY) EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS OF ANY KIND IN RESPECT OF THE LOCOMOTIVES, AS TO ANY MATTER WHATSOEVER, INCLUDING BUT NOT LIMITED TO: THE SAFETY, CONDITION, DESIGN, QUALITY OR CAPACITY OF, THE LOCOMOTIVES; THE ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT; THE MERCHANTABILITY OF THE LOCOMOTIVES OR THEIR FITNESS FOR ANY PARTICULAR PURPOSE; THE WORKMANSHIP OF THE LOCOMOTIVES; COMPLIANCE OF THE LOCOMOTIVES WITH THE REQUIREMENTS OF ANY LAW, ORDER, RULE, REGULATION, SPECIFICATION OR CONTRACT PERTAINING THERETO; THE EXISTENCE OF ANY PATENT INFRINGEMENT IN RESPECT OF THE DESIGN OR MANUFACTURE OF THE LOCOMOTIVES; OR THE EXISTENCE OF ANY LATENT OR PATENT DEFECTS IN THE LOCOMOTIVES (EXCEPT THAT LESSOR WARRANTS THAT THE LOCOMOTIVES SHALL BE AND REMAIN FREE OF ALL LESSOR'S LIENS). Lessee leases the Locomotives "as is" and "where is". In no event shall any defect in, or unfitness of, the Locomotives or any other matter relieve Lessee of the obligation to pay any of the Specified Lease Payments or any other sums payable hereunder or of any other obligation under this Lease. Without limiting the generality of the foregoing, Lessor shall not be liable for any defects, except for a title defect which is inconsistent with the specific warranty set forth in this Section 3, in the Locomotives or for any direct or consequential damage therefrom or for any interruption in Lessee's or Sublessee's business occasioned by Lessee's or Sublessee's inability to use the Locomotives for any reason whatsoever.

4. TERM

(a) The term of this Lease (the "Term") shall be as follows:

(i) the period commencing on the Delivery Date and, unless sooner terminated pursuant to the provisions of this Lease, ending fifteen (15) years thereafter ("Base Lease Period"); and

(ii) subject only to the Base Lease Period Option or the Early Termination Option not having been exercised and to the Base Lease Period not having been terminated prior to the expiration of the 15 year term thereof pursuant to the provisions of this Lease, the period commencing on the first day after the expiration of the Base Lease Period and ending five (5) years thereafter ("Extended Lease Period").

(b) The Base Lease Period shall terminate with effect from the Transfer Date and without the giving of any notice by any of the parties hereto in the event the Early Termination Option shall be properly exercised, and thereafter all obligations of Lessee hereunder shall terminate, and in any such event Lessee shall be released from any further obligation to pay any of the Specified Lease Payments.

(c) Upon the giving of ten (10) days prior written notice to Lessee, Lessor may terminate the Base Lease Period, or if applicable, the Extended Lease Period in case Lessor shall be subject to (A) any Taxes, that are not insignificant, against which Taxes PacifiCorp Finance, Inc. pursuant to the Undertaking is obligated, but fails, to indemnify Lessor, or (B) any other Taxes, other than ordinary income taxes, that are not insignificant, by reason of the leasing of the Locomotives or any other transaction contemplated hereunder or under the other Documents.

5. RENT AND OTHER PAYMENTS

5.1 Subject to Section 5.3 hereof, Lessee shall make the following payments, in immediately available funds in lawful money of the United States of America, to Lessor;

(i) Basic Rent. As rent for the Locomotives during the Base Lease Period Lessee shall pay thirty (30) consecutive semiannual payments, each of United States Dollars, ($430,466.66) on each December 29 and June 29 and commencing June 29, 1989.

(ii) Extended Rent. As rent for the Locomotives during the Extended Lease Period, if any, Lessee shall pay on the last day of the Base Lease Period (together with the Basic Rent payable on said date) an amount equal to the aggregate of (A) the product of (i) seven per cent (7%) of the Purchase Price, multiplied by. (ii) a fraction, the numerator of which shall be the Consumer Price Index for Sweden (the "Index Figure") for the month immediately preceding the expiration of the Base Lease Period, and the denominator of which shall be the Index Figure for the month of commencement of this Lease and (B) the product of (a) twenty-five percent (25%) of the Purchase

Price, multiplied by (b) a fraction, the numerator of which shall be the Fair Market Value of the Locomotives on the last day of the Base Lease Period, and the denominator of which shall be the Purchase Price. In no event, however, shall the Extended Rent exceed fifteen percent (15%) or be less than thirteen percent (13%) of the Purchase Price.

(iii) Stipulated Loss Value. Lessee shall pay the Stipulated Loss Value in accordance with Exhibit C hereto in the event of (and subject in each case to the Early Termination Option not having been exercised) (A) an Event of Loss, or (B) a termination of the Base Lease Period prior to the expiration of the 15 year term thereof for any reason whatsoever.

(iv) Late Payments. Lessee shall pay interest on any amount hereunder not paid when due, at a rate per annum of, as regards the Basic Rent, Extended Rent and Stipulated Loss Value, twelve (12%) percent, and, as regards any other payment hereunder, (A) two (2) percentage points over the rate of interest publicly announced from time to time by Citibank, N.A. in New York as its base lending rate or (B), if lower than (A), the highest rate of interest permitted by any applicable law, from the due date thereof up to the date of actual payment.

5.2 Payment on Business Day

Whenever any payment under this Lease shall fall due on a day which is not a Business Day the due date of such payment shall be the immediately preceding Business Day.

5.3 Payment Arrangement

Lessee may designate a bank reasonably acceptable to Lessor to assume, be liable for and satisfy, discharge and pay in full each and every payment of Basic Rent, Extended Rent, if any, Stipulated Loss Value, if any, on their respective due dates and interest thereon pursuant to Section 5.1(iv) hereof. In case of such designation and subject to documentation reasonably satisfactory to Lessor, Lessor will irrevocably and unconditionally release Lessee from any liability with respect to such Basic Rent, Extended Rent, Stipulated Loss Value and interest and will agree to look solely to the designated bank for each and every such payment.

5.4 Net Lease

This Lease is a net lease, and Lessee acknowledges and agrees that Lessee's obligation to pay all Specified Lease Payments hereunder, and the rights of Lessor in and to such Specified Lease Payments, shall be absolute and unconditional and shall not be subject to any reduction, set-off, defense, counterclaim or recoupment for any reason whatsoever, including, without limitation, due to any present or future claims of Lessee against Lessor under this Lease or the Locomotive Purchase Agreement or otherwise, or against any other Person for whatever reason. Except as otherwise expressly provided herein, this Lease shall not terminate nor shall the obligations of Lessee be affected, by reason of any defect in or damage to, or any loss or destruction of, the Locomotives or any part thereof from whatsoever cause, or the interference with the use thereof by any Person, or the invalidity or unenforceability or lack of due authorization of this Lease or lack of right, power or authority of Lessor to enter into this Lease, or any failure of Lessor to perform any obligation of Lessor to Lessee or any other Person under this Lease or any instrument or document executed in connection herewith, or for any other cause, whether similar or dissimilar to the foregoing, any present or future law or regulation to the contrary notwithstanding, it being the express intention of Lessor and Lessee that all Specified Lease Payments payable to Lessor hereunder shall be, and continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

5.5 Quiet Possession

Subject to Lessor's right to terminate this Lease upon the occurrence of an Event of Default or pursuant to Section 4(c) hereof, Lessor shall not interfere with the quiet possession and use of the Locomotives by Lessee during the Term.

6. MAINTENANCE, LAWS AND RULES

6.1 Maintenance.

Lessee agrees that, at its own cost and expense, it will, or will cause Sublessee to, (i) maintain, improve, and service the Locomotives (including any parts installed on or replacements made to the Locomotives and considered an

accession thereto as herein below provided) which are subject to this Lease, and comply with its own or Sublessee's preventive maintenance schedule, and with the manufacturer's service bulletins, manuals and preventive maintenance schedules, which will include testing, repair and overhaul of the Locomotives, so that the Locomotives will remain (a) in as good operating order and condition as when delivered (ordinary wear and tear excepted), (b) in compliance with any and all applicable laws, regulations, requirements and rules, (c) free of perforation from corrosion, erosion or other damage, and desirable to and suitable for immediate purchase or lease and use by a Class I line-haul railroad engaged in intercity passenger carriage (not then or prospectively a debtor in any insolvency or reorganization proceedings) in the event of resale or release upon termination of the Lease or an Event of Default hereunder; and (ii) maintain all records, logs and other materials required by the Association of American Railroads or the Department of Transportation, or any other governmental authority having jurisdiction over the Locomotives or Lessee or Sublessee, to be maintained in respect of the Locomotives. In no event shall the Locomotives be maintained with less care or scheduled for maintenance on a basis less frequent than the maintenance or maintenance scheduling basis employed by Lessee or Sublessee for similar equipment owned by or operated for or by Lessee or Sublessee.

6.2 Use.

Lessee agrees not to use or cause the Locomotives to be used outside the United States of America without the prior written consent of Lessor, such consent not to be unreasonably withheld or delayed.

6.3 Laws and Rules.

Lessee agrees, for the benefit of Lessor, to comply with, or to cause Sublessee to comply with, all laws of the United States and the jurisdictions into which Lessee's or Sublessee's operations involving the Locomotives may extend, with the Interchange Rules of the Association of American Railroads, if applicable, and with the applicable rules of the United States Department of Transportation, the Federal Railroad Administration, the United States Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Locomotives (including, without limitation, the Railroad Locomotive Safety Standards, and related rules and regulations issued under

the Locomotive Inspection Act), to the extent that such laws and rules affect the title, lease, operation, maintenance or use of the Locomotives. In the event that such laws or rules require any alteration, replacement or addition of or to any part on the Locomotives, Lessee will, or will cause Sublessee to, conform therewith at its own expense; provided that Lessee or Sublessee 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 adversely affect the property or rights of Lessor under this Lease or result in any liability, criminal or otherwise, on the part of Lessor.

7. SUBLEASING

7.1 Lessee has entered into a lease of the Locomotives to Amtrak on terms and conditions as set forth in a Lease of Railroad Equipment dated as of December 1, 1988 between Lessee and Sublessee (the "Amtrak Sublease"), a copy of which has been received by Lessor. This Lease shall not affect the rights and obligations of Sublessee under the Sublease. So long as this Lease is in full force and effect, Lessor shall not interfere with the quiet possession and use of the Locomotives by Sublessee, and in any event, so long as there is no Event of Default under the Sublease (as defined therein), Lessor shall not interfere with the quiet possession and use of the Locomotives by Sublessee.

7.2 Lessee may without the consent of Lessor sublease the Locomotives to any Person other than Amtrak on terms and conditions in all material respects similar to the provisions of Section 13.2(ii) of the Amtrak Sublease, except that any such Sublease may be for any period ending prior to the 20th anniversary from the date of this Lease. Any other sublease of the Locomotives shall require the prior written consent of Lessor, such consent not to be unreasonably withheld or delayed.

7.3 Notwithstanding any other provision of this Lease, so long as the Sublease is in full force and effect, Lessee's sole obligation as to the due fulfillment of its undertakings and obligations under this Lease, other than to (i) pay the Specified Lease Payments, (ii) observe the undertakings set forth in the next succeeding sentence and in Section 20 hereof and (iii) observe the notice provisions set forth in Sections 11, 14.3, 21.3 and 21.4 hereof, shall be to enforce, to the extent permitted under the Trust Indenture and in the manner contemplated by the Trust Agreement, all

comparable undertakings and obligations of Sublessee under the Sublease. Lessee undertakes not to alter, modify or waive any of the terms and conditions of the Sublease (A) without the prior written consent of Lessor and, so long as the Trust Indenture shall be in full force and effect, the Indenture Trustee as regards any alteration, modification or waiver under Sections 4.1, 6.6, 10.1, 10.2, 12.1, 13.1-13.4, 14.1, 14.2 and 15 of the Sublease, such consent of Lessor not to be unreasonably withheld or delayed (it is understood that Lessor shall be deemed to have given such consent if Lessee has obtained the consent of the Indenture Trustee), and (B) without notifying Lessor as regards any other material alteration, modification or waiver under the Sublease, except that Lessee may amend Section 3.4 of the Sublease without notifying Lessor.

8. ADDITIONS AND ACCESSIONS.

8.1 Subject in all events to Sections 6.1-6.3 hereof, Lessee, at its own cost and expense, from time to time may, or may allow Sublessee to, make such other additions, modifications and improvements to the Locomotives during the Term which do not adversely and materially affect the value, utility or remaining useful life of the Locomotives. The additions, modifications and improvements made by Lessee or Sublessee under the preceding sentence shall be owned by Lessee or Sublessee, as the case may be, except to the extent such additions, modifications or improvements are made in order to comply with Sections 6.1 and 8.2 hereof, or are otherwise subject to Section 8.2 hereof, and such additions, modifications and improvements shall be properly maintained and serviced by Lessee or Sublessee.

8.2 Any and all parts installed on and additions made to the Locomotives (a) which are replacements of existing parts constituting part of the Locomotives, (b) which are not readily removable without causing damage to the Locomotives, (c) the cost of which is included in the Purchase Price of the Locomotives, (d) in the course of ordinary and proper maintenance of the Locomotives or (e) which are required by the regulations of any applicable regulatory body, for the operation or use of the Locomotives, shall constitute accessions to the Locomotives and title thereto free from any Lien (except for Permissible Liens and Lessor's Liens) shall immediately, and without further act or instrument, be vested in Lessor, and Lessee shall comply, or cause Sublessee to comply, with all provisions of this Lease, applicable to such accessions.

8.3 Upon the termination of this Lease (and subject to an Option not having been exercised), Lessor shall have the option to purchase from Lessee any additions, modifications or improvements not described in Section 8.2 hereof then owned by Lessee, at the fair market value of such additions, modifications or improvements. For purposes of this Section 8.3, fair market value shall be determined for the applicable additions, modifications and improvements on the basis of, and shall be equal in amount to, the purchase price which would be obtained in an arm's length transaction between an informed and willing purchaser and seller (neither being a dealer and neither being under any compulsion to purchase or sell), on the assumption that the additions, modifications and improvements are in the condition required by Sections 6 and 12 hereof.

9. INSURANCE

9.1 Lessee will, at all times during the Term and at Lessee's or Sublessee's expense, cause the following insurance to be carried and maintained with insurers of recognized responsibility: (a) "all risk" property insurance in respect of the Locomotives at all times; provided, that Lessee or Sublessee may self-insure (for purposes of this Section 9, "self-insure" shall mean uninsured risk, deductibles, and co-insurance) the Locomotives to the extent that Lessee or Sublessee customarily self-insures locomotives owned or leased by it similar to the Locomotives, but only to the extent such self-insurance is consistent with prudent industry practice for a Class I line-haul railroad engaged in intercity passenger carriage ("Property Insurance"); and (b) excess liability insurance with respect to third-party personal injury, death and property damage (including, but not limited to, contractual liability insurance) excluding only such risks as are consistent with prudent industry practice in a Class I line-haul railroad engaged in intercity passenger carriage ("Liability Insurance"). Lessee will carry, or will cause Sublessee to carry, Liability Insurance in such amounts and for such risks as is consistent with prudent industry practice for a Class I line-haul railroad engaged in intercity passenger carriage. In any event, such coverage will not be less comprehensive in amounts and against fewer risks customarily insured by Lessee or Sublessee in respect of locomotives owned or leased by it similar to the Locomotives.

9.2 If at any time during the Term there occurs with respect to Sublessee a Cessation of Substantial Financial Commitment, Lessee shall, within fifteen (15) Business Days thereafter, (a) notify Lessor thereof and (b) obtain, or cause Sublessee to obtain, Liability Insurance with a minimum coverage of $100,000,000 and a maximum self-insurance level of $1,000,000 provided, that if such insurance is not (upon the reasonable determination of Lessee) commercially available to Lessee or Sublessee with such insurance companies the maintenance of which insurance and the use of which companies is consistent with this Lease and prudent industry and business practice for a Class I line-haul railroad engaged in intercity passenger carriage, Lessee shall, within fifteen (15) Business Days after such determination, provide Lessor with a liability insurance plan upon such terms as shall have been agreed between Lessee and Sublessee, and shall have such plan in place within five (5) Business Days thereafter.

9.3 The insurance policies carried in accordance with the terms of this Lease shall with respect to Liability Insurance (1) name Lessor as additional insured, and (2) be in full force and effect throughout any geographical areas at any time traversed by the Locomotives.

9.4 Prior to the commencement of the Term, and thereafter, not later than the anniversary of the Delivery Date, each year during the Term Lessee shall deliver, or shall cause Sublessee to deliver, to Lessor a copy of a certified true copy of all policies (or, in the case of blanket policies, certificates therefor issued by the brokers thereunder, evidencing the types and amounts of insurance thereunder) of insurance.

9.5 Nothing in this Section 9 shall prohibit Lessor from obtaining insurance for its own account and any proceeds payable thereunder shall be as provided in the insurance policy relating thereto; provided that no such insurance may be obtained that would limit or otherwise adversely affect the coverage of any insurance to be obtained or maintained by Lessee or Sublessee pursuant to this Section 9 or to the Sublease, it being understood that all salvage rights to the Locomotives in the event of an Event of Loss shall remain with Lessee's or Sublessee's insurers at all times.

9.6 Prior to the commencement of the Term, and thereafter not later than each anniversary of the Delivery Date during the Term, Lessee shall provide, or shall cause Sublessee to provide, a copy of an Officer's Certificate of Lessee or

Sublessee stating that the insurance carried by Lessee or Sublessee complies with the provisions of this Section 9 or Section 6.6 of the Amtrak Sublease.

9.7 Lessee, subject to the payment of Stipulated Loss Value having been arranged for pursuant to Section 5.3 hereof, shall be entitled to receive and retain for its own account all proceeds of Property Insurance (except under policies described in Section 9.5) in case any of the the Locomotives should suffer an Event of Loss.

9.8 Notwithstanding any provision of this Section 9 to the contrary, Lessee shall be under no obligation to maintain the insurance required by this Section 9 for such period as the Locomotives (A) shall not be subject to any Sublease or otherwise not be used or operated in any manner whatsoever, whether by Lessee or any other Person, and (B) shall be kept idle and safely stored at a proper location. Lessee shall forthwith notify, or cause Sublessee to notify, Lessor of any location where the Locomotives are stored pursuant to this Section 9.8.

10. LIENS

Lessee will not directly or indirectly create, incur, assume or suffer to exist any Liens on or with respect to the Locomotives or any part thereof, Lessor's title thereto or any interest of Lessee or Lessor therein (and Lessee will promptly, at its or Sublessee's expense, take, or cause to be taken, such action as may be necessary duly to discharge any such Lien) with the exception of Lessor's Liens and the following liens (the exceptions pursuant to paragraphs (i)-(vii) below being herein referred to as "Permissible Liens"):

(i) the respective rights of Lessor and Lessee as herein provided, and the respective rights of Lessee and Sublessee under the Sublease and any sublessee permitted under the Sublease;

(ii) the rights of Lessor under or created by the Locomotive Purchase Agreement;

(iii) Liens for Taxes either not yet due and delinquent or being contested by Lessee or Sublessee in good faith with due diligence and by appropriate proceedings;

(iv) inchoate materialmen's mechanics', workmen's, repairmen's, employees or other like Liens arising in the ordinary course of business of Lessee or Sublessee and not delinquent;

(v) the rights of the Indenture Trustee under or created by the Trust Indenture and the Subordination and Denunciation Agreement;

(vi) the rights of PacifiCorp Finance, Inc. under or created by the Purchase Option Agreement; and

(vii) the rights of Lessor and Sublessee under or created by the Subordination and Denunciation Agreement.

The covenant not to create any Liens and to promptly discharge any Liens other than Permissible Liens and Lessor's Liens pursuant to this Section 10 shall be suspended during such period as Lessee or Sublessee is actually and diligently contesting, in good faith, a Lien on the Locomotives. Lessee will promptly notify, or cause Sublessee to notify, Lessor in writing of any Lien not permitted hereunder of which Lessee has knowledge which arises at any time and will promptly, at Lessee's or Sublessee's expense, cause any of the same to be duly discharged, dismissed or removed promptly. Nothing contained in this Lease shall be construed as constituting the consent or request of Lessor, express or implied, to or for the performance of any labor or services or the furnishing of any materials for any construction, alteration, addition, repair or demolition of the Locomotives by any contractor, subcontractor, laborer, materialman or vendor. Notice is hereby given that Lessor shall not be liable for any labor, service or materials furnished or to be furnished to Lessee or Sublessee or to anyone holding the Locomotives through or under Lessee or Sublessee, and that no mechanics' lien or other Lien for any such labor, service or materials shall attach to or affect Lessor's interests in the Locomotives.

11. RISK OF LOSS, DAMAGE, DESTRUCTION OR LOSS OF USE OF LOCOMOTIVES

Lessee hereby assumes all risks of loss, destruction and damage to the Locomotives, however caused. Lessee agrees that if any casualty or partial destruction occurs with respect to any of the Locomotives, except as set forth in the next sentence, Lessee shall, at its or Sublessee's cost and expense, repair, or cause to be repaired, such Locomotives to the same state and condition as required under this Lease. If an Event of Loss occurs with respect to any of the Locomotives (a "Lost Locomotive") then, in any such event, Lessee shall forthwith upon notice thereof (and in any event within ten (10) days of such notice) notify, or cause Sublessee to notify Lessor in writing of such Event of Loss, and on the twenty-fifth (25th) day following the Event of Loss, subject to Section 5.3 hereof, pay to Lessor the Stipulated Loss Value in effect for the Lost Locomotive as of such date of payment. Upon the occurrence of an Event of Loss, Lessor shall promptly convey Title to the Lost Locomotive, free and clear of any Lessor's Liens "as is" and "where is" to Lessee, without any further representations or warranties whatsoever. Lessee shall be entitled to require the Agent to complete and release the Release Documents with respect to any Lost Locomotive as provided in the Escrow Agreement. It being understood, however, that in the event of any conflicting interests between Lessee and Optionholder, the rights of Optionholder to purchase the Locomotives pursuant to the provisions of the Purchase Option Agreement shall be superior to the right of Lessee to acquire Title to the Locomotives under this Section 11.

12. RETURN OF LOCOMOTIVES

12.1 Within thirty (30) days following the expiration of the Extended Lease Period or sooner termination of the Term, as the case may be, and in each case after the expiration of the notice period provided for in Section 13.2 hereof, Lessee shall (subject to an Option not having been exercised and subject to the rights of Sublessee), at its expense, deliver, or cause Sublessee to deliver, the Locomotives at any reasonable location selected by Lessor within the United States of America. Lessor shall within five (5) days following the date of expiration or termination of this Lease notify Lessee of its selection and take redelivery of the Locomotives not later than twenty-five (25) days after such designation, on which day

the risk of loss or damage to the Locomotives shall pass from Lessee to Lessor. Lessee shall have no right hereunder to abandon the Locomotives to Lessor.

12.2 Condition upon return

At the time of such return, the Locomotives shall:

(i) be in as good operating order and condition as when delivered (ordinary wear and tear excepted);

(ii) meet the standards then in effect required for a third party purchaser or third party lessee immediately to operate the Locomotives without further inspection, repair, replacement, alterations or improvements under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any government agency or other organization within the United States of America with jurisdiction;

(iii) be free of perforation from corrosion, erosion or other damage;

(iv) be in compliance with any and all applicable laws, regulations, requirements and rules, including without limitation, those set forth in Section 6.3 hereof;

(v) have attached or affixed thereto any addition, modification or improvement considered an accession thereto as provided in Section 8 hereof; and

(vi) if requested by Lessor, at Lessee's expense, have removed therefrom any such addition, modification or improvement which, as provided by Section 8.1 hereof, is owned by Lessee or Sublessee and is not purchased by Lessor pursuant to Section 8.3 hereof. Notwithstanding the foregoing, the Locomotives shall be in a condition at least as good as the Locomotives would have been in had they been maintained in accordance with all the terms and conditions of this Lease.

12.3 Manuals

Upon the return of the Locomotives pursuant to Section 12.1 hereof, Lessee shall deliver or cause to be delivered to Lessor, in usable form, all logs, manuals and data and inspection, modification and overhaul records in its possession with respect to the Locomotives.

13. EVENTS OF DEFAULT AND REMEDIES

13.1 Any of the following events shall constitute an event of default ("Event of Default") under this Lease:

(i) if Lessee shall default in (A) making payment when due of any Specified Lease Payments, subject to Section 5.3 hereof, (B) so long as the Sublease is in effect, the observance or performance of its obligations under Section 7.3 hereof or (C) if no Sublease is in effect, the observance or performance of any of its obligations hereunder, and, in the case of any of (A), (B) or (C), such default has not been cured, if possible to cure, within thirty (30) days after written notice thereof from Lessor;

(ii) if Lessee shall file a petition for bankruptcy pursuant to the Federal Bankruptcy Code or any similar Federal or state law, or be adjudicated insolvent, cease doing business as a going concern, or be dissolved, or take any corporate action in furtherance of any of the foregoing;

(iii) if a petition for bankruptcy under the law of the Federal Bankruptcy Code or any similar Federal or state law shall be filed in any court against Lessee, and Lessee shall consent to such filing, or such petition shall not be dismissed or denied within ninety (90) days after such filing;

(iv) if a receiver, trustee or liquidator (or other similar official) shall be appointed for or take possession or charge of Lessee or of all or substantially all of its assets or

of the Locomotives, and shall not be discharged within ninety (90) days thereafter or if Lessee shall consent to or acquiesce in such appointment;

(v) if any of the events referred to in paragraphs (ii), (iii) and (iv) of this Section 13.1 should occur with regard to PacifiCorp Finance, Inc.;

(vi) if Lessee's interest in the Locomotives shall be levied upon or attached in any proceeding involving a debt or obligation of Lessee and such process shall not be vacated or discharged within ninety (90) days thereafter;

(vii) if any representation or warranty made by Lessee in this Lease or the Locomotive Purchase Agreement or in any certificate furnished to Lessor in connection with this Lease or the Locomotive Purchase Agreement shall prove to be incorrect at the time made and such event of default has not been cured, if possible to cure, within thirty (30) days after written notice thereof from Lessor and has a material adverse effect on Lessor's rights hereunder or to the Locomotives;

(viii-a) paragraph (i)(B) of this Section 13.1 shall not be applicable and excess Liability Insurance shall not be carried by Lessee or Sublessee in such amounts and for such risks as are consistent with prudent industry practice for a Class I line-haul railroad engaged in intercity passenger carriage, provided however, that if the Locomotives (A) are not used or operated in any manner whatsoever and (B) are kept idle and safely stored at a proper location then no such lack of insurance shall constitute an event of default;

(viii-b) excess Liability Insurance shall not be carried by Lessee or Sublessee in such amounts and for such risks as are consistent with prudent industry practice for a Class I line-haul railroad engaged in intercity passenger carriage, provided that such insurance is (upon the reasonable determination of Lessee)

commercially available to Sublessee with such insurance companies the maintenance of which insurance and the use of which companies is consistent with prudent industry practice for a Class I line-haul railroad engaged in intercity passenger carriage and such default has not been cured with thirty (30) days after written notice thereof from Lessor; provided, however, that if the Locomotives (A) are not used or operated in any manner whatsoever and (B) are kept idle and safely stored at a proper location, then no such lack of insurance shall constitute an event of default;

(ix) if the Locomotives shall become encumbered by any Liens, other than Lessor's Liens, Liens created under, through or by Sublessee or Permissible Liens, not permitted under Section 10 hereof or concerning which Liens the obligation to discharge is not suspended under Section 10 hereof, and such event of default continues for a period of thirty (30) days after written notice thereof from Lessor and has a material adverse effect on Lessor's rights hereunder or to the Locomotives; or

(x) if the Term shall end prior to the end of the Base Lease Period for any reason whatsoever, other than through an Event of Loss or in accordance with the provisions of Section 4(b).

13.2 Upon the occurrence of an Event of Default, Lessor may (subject to the rights of Sublessee) upon thirty (30) days prior written notice of termination to Lessee, in the form set forth in Exhibit D hereto and a simultaneous notice of option right to Optionholder (with a copy thereof to the Indenture Trustee and the Agent) in the form set forth in Exhibit E hereto, terminate the Term, in which event the Stipulated Loss Value shall become immediately due and payable and Lessee shall forthwith pay to Lessor an amount equal to the Stipulated Loss Value in effect as of the date of such termination calculated in accordance with Exhibit C hereto and in case of such termination Lessee's right to use the Locomotives shall forthwith terminate.

13.3 If Lessor has exercised its right to terminate the Term pursuant to Section 13.2 hereof, then, at the request of Lessor, and within thirty (30) days following such day of termination, Lessee shall surrender the Locomotives to Lessor or its agents pursuant to the provisions of Section

12 hereof, and Lessor may (subject to the rights of Sublessee) without further notice after such 30-day period enter in and upon any real property and structures or other improvements thereon upon, in or near which the Locomotives are situated and take possession of or remove the same.

13.4 All rights or remedies herein conferred upon or reserved to Lessor are intended to be exclusive of any other right or remedy at law or otherwise, and every right and remedy herein shall be cumulative (but not duplicative). The failure of Lessor to insist upon the strict performance of any provision or to exercise an option, right, power or remedy contained in this Lease shall not be construed as a waiver or a relinquishment thereof for the future. Receipt by Lessor of any Specified Lease Payments or any other amounts payable by Lessee hereunder with knowledge of the breach of any provision contained in this Lease shall not constitute a waiver of such breach (other than the prior failure to pay such Specified Lease Payments or other amounts payable by Lessee) and no waiver by Lessor of any provision of this Lease shall be deemed to have been made unless made under signature of an authorized representative of Lessor.

14. ASSIGNMENT

14.1 Lessor shall without the consent of Lessee have the right to sell, assign and transfer Lessor's right in and to the Specified Lease Payments. Lessor shall give Lessee prompt written notice of any such assignment.

14.2 Lessor shall with the prior written consent of Lessee, which consent shall not be unreasonably withheld or delayed (provided that, without limitation, if in Lessee's reasonable opinion the credit worthiness of the proposed buyer, assignee or transferee is less than the credit worthiness of Lessor, a denial of consent will not be deemed unreasonable) have the right to sell, assign or transfer all (but not less than all) of its rights or interests in, under and to this Lease and the Locomotives (a "Lessor Disposition") to any Person, provided such transferee specifically assumes in writing all of the obligations of Lessor under this Lease, the Purchase Option Agreement, the Subordination and Denunciation Agreement and under any agreement made by Lessor pursuant to Section 5.3 hereof and under any other agreement contemplated under any of the foregoing documents, from and after the effective date of the Lessor Disposition, and in such event Lessee hereby agrees that Lessor shall thereupon be relieved of

its obligations hereunder from and after such effective date of the Lessor Disposition.

14.3 Lessee shall without the consent of Lessor have the right to substitute a successor trustee to take Lessee's place under this Lease pursuant to the provisions of Section 10 of the Trust Agreement. Lessee shall give Lessor prior written notice of any such substitution.

14.4 Lessee shall with the prior written consent of Lessor, which consent shall not be unreasonably withheld or delayed, have the right to sell, assign or transfer all (but not less than all) of its rights and obligations under this Lease (a "Lessee Disposition") to any Person, provided such transferee specifically assumes in writing all of the obligations of Lessee hereunder and under any agreement made by Lessee pursuant to Section 5.3 hereof, from and after the effective date of the Lessee Disposition, and in such event Lessor hereby agrees that Lessee shall thereupon be relieved of its obligations hereunder from and after such effective date of the Lessee Disposition.

14.5 The costs and expenses of the parties to this Lease resulting from any assignment or proposed assignment shall be paid by the assignor.

15. REPORTS, LOGS AND INSPECTIONS

15.1 Lessee or its agents shall maintain, or cause Sublessee to maintain subject to the terms of the Sublease, all records, logs and other materials required by any Federal or state agency to be maintained in respect of the Locomotives and furnish, or cause Sublessee to furnish, promptly to Lessor upon written demand such information as may be reasonably required by Lessor in order to file reports required by any applicable governmental authority as a result of Lessor's ownership of the Locomotives.

15.2 Lessor or Lessor's designated representative shall have the right, at its own risk and expense upon reasonable notice to Lessee, to inspect the Locomotives and Lessee's records with respect thereto at such times, not interferring with Lessee's or Sublessee's normal operation, as shall be reasonably necessary to confirm to Lessor the existence and proper maintenance thereof during the Term, and Lessee shall use its good faith efforts to assist Lessor in arranging such inspection.

16. REPRESENTATIONS AND WARRANTIES OF LESSEE

Lessee represents and warrants to Lessor that:

(i) Lessee is a banking corporation duly organized, validly existing and in good standing under the laws of Delaware;

(ii) Lessee has the full power, authority and legal right to execute, deliver, perform and comply with all the terms of this Lease and the other Documents to which Lessee is a party and the execution, delivery and performance thereof by Lessee have been duly authorized by all necessary corporate action on the part of Lessee and such execution, delivery and performance do not and will not violate its charter or by-laws or the provisions of any indenture, mortgage, contract or other agreement to which Lessee is a party or by which it or any of its properties is bound or of any order or judgment applicable to it or any federal law, government rule or regulation of the United States of America governing the banking or trust powers of Lessee, in each case material to the transactions contemplated by this Lease and the other Documents to which Lessee is a party;

(iii) this Lease and the other Documents to which Lessee is a party have been duly executed and validly delivered by Lessee and constitute, assuming the due authorization, execution and delivery of the Trust Agreement by the Owner Participant and the due authorization, execution and delivery of this Lease and the other Documents by the Lessor and the other respective parties thereto on or before the Delivery Date, the legal, valid and binding obligations of Lessee enforceable against Lessee in accordance with the terms hereof and thereof, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law); and

(iv) there are no pending or, to Lessee's knowledge,

threatened actions or proceedings before any court or administrative agency in any jurisdiction which if adversely decided would materially adversely affect the ability of Lessee to perform its obligations under this Lease or under the other Documents to which Lessee is a party or which question Lessee's legal capacity to execute, deliver and perform, or the binding effect or validity of, this Lease or the other Documents to which Lessee is a party.

17. REPRESENTATIONS AND WARRANTIES OF LESSOR

Lessor represents and warrants to Lessee that:

(i) Lessor is a corporation duly organized and validly existing under the laws of Sweden;

(ii) Lessor has the full power, authority and legal right to execute, deliver, perform and comply with all the terms of this Lease and the other Documents to which Lessor is a party and the execution, delivery and performance thereof by Lessor have been duly authorized by all necessary corporate action on the part of Lessor and such execution, delivery and performance do not and will not violate its charter (bolagsordning) or the provisions of any indenture, mortgage, contract or other agreement to which Lessor is a party or by which it or any of its properties is bound or of any order or judgment applicable to it or any law, government rule or regulation of Sweden, in each case material to the transactions contemplated by this Lease and the other Documents to which Lessor is a party;

(iii) this Lease and the other Documents to which Lessor is a party have been duly executed and validly delivered by Lessor and constitute, assuming the due authorization, execution and delivery thereof by Lessee and the other respective parties thereto on or before the Delivery Date, the legal, valid and binding obligations of Lessor enforceable against Lessor in accordance with the terms hereof and thereof, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally; and

(iv) there are no pending or, to Lessor's knowledge, threatened actions or proceedings before any court or administrative agency in any jurisdiction which if adversely decided would materially adversely affect the ability of Lessor to perform its obligations under this Lease or under the other Documents to which Lessor is a party or which question Lessor's legal capacity to execute, deliver and perform, or the binding effect or validity of, this Lease or the other Documents to which Lessor is a party.

18. MISCELLANEOUS

18.1 Announcements

Neither of the parties shall make any public announcement with respect to the transactions contemplated hereby or by any of the other Documents without the prior written consent of the other party.

18.2 Survival

The representations, warranties, indemnities and agreements of the parties herein, and the parties' obligations hereunder, shall survive the execution, performance and delivery of this Lease and shall be and continue in effect notwithstanding the fact that any of the parties hereto may waive compliance of any provision of this Lease or in any instrument contemplated hereby.

18.3 Notices

All notices and other communications required or permitted under the terms and provisions hereof shall be in writing in the English language and any such notice or other communication shall become effective when delivered by hand or courier or received by telex (a notice given or made by telex shall be deemed to have been given or made on receipt by the sender of the answerback code of the recipient at the end of the transmission) or telecopier or registered air mail, postage prepaid, addressed as follows:

To Lessor:

Investment AB Handlaren
c/o ICA Handlaren AB
Mejerigatan 1
S-41295 Gothenburg
Sweden
Attention: Chief Financial Officer
Telecopier: +46 31 835449
Telex: 2245 Answerback: EolS

To Lessee:

Wilmington Trust Company
Rodney Square North
Wilmington, Delaware 19890
United States of America
Attention: Corporate Trust Administration
Telex: 835437 (Answerback: WILMTR)
Telecopier: (302) 651-8464

With a copy to:

PacifiCorp Finance, Inc.
Suite 2800
U.S. Bancorp Tower
111 Southwest Fifth Avenue
Portland, Oregon 97204
United States of America
Attention: Senior Vice President
Telecopier: 503 274-6545

To Optionholder:

Wilmington Trust Company
Rodney Square North
Wilmington, Delaware 19890
United States of America
Attention: Corporate Trust Administration
Telex: 835437 (Answerback: WILMTR)
Telecopier: (302) 651-8464

or to such other addresses or telex or telecopier numbers as shall have been notified (in accordance with this Section 18.3) to either of the parties hereto.

For purposes of this Lease, including without limitation, Section 11 hereof, Lessee shall be deemed to have received notice only if notice has been received by a responsible officer in the Corporate Trust Administration.

18.4 Amendment

No terms of this Lease may be altered, modified, amended, supplemented or terminated except by an instrument in writing signed by the parties hereto. The Lessee shall provide copies of any amendments, supplements and modifications to this Agreement to the Indenture Trustee (so long as the Trust Indenture has not been discharged), the Sublessee (so long as the Sublease is in effect) and PacifiCorp Finance, Inc.

18.5 Successors and Assigns

This Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

18.6 Headings

Section headings and the Table of Contents herein are for convenience only and shall not be construed as a part of this Lease.

18.7 Counterparts

This Lease may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original for all purposes, but all such counterparts shall together constitute but one and the same instrument.

18.8 Severability

Any provision of this Lease which is invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without invalidating, prohibiting the observance of or rendering unenforceable the remaining provisions hereof, and any such invalidity, illegality or unenforceability in any jurisdiction shall not invalidate, prohibit the observance of or render unenforceable such provision in any other jurisdiction. To the extent permitted by any applicable laws, the parties hereby waive any provision of law that renders any term or provision of this Lease invalid or unenforceable in any respect.

18.9 Complete Agreement

This Lease and the other Documents constitute the entire agreement between the parties hereto with respect to the transactions contemplated hereby and supersede any prior agreements with respect thereto.

19. GOVERNING LAW

This Lease shall in all respects be governed by, and construed in accordance with, the laws of Sweden.

20. ARBITRATION

(i) Any dispute or difference between the parties in connection with this Lease, shall be referred to and determined by arbitration under the International Arbitration Rules of the London Court of Arbitration.

(ii) The tribunal shall consist of three arbitrators; each party shall nominate one arbitrator.

(iii) The place of arbitration shall be London.

(iv) The language of the arbitration shall be English.

(v) The parties agree to exclude any right of application or appeal to the English courts in connection with any question of law arising in the course of the arbitration or with respect to any award made.

(vi) The award shall be final and binding upon the parties and may if necessary be enforced by any court having jurisdiction in the same manner as a judgment in such court.

21. PLEDGE AND GRANT OF SECURITY INTEREST

21.1 In order to secure the due performance of the obligations of Lessor pursuant to this Lease, including, without limitation the obligation to convey Title to any Lost Locomotive to Lessee upon the occurrence of an Event of Loss in accordance with Section 11 hereof, (or, alternatively, if Lessor shall then be the subject of any

bankruptcy, insolvency or similar proceeding, to satisfy any claim for rejection or unilateral termination of such obligation to convey such Title) Lessor does hereby grant to, and create in, Lessee a security interest in, and pledge (pantsattning) to Lessee, all of Lessor's right, title and interest in and to the items and types of property described in clauses (a) and (b) below, including all such items and types of property which hereafter become a part of the Locomotives by operation of law or any agreement (all of which shall be included in the term "Collateral"), which security interest and pledge are intended to be valid and enforceable under both the laws of Sweden and any applicable jurisdiction of the United States:

(a) all right, title and interest of Lessor in and to the Locomotives; and

(b) all proceeds of the foregoing, except any Specified Lease Payments and Option Price assigned pursuant to the Assignment.

Lessor agrees that at any time and from time to time, upon the written request of Lessee, Lessor will, at its sole cost and expense, promptly and duly execute and deliver any and all such further instruments and documents as Lessee may reasonably deem desirable in obtaining the full benefits of the security interest and pledge granted hereunder and of the rights and powers herein granted. Lessor does hereby warrant and represent that it has not assigned or pledged, and hereby covenants that it will not assign or pledge, so long as the security interest and pledge hereunder created shall remain in effect, any of its right, title or interest in the Collateral, to anyone other than Lessee, except for any assignment of the Specified Lease Payments and the security interest and pledge granted to Optionholder in the Collateral in Section 20 of the Purchase Option Agreement.

21.2 Lessor hereby waives to the extent not prohibited by applicable law (i) all presentments, demands for performance, notices of nonperformance, protests and notices of protest, (ii) any requirement of diligence or promptness on the part of Lessee in the enforcement of its rights hereunder or pursuant to law, (iii) any and all notices of every kind and description which may be required to be given by any statute or rule of law, and (iv) any defense of any kind, which it may now or hereafter have with respect to its liability under this Section 21. Lessor absolutely and irrevocably waives and relinquishes

the benefit and advantage of, and does hereby covenant not to assert against Lessee, any valuation, stay, appraisement, extension or redemption laws now existing or which may hereafter exist which, but for this provision might be applicable to any sale made under the judgment, order or decree of any court or privately under any power of sale or otherwise based on this Section 21 or in respect of any of the Collateral. Without limiting the general liability of the foregoing, Lessor hereby agrees that it will not invoke or utilize any law which might cause delay in or impede the enforcement of Lessee's rights hereunder or pursuant to applicable law, and hereby waives the same. In addition, Lessor hereby waives any right to prior notice or judicial hearing in connection with the taking possession of or the disposition of any of the Collateral.

21.3 Upon default by Lessor in performing any material obligations or claims secured hereunder, Lessee may exercise whatever remedies are available to it hereunder, at law or otherwise. Any item of the Collateral may be sold for cash or other value in any number of lots at public or private sale without demand, advertisement or notice (except only that Lessee shall give Lessor fifteen (15) days prior written notice of the time and place of any public sale, or the time after which a private sale may be made, which notice Lessor and Lessee hereby agree to be reasonable). At any sale or sales of the Collateral, Lessee or any of its officers acting on its behalf or assigns may bid for and purchase the whole or any part of the property and rights so sold and upon compliance with the terms of such sale may hold, exploit and dispose of such property and rights without further accountability to Lessor except for the proceeds of such sale or sales.

21.4 Lessee may, after default by Lessor hereunder, propose to retain the Collateral in its possession or in the possession of the Sublessee in satisfaction of the obligations secured hereunder. Written notice of such proposal shall be sent by Lessee to Lessor if Lessee has not after such default received from Lessor a statement removing or modifying Lessee's rights under this Section 21.4. Notice shall be sent by Lessee to any other secured party from whom Lessee has received (before sending its notice to Lessor or before Lessor's renunciation of its rights) a written notice of an interest in the Collateral. If Lessee receives any objections in writing, from a person entitled to receive notification, within twenty-one (21) days after the notice was sent, Lessee must dispose of the Collateral under the other provisions hereof or under provisions of law. In the absence of such written

objections, Lessee may retain the Collateral in satisfaction of Lessor's obligations under this Lease.

21.5 Any sale or retention or other conveyance of the Collateral or any part thereof by Lessee made pursuant to the terms of this Section 21 or applicable law shall be effective to transfer or convey all right, title and interest of Lessor in and to the Collateral or such part thereof. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale, retention or other conveyance or as to the application of any sale or other proceeds with respect thereto by Lessee.

21.6 On the Delivery Date, Lessor shall give written notice to the Optionholder, the Indenture Trustee and Sublessee of the security interest granted pursuant to Section 21.1 hereof in the form set forth in Exhibit F hereto.

22. LIABILITY OF LESSEE LIMITED

It is expressly agreed, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, covenants, undertakings and agreements herein made on the part of Lessee are made and intended not as personal representations, warranties, covenants, undertakings and agreements by Wilmington Trust Company, or for the purpose or with the intention of binding Wilmington Trust Company personally, but are made and intended for the purpose of binding only the Trust Estate, and this Lease is executed and delivered by Wilmington Trust Company not in its individual capacity but solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and no personal liability or personal responsibility (except in the case of willful misconduct or gross negligence of Wilmington Trust Company) is assumed by or shall at any time be asserted or enforceable against Wilmington Trust Company or in any event against the beneficiaries of the Trust Estate on account of this Lease or on account of any representation, warranty, covenant, undertaking or agreement of Lessee, either expressed or implied herein, all such personal liability, if any, being expressly waived and released by Lessor and by all persons claiming by, through or under it, and that all recourses against Wilmington Trust Company under this Lease shall be limited to the Trust Estate.

[END OF TEXT]

IN WITNESS WHEREOF, the parties hereto have executed this Lease the day and year first above written.

INVESTMENT AB HANDLAREN

By: _____
Title: Attorney-in-Fact

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Owner Trustee

By: _____
Title: Financial Services Officer

District)
of ss.
Columbia)

On this 29th day of December, 1988, before me personally appeared BG Gustafson , to me personally known, who, being by me duly sworn, did say that he is an Attorney-in-Fact of INVESTMENT AB HANDLAREN and that the instrument was signed on behalf of such 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 such corporation.

Elaine C. Gaynes
Notary Public

My commission expires

My Commission Expires June 30, 1993

Distict)
) ss.
of Columbia)

On this 28 th day of December, 1988, before me personally appeared James P. Lawler, to me personally known, who, being by me duly sworn, did say that he is a Financial Services Officer of WILMINGTON TRUST COMPANY and that the instrument was signed on behalf of such 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 such corporation.

Elaine C. Haynes
Notary Public

My commission expires

My Commission Expires June 30, 1993

DEFINITIONS EXHIBIT A

"Affiliate" - means, as to any Person, any other Person directly or indirectly controlling, directly or indirectly controlled by or under direct or indirect common control with such Person.

"Agent" - has the meaning ascribed to it in the Escrow Agreement.

"Amtrak" - means the National Railroad Passenger Corporation, a corporation organized under the Rail Passenger Act and the laws of the District of Columbia, and its successors and assigns.

"Amtrak Sublease" - means the Lease of Railroad Equipment referred to in Section 7.1 of the Lease Agreement.

"Assignment" - means the Assignment dated December 29, 1988 between Investment AB Handlaren and the Bank.

"Bank" - means Barclays Bank PLC, London.

"Basic Rent" - has the meaning ascribed to it in sub-paragraph (i) of Section 5.1 of the Lease Agreement.

"Base Lease Period" - has the meaning ascribed to it in sub-paragraph (i) of Section 4(a) of the Lease Agreement.

"Base Lease Period Option" - has the meaning ascribed to it in Section 3.1 of the Purchase Option Agreement.

"Bill of Sale" - means the Bill of Sale enclosed as Exhibit D to the Purchase Option Agreement.

"Business Day" - means any day other than a day on which commercial banking institutions in London, England or New York, New York are authorized, or obliged to remain, closed.

"Cessation of Substantial Financial Commitment" - means the failure by the United States government to support substantially all of Amtrak's operating and capital budget shortfall as set forth in Amtrak's Federal Grant Justification within 120 days following commencement of the fiscal year for which such Federal Grant Justification was submitted by Amtrak.

"Collateral" - has the meaning ascribed to it in Section 21.1 of the Lease Agreement.

"Delivery Date" - means the date designated as Delivery Date in Exhibit B to the Lease Agreement and Exhibit B to the Locomotive Purchase Agreement.

"Documents" - means the Locomotive Purchase Agreement, the Locomotive Bill of Sale, the Lease Agreement, the Purchase Option Agreement, the Bill of Sale, the Undertaking, the Loan Agreement, the Assignment, the Subordination and Denunciation Agreement, the Escrow Agreement, the Guaranty, the Letter of Support and any agreement pursuant to Section 5.3 of the Purchase Option Agreement and Section 5.3 of the Lease Agreement, as well as any other agreement contemplated under any of the foregoing documents.

"Early Termination Option" - has the meaning ascribed to it in Section 4.1 of the Purchase Option Agreement.

"EMD" - means General Motors Corporation (Electro-Motive Division).

"EMD Purchase Agreement" - means the Agreement for Purchase of Electric Locomotives dated as of October 8, 1987 between EMD and (after an assignment by Amtrak) the Owner Trustee.

"Escrow Agreement" - means the Escrow Agreement dated December 29, 1988 among Investment AB Handlaren, Owner Trustee, and Wilmington Trust Company as Agent.

"Event of Loss" - means, with respect to any of the Locomotives, any of the following events: (i) the Locomotive shall be or become lost or stolen for a period in excess of 30 days (or to the end of the remaining term of the Lease, if it first occurs), or shall be or become worn out, destroyed or irreparably damaged, or uneconomical to repair from any cause whatsoever during the Term or until the Locomotive is returned pursuant to Section 12 of the Lease, (ii) the Locomotive, together with all other Locomotives manufactured by EMD, shall have been returned permanently to EMD pursuant to any patent indemnity provisions of any agreement between EMD and Sublessee, (iii) the Locomotive shall be permanently returned to EMD due to a material breach of EMD's warranty (other than under the circumstances contemplated by the immediately preceding clause (ii)) contained in any agreement between EMD and Sublessee, (iv) title to the Locomotive shall be taken by any governmental entity or Amtrak by condemnation or otherwise, (v) use of the Locomotive shall be taken or requisitioned (a) by the United States Government (I) for a stated period which shall equal or exceed the then remaining term of the Lease, or (II) for a period which has exceeded one year, or (b) by any other governmental entity (I)

for a stated period which shall equal or exceed the then remaining term of the Lease, or (II) for a period which has exceeded 180 days, or (vi) as a result of any rule, regulation, order or other action by the United States Government or any United States governmental agency, instrumentality, authority, entity or establishment, the use of the Locomotive in the normal course of inter-state rail transportation shall have been prohibited for a continuous period of 90 days (or to the end of the remaining term of the Lease, if it first occurs).

"Extended Lease Period" - has the meaning ascribed to it in sub-paragraph (ii) of Section 4(a) of the Lease Agreement.

"Extended Rent" - has the meaning ascribed to it in sub-paragraph (ii) of Section 5.1 of the Lease Agreement.

"Fair Market Value" - means, for each Locomotive, the value of the Locomotive as agreed between Investment AB Handlaren and the Owner Trustee on the basis of the purchase price which would be obtained in an arm's length transaction between an informed and willing purchaser and seller (neither being a dealer and neither being under any compulsion to purchase or sell), on the assumption that the Locomotive is in the condition required under the Lease Agreement, and failing an agreement, the value as determined by a reputable appraiser selected by Investment AB Handlaren.

"Guaranty" - means the Guaranty dated December 29, 1988 issued by ICA Eol AB in favor of PacifiCorp Finance, Inc.

"Indenture Trustee" - means The Connecticut Bank and Trust Company, National Association, and its successors and assigns.

"Interest" - has the meaning ascribed to it in Exhibit C to the Lease Agreement.

"Lease Agreement" - means the Lease Agreement dated December 29, 1988 between Investment AB Handlaren and the Owner Trustee.

"Lessee" - means the Owner Trustee, and its successors and assigns.

"Lessee Disposition" - has the meaning ascribed to it in Section 14.4 of the Lease Agreement.

"Lessee Person" - has the meaning ascribed to it in Section 3.1(a) of the Undertaking.

"Lessor" - means Investment AB Handlaren, and its successors and assigns.

"Lessor Disposition" - has the meaning ascribed to it in Section 14.2 of the Lease Agreement.

"Lessor Person" - has the meaning ascribed to it in Section 3.1(a) of the Undertaking.

"Lessor's Liens" - means any Liens created under, through or by Investment AB Handlaren, other than any Liens created pursuant to any of the Documents.

"Liens" - means any mortgage, pledge, lien, charge, encumbrance, lease, exercise of rights, security claim or other claim of any nature whatsoever.

"Letter of Support" - means the Letter of Support dated December 29, 1988 issued by PacifiCorp Financial Services, Inc. in favor of Investment AB Handlaren.

"Liability Insurance" - has the meaning ascribed to it in Section 9.1 of the Lease Agreement.

"Loan Agreement" - means the Loan Agreement dated December 29, 1988 between Investment AB Handlaren and the Bank.

"Locomotives" - means each of the AEM Electric Locomotives as specified in Exhibit B to the Lease Agreement.

"Locomotive Bill of Sale" - has the meaning ascribed to it in Section 3.4 of the Locomotive Purchase Agreement.

"Locomotive Purchase Agreement" - means the Locomotive Purchase Agreement dated December 29, 1988 between the Owner Trustee and Investment AB Handlaren.

"Lost Locomotive" - has the meaning ascribed to it in Section 11 of the Lease Agreement.

"Note Purchaser" - means The Mutual Life Insurance Company of New York, and its successors and assigns.

"Officer's Certificate" - means, with respect to any corporation or trust, a certificate of a Managing Director, President (Verkstallande Direktor), Treasurer, Financial Services Officer or any Vice President or other authorized director or officer.

"Option" - means the Base Lease Period Option or the

Early Termination Option.

"Optionholder" - means the Owner Trustee or, as to each Option, the holder thereof from time to time.

"Option Notice" - means a notice in the form set out in Part 1, Part 2 or Part 3 of Exhibit B to the Purchase Option Agreement.

"Option Price" - means as to each Option, the price payable by Optionholder to Investment AB Handlaren pursuant to Section 5 of the Purchase Option Agreement.

"Owner Trustee" or "Lessee" - means Wilmington Trust Company, not in its individual capacity but solely as owner trustee under the Trust Agreement, and its successors and assigns.

"Participation Agreement" - means the Participation Agreement dated as of December 1, 1988 between Amtrak, PacifiCorp Finance, Inc., the Indenture Trustee, the Owner Trustee and the Note Purchaser.

"Permissible Liens" - has the meaning ascribed to it in Section 10 of the Lease Agreement.

"Person" - means any individual, corporation, partnership, trust, unincorporated organization or government, or any agency or other subdivision thereof.

"Property Insurance" - has the meaning ascribed to it in Section 9.1 of the Lease Agreement.

"Purchase Option Agreement" - means the Purchase Option Agreement dated December 29, 1988 between Investment AB Handlaren and the Owner Trustee.

"Purchase Price" - means the amount specified as Purchase Price in Exhibit B to the Locomotive Purchase Agreement.

"Release Documents" - has the meaning ascribed to it in the Escrow Agreement.

"Rules" - has the meaning ascribed to it in Section 14 of the Locomotive Purchase Agreement.

"Senior Obligations" - means all obligations of the Owner Trustee to the Indenture Trustee under the Trust Indenture and the Participation Agreement.

"Specified Lease Payments" - means each payment of Basic Rent, the payment of Extended Rent, if any, and any payment of Stipulated Loss Value, as well as any interest pursuant to Section 5.1(iv) of the Lease Agreement, payable thereon, pursuant to the Lease Agreement.

"Stipulated Loss Value" - for the Locomotives as of any particular date of computation has the meaning specified in Exhibit C to the Lease Agreement.

"Subordinated Obligations" - means all obligations of the Owner Trustee to Investment AB Handlaren under the Locomotive Purchase Agreement and the Lease Agreement, other than any payment of the Specified Lease Payments.

"Subordination and Denunciation Agreement" - means the Subordination and Denunciation Agreement dated December 29, 1988 between Investment AB Handlaren, the Indenture Trustee, Amtrak, the Owner Trustee, the Agent and the Bank.

"Sublease" - means the Lease of Railroad Equipment referred to in Section 7.1 of the Lease Agreement, as well as any other sublease permitted under the Lease Agreement.

"Sublessee" - means Amtrak, as well as any other sublessee permitted under the Lease Agreement.

"Swedish Taxes" - means any taxes imposed, withheld, levied or assessed by any national or local government or taxing authority of or in Sweden.

"Taxes" - means all license and registration fees and all taxes, withholdings, assessments, levies, imposts, duties or charges, of any nature whatsoever, together with any penalties, fines or interest thereon or other additions thereto imposed, withheld, levied or assessed by any country's taxing authority or government subdivision thereof or therein, whether Federal, state or local, or by any international authority.

"Term" - has the meaning ascribed to it in Section 4(a) of the Lease Agreement.

"Title" - means all of Investment AB Handlaren's right, title and interest in and to the Locomotives.

"Transfer Date" - means the date determined as such pursuant to Sections 3.3 and 4.3 of the Purchase Option Agreement, being the date upon which, following the exercise of an Option, Title to the Locomotives is to be vested in Optionholder.

"Trust Agreement" - means the Trust Agreement dated as of December 1, 1988 between PacifiCorp Finance, Inc. and Wilmington Trust Company.

"Trust Estate" - has the meaning ascribed to it in Annex A to the Participation Agreement.

"Trust Indenture Estate" - has the meaning ascribed to it in Whereas-Clause (A) of the Subordination and Denunciation Agreement.

"Trust Indenture" - means the Trust Indenture and Security Agreement dated as of December 1, 1988 between the Owner Trustee and the Indenture Trustee.

"Undertaking" - means an Undertaking dated December 29, 1988 between Investment AB Handlaren and PacifiCorp Finance, Inc.

EXHIBIT B TO
LEASE AGREEMENT

DESCRIPTION OF LOCOMOTIVES

	Manufacturer	Model Number	Type	Manufacturer's Serial Number	Road Number
1.	Electro-Motive Division General Motors Corporation	AEM-7	Electric	876006-6	952
2.	" "	"	"	876006-7	953

Delivery Date: December 29, 1988

Delivery Location: New York, New York

Purchase Price: $7,364,800

EXHIBIT C TO
LEASE AGREEMENT

STIPULATED LOSS VALUE SCHEDULE

The Stipulated Loss Value of each Locomotive shall be one-half (1/2) of the sum of the Fixed Amount and the Fair Market Value Increment calculated pursuant to paragraphs (a) and (b) below.

(a) Fixed Amount

Payment Date		(% of Purchase Price)	
1.	December 29, 1988 (no Basic Rent due)	1.	86.95498
2.	June 29, 1989	2.	85.89258
3.	December 29, 1989	3.	84.77176
4.	June 29, 1990	4.	83.58929
5.	December 29, 1990	5.	82.34178
6.	June 29, 1991	6.	81.02566
7.	December 29, 1991	7.	79.63716
8.	June 29, 1992	8.	78.17228
9.	December 29, 1992	9.	76.62684
10.	June 29, 1993	10.	74.99640
11.	December 29, 1993	11.	73.27629
12.	June 29, 1994	12.	71.46156
13.	December 29, 1994	13.	69.54703
14.	June 29, 1995	14.	67.52720
15.	December 29, 1995	15.	65.39628
16.	June 29, 1996	16.	63.14816
17.	December 29, 1996	17.	60.77639
18.	June 29, 1997	18.	58.27418
19.	December 29, 1997	19.	55.63434
20.	June 29, 1998	20.	52.84931
21.	December 29, 1998	21.	49.91111
22.	June 29, 1999	22.	46.81130
23.	December 29, 1999	23.	43.54100
24.	June 29, 2000	24.	40.09084
25.	December 29, 2000	25.	36.45092
26.	June 29, 2001	26.	32.61080
27.	December 29, 2001	27.	28.55948
28.	June 29, 2002	28.	24.28533
29.	December 29, 2002	29.	19.77611
30.	June 29, 2003	30.	15.01888
31.	December 29, 2003	31.	0

(b) Fair Market Value Increment

The Fair Market Value Increment shall be an amount equal the product of (a) twenty-five percent (25%) of the Purchase Price, multiplied by (b) a fraction, the numerator of which shall be the Fair Market Value of the Locomotives on the day of the exercise of the Early Termination Option, and the denominator of which shall be the Purchase Price. In no event, whoever, shall the Fair Market Value Increment exceed (1) during the first, second and third year of the Term, 1.576209 percent of the Purchase Price plus interest at a rate of eight percent (8%) per annum (the "Interest") accrued yearly up to the actual date of payment during such 3 year period, (2) during the fourth, fifth and sixth year of the Term, 1.985569 percent of the Purchase Price plus the Interest accrued yearly up to the actual date of payment during such 3 year period, (3) during the seventh, eighth and ninth year of the Term, 2.501245 percent of the Purchase Price plus the Interest accrued yearly up to the actual date of payment during such 3 year period, (4) during the tenth, eleventh and twelfth year of the Term, 3.150848 percent of the Purchase Price plus the Interest accrued yearly up to the actual date of payment during such 3 year period, and (5) during the thirteenth, fourteenth and fifteenth year of the Term, 3.969161 percent of the Purchase Price plus the Interest accrued yearly up to the actual date of payment during such 3 year period.

Notes

(1) Subject to Note 3 below, if the Stipulated Loss Value becomes due and payable on a Payment Date then the Fixed Amount shall be an amount equal to the amount set out above opposite such Payment Date.

(2) If the Stipulated Loss Value becomes due and payable on a date other than a Payment Date then the Fixed Amount shall be an amount equal to the amount set out above opposite the Payment Date immediately preceding the date on which the Stipulated Loss Value has become due and payable together with interest thereon calculated from such immediately preceding Payment Date up to and excluding the due date at the rate of 11.0% per annum and calculated on a daily basis, on the basis of a 360 day year and the number of days elapsed.

(3) The amount set out above are quoted exclusive of the payment of Basic Rent due on the relevant Payment Date, which is payable in addition.

EXHIBIT D TO
LEASE AGREEMENT

NOTICE OF TERMINATION

[DATE]

To: Lessee

Dear Sirs:

We refer to the Lease Agreement dated December 29, 1988 between yourselves and ourselves (the "Lease Agreement"). Notice is hereby given that an Event of Default pursuant to Section [ ] of the Lease Agreement has occurred and that we, pursuant to Section 13.2 of the Lease Agreement have elected to terminate the Term, effective thirty (30) days after receipt by you of this notice. Notice is hereby given that we have sent a notice to the Optionholder of its ability to exercise the Early Termination Option (a copy of which is attached hereto).

Terms used in this notice shall have the same meaning as defined in the Lease Agreement.

INVESTMENT AB HANDLAREN

By: _____
Title:

Copy to: The Indenture Trustee
The Agent

EXHIBIT E TO
LEASE AGREEMENT

NOTICE OF OPTION RIGHT

[DATE]

To: Optionholder
Copy to: 1. The Indenture Trustee
2. The Agent

Dear Sirs:

We refer to the Purchase Option Agreement dated December 29, 1988 between yourselves and ourselves (the "Purchase Option Agreement"). Notice is hereby given that we have sent the notice of termination to Lessee (a copy of which is attached hereto) and that you have the right pursuant to Section [ ] of the Purchase Option Agreement to exercise the Early Termination Option.

Terms used in this notice shall have the same meaning as defined in the Purchase Option Agreement.

INVESTMENT AB HANDLAREN

By: _____
Title:

EXHIBIT F TO
LEASE AGREEMENT

FORM OF NOTICE

December , 1988

To: 1. National Railroad
Passenger Corporation
2. The Connecticut Bank
and Trust Company,
National Association

From: INVESTMENT AB HANDLAREN

Dear Sirs,

Notice is hereby given that, pursuant to a Lease Agreement of even date herewith, a copy of which is enclosed herewith, we have granted to Lessee (as defined in the enclosed agreements) a security interest in and to, and pledged to Lessee the Locomotives (as defined in the enclosed agreement).

Yours faithfully,

For and on behalf
of INVESTMENT AB HANDLAREN

Acknowledged
December , 1988

For and on behalf of
National Railroad Passenger
Corporation

For and on behalf of
The Connecticut Bank
and Trust Company,
National Association

SCHEDULE 1 TO
LEASE AGREEMENT

LEASE SUPPLEMENT NO. ___

THIS LEASE SUPPLEMENT NO. ___ is dated December , 1988 (this "Lease Supplement"), and is executed and delivered to INVESTMENT AB HANDLAREN, a Swedish corporation ("Lessor") pursuant to and in accordance with the Lease Agreement dated December __, 1988 (the "Lease") between Lessor and WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Owner Trustee ("Lessee").
Unless otherwise defined herein, capitalized terms in this Lease Supplement are used with the respective meanings specified in the Lease.

1. The locomotives covered by this Lease Supplement consist of the items described in Schedule 1 attached hereto (the "Locomotives").

2. Lessee confirms that the Locomotives have been delivered to it.

3. The payments of Basic Rent and Stipulated Loss Value for the Locomotives are set forth in the Lease.

4. By the execution and delivery of this Lease Supplement by Lessee, and the acceptance thereof by Lessor, Lessee and Lessor reaffirm all of the terms, provisions and conditions of the Lease.

IN WITNESS WHEREOF, Lessee has caused this Lease Supplement to be duly executed by its duly authorized officer as of the date first set forth above.

WILMINGTON TRUST COMPANY, not
in its individual capacity,
but solely as Owner Trustee
under the Trust Agreement

By:_____
Name:
Title:

Accepted as of the date first
set forth above:

INVESTMENT AB HANDLAREN

By:_____
Name:
Title:

LEASE SUPPLEMENT NO. 1

THIS LEASE SUPPLEMENT NO. 1 is dated December 29, 1988 (this "Lease Supplement"), and is executed and delivered to INVESTMENT AB HANDLAREN, a Swedish corporation ("Lessor") pursuant to and in accordance with the Lease Agreement dated December 29, 1988 (the "Lease") between Lessor and WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Owner Trustee ("Lessee").
Unless otherwise defined herein, capitalized terms in this Lease Supplement are used with the respective meanings specified in the Lease.

1. The locomotives covered by this Lease Supplement consist of the items described in Schedule 1 attached hereto (the "Locomotives").

2. Lessee confirms that the Locomotives have been delivered to it.

3. The payments of Basic Rent and Stipulated Loss Value for the Locomotives are set forth in the Lease.

4. By the execution and delivery of this Lease Supplement by Lessee, and the acceptance thereof by Lessor, Lessee and Lessor reaffirm all of the terms, provisions and conditions of the Lease.

IN WITNESS WHEREOF, Lessee has caused this Lease Supplement to be duly executed by its duly authorized officer as of the date first set forth above.

WILMINGTON TRUST COMPANY, not
in its individual capacity,
but solely as Owner Trustee
under the Trust Agreement

By: _____
Name: James P. Lawler
Title: Financial Services Officer

Accepted as of the date first
set forth above:

INVESTMENT AB HANDLAREN

By: _____
Name:
Title: Attorney-in-Fact

District)
of) ss.
Columbia)

On this 29th day of December, 1988, before me personally appeared, Bo Gustafson, to me personally known, who, being by me duly sworn, did say that he is an Attorney-in-Fact of INVESTMENT AB HANDLAREN and that the instrument was signed on behalf of such 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 such corporation.

Elaine C. Haynes
Notary Public

My commission expires

My Commission Expires June 30, 1993

District)
of) ss.
Columbia)

On this 28th day of December, 1988, before me personally appeared, James P. Lawler, to me personally known, who, being by me duly sworn, did say that he is a Financial Services Officer of WILMINGTON TRUST COMPANY and that the instrument was signed on behalf of such 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 such corporation.

Eileen C. Kuyper
Notary Public

My commission expires

My Commission Expires June 30, 1993

SCHEDULE 1 TO
LEASE SUPPLEMENT NO. 1

DESCRIPTION OF LOCOMOTIVES

	Manufacturer	Model Number	Type	Manufacturer's Serial Number	Road Number
1.	Electro-Motive Division General Motors Corporation	AEM-7	Electric	876006-6	952
2.	" "	"	"	876006-7	953

Delivery Date: December 29, 1988

Delivery Location: New York, New York

Purchase Price: $7,364,800