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December 11, 1981

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RECORDATION NO. .... FILED 1485

DEC 14 1981 - 2 05 PM

Hon. Agatha Mergenovich  
Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

INTERSTATE COMMERCE COMMISSION

Dear Ms. Mergenovich:

Pursuant to 49 USC §11303 of the Interstate Commerce Act, there are transmitted herewith for filing and recording one executed notarized original, and one copy, of each of the three Agreements dated November 9, 1981 between Chicago and North Western Transportation Company, as Property Owner, and General Electric Company, as Tax Lessor, for the leasing of (1) Maintenance Equipment, (2) Materials for Track and Betterments (16 year life) and (3) Materials for Track and Betterments (20 year life).

The name and address of the Property Owner are:

Chicago and North Western Transportation  
Company  
One North Western Center  
Chicago, Illinois 60606

The name and address of the Tax Lessor are:

General Electric Company  
570 Lexington Avenue  
New York, New York 10022

Sincerely yours,

*Thomas L. Higginson*  
Thomas L. Higginson, Jr.

*Agatha Mergenovich*  
*Thomas L. Higginson*

DEC 14 1981  
10:44 AM

13355

RECORDATION NO. .... Filed 1425

DEC 14 1981 -2 05 PM

INTERSTATE COMMERCE COMMISSION

AGREEMENT

Dated November 9, 1981

Between

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY,  
as Property Owner

and

GENERAL ELECTRIC COMPANY,  
as Tax Lessor

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Maintenance Equipment

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THE PARTIES TO THIS AGREEMENT HAVE ELECTED TO  
CHARACTERIZE THIS AGREEMENT AS A LEASE, FOR  
FEDERAL INCOME TAX PURPOSES ONLY, PURSUANT TO  
SECTION 168(f)(8) OF THE INTERNAL REVENUE CODE

TABLE OF CONTENTS

	<u>Page</u>
1. Characterization of this Agreement as a Separate Lease with Respect to Each Item of the Property for Federal Income Tax Purposes.....	1
2. Terms of the Leases and Related Transactions for Federal Income Tax Purposes.....	2
3. Representations, Warranties, and Covenants by the Property Owner.....	4
4. Agreements Relating to Federal Income Tax Reporting.....	7
5. Payment for Casualty Occurrence.....	7
6. Interest in the Property for Purposes Other than Federal Income Tax Purposes.....	10
7. Indemnity Against Loss of Tax Benefits.....	10
8. Successors and Assigns.....	15
9. General.....	15
10. Conditions to Second Closing Date.....	16
11. Survival of Agreement.....	17
12. Termination, Amendment, Governing Law.....	17
Annex A - The Property	
Annex B - Statement Required Under Section 5c.168(f)(8)-2(a)(3)(ii) of the Temporary Regulations Under Section 168(f)(8) of the Internal Revenue Code	
Annex C - Loan and Rental Payments	
Annex D - Casualty Values	
Annex E - [Intentionally Omitted]	
Annex F - List of Mortgages	

## AGREEMENT

AGREEMENT, dated November 9, 1981, between Chicago and North Western Transportation Company, a Delaware corporation (the "Property Owner"), and General Electric Company, a New York corporation (the "Tax Lessor").

WHEREAS, the Property Owner owns the property described in Annex A hereto (the "Property") and represents herein that the Property is "qualified leased property" as defined in Section 168(f)(8)(D)(ii) of the Internal Revenue Code of 1954, as amended (the "Code"); and

WHEREAS, the parties desire that for Federal income tax purposes, and only for such purposes, the Tax Lessor be treated as the owner and lessor, and the Property Owner as the lessee, under a separate lease with respect to each item of the Property.

NOW, THEREFORE, it is agreed:

1. Characterization of this Agreement as a Separate Lease with Respect to Each Item of the Property for Federal Income Tax Purposes.

For Federal income tax purposes (and only such purposes), pursuant to Section 168(f)(8) of the Code, the Property Owner and the Tax Lessor each hereby characterizes this Agreement as a separate lease with respect to each item of the Property and hereby irrevocably elects to have the provisions of Section 168(f)(8) of the Code apply to this Agreement. In consequence, for such purposes the parties hereby agree to treat the Tax Lessor as purchasing each item of the Property from the Property Owner on the terms set forth herein on the Closing Date for such item of the Property, and to treat the Tax Lessor as the owner and lessor of each item of the Property and the Property Owner as the lessee and user of each item of the Property beginning with the Closing Date for each such item of Property. "Closing Date" shall mean the date hereof for each item of Property set forth in Part 1 of Annex A hereto and December 31, 1981 (or such date prior thereto as Property Owner and Tax Lessor

may otherwise agree) for each item of Property set forth in Part 2 of Annex A hereto. Each party has signed concurrently herewith duplicate copies of a statement in the form of Annex B hereto with respect to the Property set forth in Part 1 of Annex A hereto, and each hereby agrees to (i) sign, concurrently with the second Closing Date, duplicate copies of a statement in the form of Annex B hereto with respect to the Property set forth in Part 2 of Annex A hereto, and (ii) file with the Internal Revenue Service one of each such statements or, if available, to sign in duplicate and file with the Internal Revenue Service an information return or returns concerning the foregoing elections, in either case at the time and in the manner provided in Section 5c.168(f)(8)-2(a)(3) of the temporary regulations under Section 168(f)(8) of the Code (the "Temporary Regulations").

2. Terms of the Leases and Related Transactions for Federal Income Tax Purposes.

The terms of each of the leases (individually a "Deemed Lease", each reference herein to a Deemed Lease shall apply equally to each Deemed Lease) and certain related transactions which are treated as existing or occurring for Federal income tax purposes under Section 168(f)(8) of the Code by virtue of the characterization and elections provided in Section 1 of this Agreement are as follows:

(a) Purchase of Property by Tax Lessor. The Tax Lessor shall be treated for Federal income tax purposes (and only such purposes) as purchasing each item of the Property from the Property Owner on the Closing Date for such item of Property for a purchase price equal to the Property Owner's Adjusted Basis for the item set forth in Annex A hereto, and such purchase shall be treated as having occurred prior to the item having been originally placed in service.

(b) Payment of Purchase Price by Tax Lessor. The Tax Lessor shall be treated for Federal income tax purposes (and only such purposes) as agreeing to pay the purchase price for each item of the Property as follows:

(i) The Cash Payment for each item of the Property set forth in Annex A hereto, which will be paid in cash by the Tax Lessor to the Property Owner concurrently with the Closing Date for such item of Property, shall be treated as having been paid as part of the purchase price and to constitute an amount which

the Tax Lessor has at risk with respect to the item;  
and

(ii) The Tax Lessor shall be treated as having agreed for Federal income tax purposes (and only such purposes) to pay to the Property Owner the balance of the purchase price (the "Installment Loan") for each item of the Property in installments in the amounts and on the dates set forth in Annex C hereto, together with interest on the unpaid balance outstanding from time to time at the rate of 16% per year payable on the payment dates set forth in Annex C (the sum of the installment payment and the interest payment with respect to each item of the Property which is payable on each date set forth in Annex C is referred to as the "Installment Loan Payment" payable on such date).

(c) Lease Term and Rental Payments. The term of the Deemed Lease for each item of the Property shall be from the Closing Date for such item of Property to and including the Lease Termination Date for such item set forth in Annex A hereto unless sooner terminated as the result of the occurrence of a "disqualifying event" within the meaning of Section 5c.168(f)(8)-8 of the Temporary Regulations; and the Property Owner shall be treated as having agreed for Federal income tax purposes (and only such purposes) to make rental payments to the Tax Lessor under each Deemed Lease equal in amounts to, and payable on the same dates as, the Installment Loan Payments with respect to the item of the Property covered by such Deemed Lease, as set forth in Annex C.

(d) Payments of Rental and Installment Loan Payments. The rental payment and Installment Loan Payment which are payable on each payment date set forth in Annex C hereto with respect to each item of the Property shall for Federal income tax purposes (and only such purposes) each be treated as having been paid automatically and without any action by either party on each such date. Each such payment obligation by either party is by its terms treated as payable on its respective payment date only to the extent that the corresponding payment due from the other party is treated as having been paid pursuant to the foregoing sentence or otherwise.

(e) Property Owner Purchase at End of Lease Term. At the end of the term of the Deemed Lease for each item of the Property, the Property Owner shall be treated for

Federal income tax purposes (and only such purposes) as acquiring ownership of the item automatically from the Tax Lessor without the payment of any consideration and without any other action by either party.

3. Representations, Warranties, and Covenants by the Property Owner.

The Property Owner hereby represents, warrants, and covenants to the Tax Lessor as follows:

(a) Immediately prior to the Closing Date for each item of Property, the Property Owner is, the owner for Federal income tax purposes of such item of the Property;

(b) Neither the Property Owner nor any other person other than the Tax Lessor has claimed or will claim, on its Federal income tax returns or otherwise, investment credit or cost recovery deductions with respect to any costs incurred by the Property Owner through the Closing Date for such item of the Property;

(c) Each item of the Property is "qualified leased property" (as defined in Section 168(f)(8)(D)(ii) of the Code), which was placed in service by the Property Owner after December 31, 1980 (and, with respect to each item of the Property listed in Part 2 of Annex A hereto, within three months prior to the second Closing Date) and before the Closing Date with respect thereof;

(d) The adjusted basis (within the meaning of Section 168(f)(8)(D)(ii)(III) of the Code) of the Property Owner in each item of the Property on the Closing Date with respect thereof is not less than the purchase price of the item set forth in Annex A hereto;

(e) The present class life (or where applicable, the useful life under Section 167 of the Code) and the recovery class under Section 168(c)(2) of the Code for each item of the Property in the hands of the Tax Lessor are as set forth in Annex A hereto;

(f) The Property Owner has not entered into, and will not enter into, any agreement which relates to

costs incurred by it through the Closing Date in respect of any item of the Property to which the provisions of Section 48(d) or 168(f)(8) of the Code apply, except this Agreement;

(g) During the term of the Deemed Lease with respect to each item of the Property, the item will not cease to be "Section 38 property" within the meaning of Section 48(a) of the Code with respect to the Tax Lessor and the Property Owner, other than solely by reason of an act by the Tax Lessor;

(h) During the term of the Deemed Lease with respect to each item of the Property, the Property Owner will not sell or assign (collectively "Transfer") its interest in the item or in the Deemed Lease with respect to the item unless (A)(i) the Tax Lessor consents to the Transfer (which consent shall not be unreasonably withheld), (ii) the transferee assumes the Property Owner's interest in this Agreement with respect to the item, including the Deemed Lease and the deemed Installment Loan Payments, without relieving the Property Owner of any of its obligations under this Agreement, and (iii) the transferee furnishes a written consent and the transferee and the Tax Lessor file statements, in both cases at the time and in the manner provided in Section 5c.168(f)(8)-2(a)(5) of the Temporary Regulations or (B) the Transfer is a Casualty Occurrence of the type referred to in clause (2) of the first sentence of Section 5 hereof;

(i) The amount of the investment credit and cost recovery deductions that the Tax Lessor shall be allowed with respect to any item of the Property will not be limited by the application to the Property Owner of the at-risk rules under Section 46(c)(8) or Section 465 of the Code;

(j) At all times during the term of the Deemed Lease for each item of the Property, the item will be used in a manner which will entitle the Tax Lessor to treat, for Federal income tax purposes, each amount of income, deduction, and credit relating to the item as being derived from, or allocable to, sources within the United States;

(k) The Installment Loan for each item of the Property bears a reasonable rate of interest within the meaning of Section 1.385-6(e) of the regulations under the Code or an arm's-length rate of interest as defined in Section 1.482-2 of the regulations under the Code;

(l) The Property Owner is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation, and is duly authorized and empowered to execute and deliver this Agreement and any other document pursuant to this Agreement, and to fulfill and comply with the terms, conditions, and provisions hereof and thereof; each such agreement, document, instrument or certificate has been or will be (at the time of its delivery) duly authorized, executed and delivered and constitutes or will constitute (at the time of delivery) the valid, legal and binding obligation of the Property Owner, enforceable in accordance with its terms;

(m) Neither the execution and delivery of this Agreement, nor the consummation of the transactions herein contemplated, nor the fulfillment of, or compliance with, the terms and provisions hereof will conflict with, or result in a breach of, any of the terms, conditions or provisions of the certificate of incorporation or the by-laws of the Property Owner or of any bond, debenture, note, mortgage, indenture, agreement or other instrument to which the Property Owner is now a party or by which it or its property may be bound, or constitutes or would constitute (with the giving of notice or the passage of time, or both) a default thereunder, or result in the creation or imposition of any lien, charge, security interest or other encumbrance of any nature whatsoever upon any property of the Property Owner, or upon any item of the Property, except liens, if any, which may attach to the Property Owner's interest in this Agreement;

(n) Neither the execution and delivery by the Property Owner of this Agreement nor the consummation of the transaction contemplated in this Agreement nor the fulfillment of, or compliance with, the terms and provisions of this Agreement, will conflict with, or result in a breach of, any of the terms, conditions or provisions of any law, or any regulation, order,

injunction or decree of any court or governmental instrumentality applicable to the Property Owner or the Property;

(o) No consent, authorization, approval or registration with any governmental or public body or authority is required in connection with the execution and delivery by the Property Owner of this Agreement, or the fulfillment of or compliance by the Property Owner with the terms, conditions and provisions hereof;

(p) Except as set forth in Annex F hereto, if applicable, the interest of the Tax Lessor created by this Agreement for Federal income tax purposes is not subject to any lien, charge, encumbrance, or other prior claim of any mortgagee or other creditor of the Property Owner or any other third party; and

(q) Neither the execution and delivery of this Agreement, nor the consummation of the transactions herein contemplated, nor the fulfillment of, or compliance with, the terms and provisions hereof will subject the Tax Lessor under present law or regulations to regulation by any railroad regulatory authority or agency (including, without limitation, the Interstate Commerce Commission, the United States Railroad Administration or the Department of Transportation).

4. Agreements Relating to Federal Income Tax Reporting.

The Tax Lessor and the Property Owner each agrees that on its Federal income tax returns it will report the receipts and disbursements by it provided for in Sections 2 and 5 of this Agreement as if such receipts and disbursements had actually been received or disbursed, as the case may be, in cash on the date the receipt or disbursement is payable as provided in this Agreement. Each party agrees that, promptly upon any request from time to time of the other party, it will confirm in writing that all payments of rental under each Deemed Lease or of Installment Loan Payments theretofore treated as having been received or disbursed by it have been so reported on its Federal income tax returns.

5. Payment for Casualty Occurrence.

If during the term of the Deemed Lease with respect thereto, (1) an event occurs, other than by reason of any

act of commission or omission, misrepresentation, breach of any agreement, covenant or warranty contained herein by the Property Owner or any subsequent transferee, assignee or user and other than solely by reason of an act or omission of Tax Lessor, requiring the Tax Lessor to recapture all or a portion of Investment Credit and/or Cost Recovery Deductions with respect to any item of Property or (2) the Property Owner deems it to be in its best interests to terminate the Deemed Lease with respect to any item of the Property without compliance with Section 3(h)(A) of this Agreement (a) at any time in order to satisfy the objections of any secured party or other creditor of the Property Owner or (b) in all other cases after the fifth anniversary of the Closing Date for such item, (any such occurrence being hereinafter called a "Casualty Occurrence" and any item of the Property which becomes the subject of a Casualty Occurrence being hereinafter referred to as the "Item"), then the Property Owner shall promptly and fully notify the Tax Lessor with respect thereto.

On the date of the Casualty Occurrence with respect to the Item, the Item shall be treated for Federal income tax purposes (and only such purposes) as having been sold by the Tax Lessor to the Property Owner for the amount set forth in the next sentence and the Deemed Lease for the Item shall terminate. The amount realized by the Tax Lessor on the sale of the Item shall be equal to (i) the unpaid principal balance of the Installment Loan with respect to the Item (after taking into account the payments provided for in the following paragraph), which unpaid balance shall be treated as having been cancelled by the Property Owner, plus (ii) an amount to be paid in cash by the Property Owner to the Tax Lessor equal to (A) in the case of a Casualty Occurrence of the type referred to in clause (1) of the first sentence of this Section 5, the Casualty Value set forth in Column I of Annex D hereto for the Item and (B) in the case of a Casualty Occurrence of the type referred to in clause (2) of the first sentence of this Section 5, 110% of the Casualty Value set forth in Column I of Annex D hereto for the Item. The Casualty Value set forth in Annex D hereto for the Item on the Payment Date next preceding the date of the Casualty Occurrence shall be paid in cash on the later of (i) the Payment Date set forth in Annex D hereto next succeeding the date of the Casualty Occurrence or (ii) thirty days after the date of the Casualty Occurrence.

The Property Owner shall be treated as having agreed for Federal income tax purposes (and only such purposes)

to make a rental payment to the Tax Lessor under the Deemed Lease on the date of the Casualty Occurrence with respect to the Item equal in amount to the payment on the Installment Loan referred to in the next sentence. The Tax Lessor shall be treated as having agreed for Federal income tax purposes (and only such purposes) to make a payment to the Property Owner on the date of the Casualty Occurrence with respect to the Item in respect of principal and accrued interest (at the rate provided for in Section 2(b)(ii)) on the Installment Loan for the Item equal in amount to (i) the Installment Loan Payment with respect to the Item due on the next succeeding Payment Date set forth in Annex C hereto times (ii) a fraction the numerator of which equals the number of days from the day after the last Payment Date set forth in Annex C hereto to and including the date of the Casualty Occurrence and the denominator of which equals the number of days from the day after the last such Payment Date to and including the next succeeding Payment Date. The rental payment and the payment on the Installment Loan referred to in this paragraph shall for Federal income tax purposes (and only such purposes) each be treated as having been paid automatically and without any action by either party on the date of the Casualty Occurrence.

The Property Owner shall report to the Tax Lessor no less than annually (or at such other intervals as may be agreed upon in writing by the parties hereto), but in no event later than the time required for timely inclusion in the Federal income tax returns of the Tax Lessor, such item or items of the Property which have been the subject of a disposition or any other event (whether or not such disposition or event would otherwise be required to be reported under this Agreement) which will, or in the reasonable opinion of the Tax Lessor could, result in a requirement that the Tax Lessor recapture any amounts for Federal income tax purposes in respect of any item or items of the Property (a "Recapture Event"). The report shall provide such specificity as the Tax Lessor shall reasonably require to complete its Federal income tax returns for any years to which such Recapture Event relates. The Property Owner shall keep such records and provide such assistance to the Tax Lessor as the Tax Lessor may find necessary to file its Federal income tax returns and to contest any related matter before any level of the Internal Revenue Service or before any court.

The Property Owner shall maintain, and shall furnish to Tax Lessor upon request therefor, such information and

records as shall be necessary to comply with all rules and regulations or other official documents or official statements adopted by the Internal Revenue Service or the U.S. Treasury Department (including, without limitation, Revenue Rulings, Treasury Regulations and Treasury Decisions) which address the proper accounting treatment for Federal income tax purposes for property of the type and character of the Property, including, without limitation, any which require the adoption of a specified method of accounting, and any which address the recapture of Investment Credit or Cost Recovery Deductions with respect to any item of the Property. In the absence of the Internal Revenue Service or the U.S. Treasury Department adopting such rules and regulations, the Property Owner shall maintain, and shall furnish to Tax Lessor, such information and records as the Property Owner customarily maintains on similar property owned or leased by it.

The Property Owner has requested the Tax Lessor to make the election provided by Section 168(d)(2)(a) of the Code with respect to the Property (the "Election"). If the Tax Lessor determines in its sole discretion that the making of the Election by it shall have no adverse impact on the business or operations (tax, accounting or otherwise) of Property Owner or any affiliate thereof, the Tax Lessor agrees to make the Election for its taxable year ending December 31, 1981. If Tax Lessor makes the Election, all references herein to Casualty Value shall be deemed to be the amounts set forth in Column II of Annex D hereto.

6. Interest in the Property for Purposes Other Than Federal Income Tax Purposes.

Neither this Agreement nor any of the transactions provided for or treated as having occurred herein for Federal income tax purposes shall impair, restrict, encumber or otherwise affect the ownership and possessory interest of the Property Owner in each item of the Property for any purpose other than Federal income tax purposes. Nothing in this Agreement shall be construed as affording the Tax Lessor any ownership or other interest in any item of the Property for any purpose other than Federal income tax purposes.

7. Indemnity Against Loss of Tax Benefits.

(a) This Agreement has been entered into on the assumption that the Tax Lessor will be the owner of each item of the Property for Federal income tax purposes, and (1)

will be entitled to such deductions, credits and other benefits as are provided by the Code to the owner of the items, including (i) deductions under Section 168 of the Code with respect to the purchase price of each item of the Property as set forth in Annex A hereto, commencing in 1981 and using the percentages set forth in Section 168(b)(1)(A) of the Code for each item of the Property based on the recovery class for the item set forth in Annex A hereto (the "Cost Recovery Deductions"), (ii) an investment credit, pursuant to Section 38 of the Code, equal to at least 10% of the purchase price of each item of the Property set forth in Annex A hereto (the "Investment Credit"), (iii) deductions for interest on the Installment Loan with respect to each item of the Property in the amounts and at the times set forth in Annex C hereto (the "Interest Deductions") and (2) will be required to include in gross income rental payments with respect to each item of the Property in the amounts and at the times set forth in Annex C hereto.

(b) If, (1) by reason of any act of commission or omission, misrepresentation, breach of any agreement, covenant or warranty contained herein by the Property Owner, or (2) by reason of any act of commission or omission, misrepresentation, breach of any agreement, covenant or warranty by any person to whom the Property Owner has transferred ownership or possession of any item of the Property or has sold or assigned the Deemed Lease with respect thereto, or by any subsequent transferee thereof, (3) notwithstanding the Tax Lessor having made the Election, Cost Recovery Deductions are recaptured in whole or in part, or (4) by reason of any amendment after the date of this Agreement to the Code or the regulations under the Code, the Tax Lessor shall lose the right to claim, shall not claim (as the result of a good faith determination based upon the advice of tax counsel selected by the Tax Lessor and reasonably acceptable to and compensated by the Property Owner ("Tax Counsel") that such claim is not properly allowable), shall suffer a disallowance of, or shall be required to recapture all or any portion of the Investment Credit or the Cost Recovery Deductions or the Interest Deductions with respect to any item of the Property, or shall be required to treat as income any amount with respect to the transactions provided for in this Agreement or otherwise with respect to any item of the Property, other than the rental payments treated as having been made by the Property Owner pursuant to Sections 2(c) and 5 hereof (any such event being hereinafter called a "Loss"), then the Property Owner shall pay to the Tax Lessor, as an indemnity, on 60 days' written notice

to the Property Owner by the Tax Lessor of such Loss (but not prior to the earlier of (i) the filing of a return or the acceptance by the Tax Lessor (after consultation with the Property Owner) of an audit report in which such loss is reflected and (ii) payment by the Tax Lessor of the additional Federal, state or local income tax, as the case may be, which becomes due as a result of the Loss) such amount or amounts which, after deduction of all taxes required to be paid by the Tax Lessor in respect of the receipt of such amounts under the laws of any Federal, state or local government or taxing authority of the United States, shall be equal to the sum of the aggregate additional Federal, state or local income taxes payable by the Tax Lessor from time to time as a result of such Loss plus the amount of any interest, penalties or additions to tax payable as a result of such Loss; provided, however, that the Property Owner's indemnity obligation hereunder shall be reduced by the amount of any Casualty Value Payment made by the Property Owner pursuant to Section 5 hereof if the Loss relates to an Item of Property which was the subject of a Casualty Occurrence and the Casualty Value with respect thereto has been paid pursuant to Section 5 hereof. If as a result of a Loss, the aggregate Federal income taxes paid by the Tax Lessor for any taxable year shall be less than the amount of such taxes which would have been payable by the Tax Lessor had no such Loss occurred, then the Tax Lessor shall pay the Property Owner the amount of such difference in taxes, plus any additional tax benefits realized by the Tax Lessor as the result of such payment; provided, however, that the Tax Lessor shall not be obligated to make any payment pursuant to this sentence to the extent that the amount of such payment would exceed (x) the amount of all prior payments by the Property Owner to the Tax Lessor pursuant to this Section 7(b) in respect of a Loss, less (y) the amount of all prior payments by the Tax Lessor to the Property Owner hereunder. The notice to the Property Owner by the Tax Lessor pursuant to this Section 7(b) shall be accompanied by a written statement describing in reasonable detail such Loss and the computation of the amount so payable. Any payment due to the Property Owner from the Tax Lessor pursuant to this Section 7(b) shall be paid within 60 days after the Tax Lessor realizes any such savings in its income taxes or additional tax benefits, as the case may be.

(c) If the Internal Revenue Service proposes an adjustment in the Federal income taxes of the Tax Lessor for which the Property Owner would be required to indemnify the Tax Lessor pursuant to this Section and the amount of the indemnity which the Property Owner would be required to pay exceeds \$100,000, then, if requested by the Property Owner in a timely written request, the Tax Lessor shall request an opinion from Tax Counsel as to whether the basis in law and in fact in favor of allowance of the item proposed to be adjusted outweighs the basis in law and in fact to the contrary. If the opinion is to that effect and if the Property Owner promptly requests the Tax Lessor to do so, the Tax Lessor shall contest the proposed adjustment; provided, however, that the tax counsel to the Tax Lessor shall determine in its sole discretion the nature of all action to be taken to contest such proposed adjustment, including (A) whether any such action shall initially be by way of judicial or administrative proceedings, or both, (B) whether any such proposed adjustment shall be contested by resisting payment thereof or by paying the same and seeking a refund thereof, and (C) if the Tax Lessor shall undertake judicial action with respect to such proposed adjustment, the court or other judicial body before which such action shall be commenced. The Tax Lessor shall have full control over any contest pursuant to this paragraph and shall not be obligated to appeal an adverse determination by any court. At any time, whether before or after commencing to take any action pursuant to this Section, the Tax Lessor may decline to take such action by notifying the Property owner in writing that the Property Owner is relieved of its obligation to indemnify the Tax Lessor with respect to the adjustment proposed by the Internal Revenue Service or such portion thereof as may be specified in such notice.

(d) The Tax Lessor shall not be required to take any action pursuant to Section 7(c) hereof unless and until the Property Owner shall have agreed to indemnify the Tax Lessor in a manner reasonably satisfactory to the Tax Lessor for any liability or loss which the Tax Lessor may incur as a result of contesting the proposed adjustment and shall have agreed to pay the Tax Lessor on demand all costs and expenses which the Tax Lessor may incur in connection with contesting the proposed adjustment (including reasonable fees and disbursements of counsel selected by the Tax Lessor). If the Tax Lessor determines to contest any adjustment by paying the additional tax and suing for a refund, the Property Owner shall pay to the Tax Lessor an

amount equal to the sum on an after-tax basis of any tax, interest, penalties and additions to tax which are required to be paid, at the time such amounts are paid by the Tax Lessor. Upon receipt by the Tax Lessor of a refund of any amounts paid by it in respect of which it shall have been paid an amount by the Property Owner pursuant to the foregoing sentence, the Tax Lessor shall pay to the Property Owner the amount of such refund together with any interest received by it on such amount.

(e) If any item of income, deduction or credit realized by the Tax Lessor with respect to any item of the Property shall not be treated as derived from, or allocable to, sources within the United States for any taxable year (any such event being hereinafter referred to as a "Foreign Loss"), then the Property Owner shall pay to the Tax Lessor as an indemnity, on 60 days' written notice to the Property Owner by the Tax Lessor, such amount which, after deduction of all taxes required to be paid by the Tax Lessor in respect of the receipt of such amounts under the laws of any Federal, state or local government or taxing authority of the United States, shall equal the sum of (i) the excess of (A) the foreign tax credit to which the Tax Lessor would have been entitled for such year had no such Foreign Loss occurred over (B) the foreign tax credit to which the Tax Lessor was entitled after giving effect to such Foreign Loss; and (ii) the amount of any interest, penalties or additions to tax payable as a result of such Foreign Loss.

(f) The Property Owner shall not be required to indemnify the Tax Lessor for any Loss resulting from one or more of the following causes: (a) the failure of the Tax Lessor to claim (unless such failure is a result of a determination based upon advice of tax counsel in accordance with Section 7(b) hereof) in a timely manner (including making all appropriate elections (except to the extent that Tax Lessor is not required to make an Election under the provisions of Section 5) under the applicable income tax regulations) or to follow the proper procedure in claiming the Investment Credit, the Cost Recovery Deductions, or the Interest Deductions or any foreign tax credit or to make a timely election, if permitted by the Code, to treat any income, gain, loss, deduction or credit with respect to the items of Property as derived from, or allocable to, sources within the United States, (b) the failure of the Tax Lessor to have sufficient liability for income taxes against which to credit the Investment Credit or sufficient income to benefit from the Cost Recovery Deductions or the Interest Deduc-

tions, (c) a voluntary transfer or other voluntary disposition by the Tax Lessor of an item of Property or any interest therein or any interest in the rentals derived therefrom or any interest in this Agreement, or a transfer or other disposition of an item of Property or any interest therein or any interest in the rentals derived therefrom or any interest in this Agreement which results from bankruptcy or other proceedings for the relief of debtors in which the Lessor is the debtor, (d) the applicability of Section 465, 46(c)(8), 46(c)(9), 47(d) or 57(a) of the Code solely to the Tax Lessor, (e) the wilful misconduct or gross negligence of the Tax Lessor, (f) the failure of the Tax Lessor to file any tax returns in a manner consistent with the assumptions set forth in Subparagraph (a) of this Section 7, (unless such failure is a result of a determination based upon advice of Tax Counsel in accordance with Section 7(b) hereof), (g) the failure of the Tax Lessor to currently deduct or to amortize on a straight-line basis over the term of this Agreement any fees, costs, expenses or taxes incurred by the Tax Lessor in entering into the transactions contemplated by this Agreement or (h) failure of the Tax Lessor to be a "qualified lessor" within the meaning of Section 5c.168(f)(8)-3 of the Temporary Regulations.

#### 8. Successors and Assigns.

This Agreement shall be binding on and inure to the benefit of any successors or assigns of the respective parties hereto.

#### 9. General.

(a) General Indemnity. The Property Owner agrees to indemnify the Tax Lessor against and hold it harmless from any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, taxes, expenses and disbursements, including legal fees and expenses, of whatsoever kind and nature imposed on, incurred by or asserted against the Tax Lessor in any way relating to or arising out of this Agreement or any of the transactions provided for herein, except for any tax which the Property Owner is not obligated to pay or provide indemnity against pursuant to Section 9(b) hereof.

(b) Taxes. The Property Owner agrees to pay as and when due and payable, and to indemnify the Tax Lessor against and hold it harmless from, any and all taxes, fees

or other charges imposed by any Federal, state, local or other government or taxing authority which would not have been imposed if this Agreement had not been entered into and the transactions contemplated herein had not been completed, except for any net income tax or other tax (including any value-added or excess profits tax imposed in lieu of any such net income tax) on or measured by the Tax Lessor's net income.

(c) Expenses. The Property Owner agrees to pay, or reimburse the Tax Lessor for, all its and the Tax Lessor's out-of-pocket expenses incident to the preparation, execution and delivery of this Agreement and the consummation of the transactions contemplated herein.

(d) Insurance. The Property Owner will, at its own expense, cause to be carried and maintained public liability insurance with respect to third party personal and property damage in such amounts (subject to customary deductibles) and for such risks and with such insurance companies as is consistent with prudent railroad practice but, in any event, not less comprehensive in amounts and against risks customarily insured against by the Property Owner in respect of property owned or leased by it similar in nature to such items of Property.

(e) Effect of this Section 9 on Construction of this Agreement. The inclusion of this Section 9 in this Agreement shall not be construed as in any way modifying the provisions set forth in Section 6 hereof or in any way implying the acquisition by the Tax Lessor of any ownership or other interest in any item of the Property for any purpose other than Federal income tax purposes.

#### 10. Conditions to Second Closing Date.

The obligations of Tax Lessor to purchase for Federal income tax purposes each item of Property listed in Part 2 of Annex A hereto and to enter into the transactions hereby contemplated to occur on the second Closing Date are subject to the fulfillment, on or before such Closing Date, of the conditions set forth in the agreement dated October 6, 1981 between Tax Lessor and Property Owner and to Tax Lessor receiving a legal opinion, officers' certificates, appraisal and other documents in substantially the respective forms delivered at the first Closing Date (with appropriate bring-downs to the second Closing Date) together with such other documents and materials which Tax Lessor may reasonably request in connection therewith.

11. Survival of Agreement.

The obligations and liabilities of the Property Owner arising under this Agreement shall continue in full force and effect, notwithstanding the expiration or other termination of this Agreement or any Deemed Lease until all such obligations have been met and such liabilities have been paid in full.

12. Termination, Amendment, Governing Law.

This Agreement may not be terminated or amended without the written consent of the parties hereto, and shall be governed by and construed under the laws of the State of New York.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

CHICAGO AND NORTH WESTERN  
TRANSPORTATION COMPANY,  
Property Owner

By T. A. Tingleff  
Name: T. A. Tingleff  
Title: Vice President-Finance

GENERAL ELECTRIC COMPANY,  
Tax Lessor

By William R. Hammock  
Name: William R. Hammock  
Title: Attorney-in-Fact

DISTRICT OF COLUMBIA ss:

I, the undersigned Notary Public in and for the district aforesaid, do hereby certify that T. A. Tingleff and William R. Hammock whose names are signed to the foregoing document, bearing the date of November 9, 1981, are proved by the oath of creditable witnesses to be Vice President-Finance of Chicago and North Western Transportation Company and Attorney-in-Fact for the General Electric Company respectively.

  
Notary Public

12-10-81

My Commission Expires:

My Commission Expires April 14, 1983

MAINTENANCE EQUIPMENT - 12 YEARS

ANNEX A

The Property

(1) <u>Item</u>	(2) <u>Property Owner's Adjusted Basis/ Purchase Price</u>	(3) <u>Cash Payment</u>	(4) <u>Lease Termination Date</u>	(5) <u>Present Class Life (or where applicable, Useful Life)</u>	(6) <u>150 Percent of Present Class Life (or where applicable, 90 Percent of Useful Life)</u>	(7) <u>\$168(c)(2) Class of Recovery Property</u>
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PART 1

New Maintenance Equipment Described in Exhibit A-1	\$3,122,217.25	\$624,443.45	11/9/93	14 Years	12.6 Years	5-Year Property
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PART 2

New Maintenance Equipment Described in Exhibit A-2	\$696,362.00	\$139,272.40	12/31/93	14 Years	12.6 Years	5-Year Property
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<u>QUANTITY</u>	<u>DESCRIPTION</u>	<u>RAILROAD SYSTEM NO.</u>	<u>PROPERTY OWNER'S ADJUSTED TAX BASIS/PURCHASE PRICE</u>
1	Trencher, Model 3014	17-3642	\$ 13,379.97
1	Trailer for Trencher	19-1471	1,795.03
3	Tie Shear	17-3581	72,200.00
		17-3619	68,890.00
		17-3620	68,890.00
2	Brush cutter	17-3617	88,612.45
		17-3618	88,612.45
2	Crawler/Dozer	17-3685	85,675.00
		17-3686	87,898.00
9	150 CFM Air Compressor	17-3605/13	108,000.00
2	175 CFM Air Compressor	17-3695/6	35,127.48
1	300 CFM Air Compressor	17-3697	26,167.72
1	Jordan Spreader, Ditcher	CNWX 11991	235,150.00
2	Grader	17-3666	66,465.00
		17-3667	66,998.55
2	Truck Crane with 1/2 yd. Clamshell bucket, 1/4 cord grapple & 34" Magnet	17-3668	149,632.26
		17-3669	152,769.10
1	Case Loader	17-3698	72,948.00
3	Air Compressor	17-3616	14,369.92
		17-3614	14,369.92
		17-3615	14,369.91
			<u>14,369.91</u>
		Total	<u>\$3,122,217.25</u>

<u>QUANTITY</u>	<u>DESCRIPTION</u>	<u>RAILROAD SYSTEM NO.</u>	<u>PROPERTY OWNER'S ADJUSTED TAX BASIS/PURCHASE PRICE</u>
	<u>MAINTENANCE EQUIPMENT</u>		
	<u>14 YEAR LIFE</u>		
	<u>Closing December 31, 1981 or Prior</u>		
1	Diesel Pile Hammer		\$ 42,320.00*
1	Truck Crane		144,042.00*
1	Earth Drill		90,000.00*
1	Excavator		160,000.00*
2	Tie Unloaders		<u>260,000.00*</u>
		Total	\$ 696,362.00

\*Estimated cost. Actual cost to be determined prior to closing.

STATEMENT REQUIRED UNDER SECTION 5c.168(f)(8)-2(a)(3)(ii)  
OF THE TEMPORARY REGULATIONS UNDER SECTION 168(f)(8) OF  
THE INTERNAL REVENUE CODE

1. This statement is filed with respect to an Agreement dated November 9, 1981 (the "Agreement") between General Electric Company (the "Tax Lessor") and Chicago and North Western Transportation Company (the "Property Owner").

2. The address of the Tax Lessor is 570 Lexington Avenue, New York, New York, and its taxpayer identifying number is \_\_\_\_\_. The address of the Property Owner is One North Western Center, Chicago, Illinois 60606, and its taxpayer identifying number is \_\_\_\_\_.

3. The income tax returns of the Tax Lessor are filed with the District Director for New York and the income tax returns of the Property Owner are filed with the District Director for Chicago.

4. The properties with respect to which the Tax Lessor and Property Owner have elected pursuant to the Agreement to have the provisions of Section 168(f)(8) apply are listed on Schedule I hereto. The properties were placed in service (determined as defined in Section 5c.168(f)(8)-6(b)(2)(i) of the Temporary Regulations under Section 168(f)(8)) on the dates, were leased by the Tax Lessor to the Property Owner beginning on [insert Closing Date as applicable] for the term, and constitute the recovery property class listed on Schedule I hereto.

5. The unadjusted basis of the Tax Lessor in the properties is listed in Schedule I hereto.

GENERAL ELECTRIC COMPANY,  
Tax Lessor

By \_\_\_\_\_  
Name:  
Title:

CHICAGO AND NORTH WESTERN  
TRANSPORTATION COMPANY

By \_\_\_\_\_  
Name:  
Title:

MAINTENANCE EQUIPMENT - 12 YEARSLoan and Rental Payments(Expressed as a Percentage of Item Cost)

<u>Item</u>	<u>Payment Date</u>	<u>Amount of Principal</u>	<u>Amount of Interest</u>	<u>Installment Loan Payment</u>	<u>Amount of Rental Payment</u>
All items covered by Part 1 of Annex A	5-9-82	14982	64000	75982	75982
	11-9-82	12946	62041	75982	75982
	5-9-83	10976	60086	75982	75982
	11-9-83	15094	60088	75982	75982
	5-9-84	16301	58686	75982	75982
	11-9-84	17606	58376	75982	75982
	5-9-85	19014	57967	75982	75982
	11-9-85	20535	57446	75982	75982
	5-9-86	22178	56883	75982	75982
	11-9-86	23952	56229	75982	75982
	5-9-87	25869	55413	75982	75982
	11-9-87	27938	54643	75982	75982
	5-9-88	30173	53809	75982	75982
	11-9-88	32587	53094	75982	75982
	5-9-89	35194	52487	75982	75982
	11-9-89	38016	51972	75982	75982
	5-9-90	41058	51531	75982	75982
	11-9-90	44334	51167	75982	75982
	5-9-91	47881	50880	75982	75982
	11-9-91	51712	50678	75982	75982
	5-9-92	55849	50533	75982	75982
	11-9-92	60317	50465	75982	75982
	5-9-93	65142	50469	75982	75982
	11-9-93	70353	50528	75982	75982

MAINTENANCE EQUIPMENT - 12 YEARSLoan and Rental Payments(Expressed as a Percentage of Item Cost)

<u>Item</u>	<u>Payment Date</u>	<u>Amount of Principal</u>	<u>Amount of Interest</u>	<u>Installment Loan Payment</u>	<u>Amount of Rental Payment</u>
	6-30-82	14982	64688	75982	75982
	12-31-82	12948	48841	75982	75982
All items	6-30-83	13976	42886	75982	75982
	12-31-83	15894	48888	75982	75982
covered by	6-30-84	16381	58888	75982	75982
	12-31-84	17686	58376	75982	75982
Part 2	6-30-85	18814	58967	75982	75982
	12-31-85	28535	55446	75982	75982
of Annex A	6-30-86	22178	58888	75982	75982
	12-31-86	23952	52829	75982	75982
	6-30-87	25869	58113	75982	75982
	12-31-87	27938	48843	75982	75982
	6-30-88	30173	45888	75982	75982
	12-31-88	32587	43394	75982	75982
	6-30-89	35194	46787	75982	75982
	12-31-89	38818	37972	75982	75982
	6-30-90	41858	34931	75982	75982
	12-31-90	44884	31647	75982	75982
	6-30-91	47881	28188	75982	75982
	12-31-91	51712	24278	75982	75982
	6-30-92	55849	20133	75982	75982
	12-31-92	60317	15665	75982	75982
	6-30-93	65142	10889	75982	75982
	12-31-93	70353	5623	75982	75982

## MAINTENANCE EQUIPMENT - 12 YEARS

CASUALTY VALUES - EXPRESSED AS A  
PERCENTAGE OF GE CASH PAYMENT TO CNW

<u>Item</u>	<u>Payment Date.</u>	<u>Column I Casualty Value</u>
	5-9-82	113.78
	11-9-82	102.02
	5-9-83	107.46
All items	11-9-83	93.96
covered by	5-9-84	97.83
Part I	11-9-84	82.62
of Annex A	5-9-85	84.82
	11-9-85	67.97
	5-9-86	66.92
	11-9-86	45.99
	5-9-87	41.77
	11-9-87	36.64
	5-9-88	31.83
	11-9-88	27.18
	5-9-89	22.90
	11-9-89	18.81
	5-9-90	15.16
	11-9-90	11.72
	5-9-91	8.80
	11-9-91	6.13
	5-9-92	4.06
	11-9-92	2.29
	5-9-93	1.19
	11-9-93	-0-

MAINTENANCE EQUIPMENT - 12 YEARS  
CASUALTY VALUES - EXPRESSED AS A  
PERCENTAGE OF GE CASH PAYMENT TO CNW

<u>Item</u>	<u>Payment Date</u>	<u>Column I</u> <u>Casualty Value</u>
	6-30-82	113.78
	12-31-82	102.02
	6-30-83	107.46
All items	12-31-83	93.96
covered by	6-30-84	97.83
Part 2	12-31-84	82.62
of Annex A	6-30-85	84.82
	12-31-85	67.97
	6-30-86	66.92
	12-31-86	45.99
	6-30-87	41.77
	12-31-87	36.64
	6-30-88	31.83
	12-31-88	27.18
	6-30-89	22.90
	12-31-89	18.81
	6-30-90	15.16
	12-31-90	11.72
	6-30-91	8.80
	12-31-91	6.13
	6-30-92	4.06
	12-31-92	2.29
	6-30-93	1.19
	12-31-93	-0-