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(212) 732-1040, TELEX: 126201

280 PARK AVENUE, NEW YORK, N.Y. 10017
(212) 732-1040; TELEX: 126697

125 WORTH AVENUE, PALM BEACH, FLORIDA 33480
(305) 833-1040

WHITE & CASE
1747 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20006
(202) 872-0013
TELEX: 89543

20 PLACE VENDÔME, 75001 PARIS, FRANCE
260.34.05; TELEX: 220242

66 GRESHAM ST., LONDON EC2V 7LB, ENGLAND
726-6361, TELEX: 884757

2 ICE HOUSE STREET, HONG KONG
5-253061; TELEX: 63604

TLH:CMS

December 11, 1981

13357
RECORDATION NO. Filed 1425

DEC 14 1981 -2 05 PM

INTERSTATE COMMERCE COMMISSION

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

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 Higginson

Thomas L. Higginson, Jr.

DEC 14 1 47 PM '81

13357
RECORDATION NO. ..... Filed 1425

DEC 14 1981 -2 25 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

Track and Betterments
(20 Year Life)

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

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Annex A - The Property

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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 personnel 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. Repayment of Deemed Loans.

The Tax Lessor and the Property Owner acknowledge that the purchase price for each item of the Property has been agreed upon on the basis that the Property will constitute "5-year recovery property" (as defined in Section 168(c) of the Code) in the hands of the Tax Lessor. If 60 days prior to the expiration of the period for filing amendments of the Tax Lessor's Federal income tax return for any taxable year, a change in the Code or the regulations thereunder shall have the effect of permitting the Tax Lessor for such taxable year a faster recovery of the purchase price of all of the Property than that permitted under the Code for "5-year recovery property", or if the Tax Lessor actually claims such faster recovery then the Tax Lessor agrees to pay to the Property Owner, within 30 days following the publication in the Federal Register of such change in the Code or the regulations thereunder or following the making of such claim, an amount as prepayment of the Installment Loan equal to the amount set forth in Annex E hereto for the then appropriate ACRS property category for the Property or if such table should not be applicable because such change is effective for taxable years ending subsequent to December 31, 1981 or otherwise, such other appropriate amount as reasonably determined by the Tax Lessor (consistent with the economic factors implicit in Annex E hereto). Without regard to the actual date of prepayment, the prepayment made pursuant to this Section 12 shall be deemed to have been made on and as of the applicable Closing Date and the Schedule of Installment Loan Payments shall be recalculated so that, after giving effect to such prepayment, "principal" and "interest" shall be deemed to have been paid, and to be due and payable thereafter, in the same number of equal consecutive annual installment payments as originally contemplated hereunder, calculated, in respect of such adjusted Deemed Loans, under a level payment mortgage

assumption. Rental payments shall be appropriately adjusted in an identical manner. In order to give effect to the prepayment pursuant to this Section 12, from and after the date of such prepayment, but effective on and as of the date hereof, the Tax Lessor shall recompute the Schedule of Deemed Loan Payments, a Schedule of Rent Payments and Termination Values in a manner consistent with its original pricing assumptions for "5-year recovery property" and such recomputed amounts shall be applicable throughout the Lease Term.

13. 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 _____
Name: T. A. Tingleff
Title: Vice President-Finance

GENERAL ELECTRIC COMPANY,
Tax Lessor

By _____
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

RRB - 18 Years

ANNEX A

The Property

(1) Item	(2) Property Owner's Adjusted Basis/ Purchase Price	(3) Cash Payment	(4) Lease Termination Date	(5) Present Class Life (or where applicable, Useful Life)	(6) 150 Percent of Present Class Life (or where applicable, 90 Percent of Useful Life)	(7) §168(c)(2) Class of Recovery Property
PART 1						
New Rail Replacement Property described in Exhibit A-1	$2,440,638.00	$634,565.88	11/9/99	20 Years	18 Years	5-Year Property
PART 2						
New Rail Replacement Property described in Exhibit A-2	$1,493,744.00	$388,373.44	12/31/99	20 Years	18 Years	5-Year Property

EXHIBIT A-1

RRB - 18 Years

NEW RAIL REPLACEMENT

20 YEAR LIFE

November 9, 1981 Closing under Agreement dated November 9, 1981 with General Electric Company*

AUTHORITY FOR FIXED EXPENDITURE #	DESCRIPTION	PROPERTY OWNER'S ADJUSTED BASIS/ PURCHASE PRICE
83056	Install 2.3 miles of 136# rail, new rail replacing 112# rail between MP 4.6 and MP 6.9	$ 309,852
83057	Install 15.8 miles of 136# rail, new rail replacing 112# rail between MP 6.9 and MP 22.7	2,130,786
	Sub-total 20 year life	$2,440,638

EXHIBIT A-2

December 31, 1981 Closing under Agreement dated November 9, 1981 with General Electric Company*

AUTHORITY FOR FIXED EXPENDITURE #	DESCRIPTION	PROPERTY OWNER'S ADJUSTED BASIS/ PURCHASE PRICE
83104	Install 11.9 miles of 136# rail, new rail replacing 136# rail between MP 86.0 and 97.9 - Beverly-Norway, Iowa.	$1,493,744.00**

*For purposes of the Agreement, on item (as defined therein) equals one foot of rail.

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

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

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:

Annex C

RRB - 18 Years

Loan and Rental Payments

(Expressed as a percentage of item cost)

Item	Payment Date	Amount of Principal	Amount of Interest	Installment Loan Payment	Amount of Rental Payment
All items covered by Part 1 of Annex A	5-9-82	.3955	59200	63155	63155
	11-9-82	.4271	58883	63155	63155
	5-9-83	.4613	58541	63155	63155
	11-9-83	.4982	58172	63155	63155
	5-9-84	.5380	57774	63155	63155
	11-9-84	.5811	57343	63155	63155
	5-9-85	.6276	56878	63155	63155
	11-9-85	.6778	56376	63155	63155
	5-9-86	.7320	55834	63155	63155
	11-9-86	.7906	55248	63155	63155
	5-9-87	.8538	54616	63155	63155
	11-9-87	.9221	53933	63155	63155
	5-9-88	.9959	53195	63155	63155
	11-9-88	1.0756	52398	63155	63155
	5-9-89	1.1616	51539	63155	63155
	11-9-89	1.2546	50608	63155	63155
	5-9-90	1.3549	49605	63155	63155
	11-9-90	1.4633	48521	63155	63155
	5-9-91	1.5804	47350	63155	63155
	11-9-91	1.7068	46086	63155	63155
	5-9-92	1.8434	44720	63155	63155
	11-9-92	1.9909	43245	63155	63155
	5-9-93	2.1501	41653	63155	63155
	11-9-93	2.3221	39933	63155	63155
	5-9-94	2.5079	38075	63155	63155
	11-9-94	2.7086	36068	63155	63155
	5-9-95	2.9253	33902	63155	63155
	11-9-95	3.1593	31561	63155	63155
	5-9-96	3.4120	29034	63155	63155
	11-9-96	3.6850	26304	63155	63155
	5-9-97	3.9798	23356	63155	63155
	11-9-97	4.2982	20172	63155	63155
	5-9-98	4.6420	16734	63155	63155
	11-9-98	5.0134	14022	63155	63155
	5-9-99	5.4145	.8009	63155	63155
	11-9-99	5.8476	.4678	63154	63154

RRB - 18 Years

Loan and Rental Payments

(Expressed as a percentage of item cost)

Item	Payment Date	Amount of Principal	Amount of Interest	Installment Loan Payment	Amount of Rental Payment
All items covered by Part 2 of Annex A	6-30-82	.3955	59200.	63155	63155
	12-31-82	.4271	58883	63155	63155
	6-30-83	.4613	58541	63155	63155
	12-31-83	.4982	58172	63155	63155
	6-30-84	.5380	57774	63155	63155.
	12-31-84	.5811	57343	63155	63155
	6-30-85	.6276	56878	63155	63155
	12-31-85	.6778	56376	63155	63155
	6-30-86	.7320	55834	63155	63155
	12-31-86	.7906	55248	63155	63155
	6-30-87	.8539	54616	63155	63155
	12-31-87	.9221	53933	63155	63155
	6-30-88	.9959	53195	63155	63155
	12-31-88	1.0756	52398	63155	63155
	6-30-89	1.1616	51539	63155	63155
	12-31-89	1.2546	50608	63155	63155
	6-30-90	1.3549	49605	63155	63155
	12-31-90	1.4633	48521	63155	63155
	6-30-91	1.5804	47350	63155	63155
	12-31-91	1.7068	46086	63155	63155
	6-30-92	1.8434	44720	63155	63155
	12-31-92	1.9909	43245	63155	63155
	6-30-93	2.1501	41653	63155	63155
	12-31-93	2.3221	39933	63155	63155
	6-30-94	2.5079	38075	63155	63155
	12-31-94	2.7096	36068	63155	63155
	6-30-95	2.9253	33902	63155	63155
	12-31-95	3.1593	31561	63155	63155
	6-30-96	3.4120.	29034	63155.	63155
	12-31-96	3.6850.	26304	63155.	63155
	6-30-97	3.9798.	23356	63155	63155.
	12-31-97	4.2982.	20172	63155	63155.
	6-30-98	4.6420	16734	63155	63155.
	12-31-98	5.0134.	13020	63155	63155
	6-30-99	5.4145.	9009	63155	63155
	12-31-99	5.8476.	4678	63154	63154

RRB 18 Years

Casualty Values - Expressed as a

Percentage of GE Cash Payment to CNW

Item	Payment Date	Column I Casualty Value	Column II Casualty Value
All items covered by Part 1 of Annex A	5-9-82	112.72	73.96
	11-9-82	105.49	59.15
	5-9-83	111.09	59.15
	11-9-83	101.62	44.38
	5-9-84	105.54	44.38
	11-9-84	97.78	29.58
	5-9-85	97.39	29.58
	11-9-85	85.29	14.81
	5-9-86	84.95	14.81
	11-9-86	69.12	-0-
	5-9-87	66.05	-0-
	11-9-87	62.25	-0-
	5-9-88	58.49	-0-
	11-9-88	54.76	-0-
	5-9-89	51.10	-0-
	11-9-89	47.48	-0-
	5-9-90	43.93	-0-
	11-9-90	40.43	-0-
	5-9-91	37.03	-0-
	11-9-91	33.68	-0-
	5-9-92	30.45	-0-
	11-9-92	27.28	-0-
	5-9-93	24.26	-0-
	11-9-93	21.31	-0-
	5-9-94	18.54	-0-
	11-9-94	15.85	-0-
	5-9-95	13.38	-0-
	11-9-95	11.00	-0-
	5-9-96	8.88	-0-
	11-9-96	6.88	-0-
	5-9-97	5.17	-0-
	11-9-97	3.61	-0-
	5-9-98	2.40	-0-
	11-9-98	1.36	-0-
	5-9-99	.71	-0-
	11-9-99	-0-	-0-

RRB - 18 Years

Casualty Values - Expressed as a

Percentage of GE Cash Payment to CNW

Item	Payment Date	Column I Casualty Value	Column II Casualty Value
All items covered by Part 2 of Annex A	6-30-82	112.72	73.96
	12-31-82	105.49	59.15
	6-30-83	111.09	59.15
	12-31-83	101.62	44.38
	6-30-84	105.54	44.38
	12-31-84	97.78	29.48
	6-30-85	97.39	29.58
	12-31-85	85.29	14.81
	6-30-86	94.95	14.81
	12-31-86	69.12	-0-
	6-30-87	66.05	-0-
	12-31-87	62.25	-0-
	6-30-88	58.49	-0-
	12-31-88	54.76	-0-
	6-30-89	51.10	-0-
	12-31-89	47.48	-0-
	6-30-90	43.93	-0-
	12-30-90	40.43	-0-
	6-30-91	37.03	-0-
	12-31-91	33.68	-0-
	6-30-92	30.45	-0-
	12-31-92	27.28	-0-
	6-30-93	24.26	-0-
	12-31-93	21.31	-0-
	6-30-94	18.54	-0-
	12-31-94	15.85	-0-
	6-30-95	13.38	-0-
	12-31-95	11.00	-0-
	6-30-96	8.88	-0-
	I2-31-96	6.88	-0-
	6-30-97	5.17	-0-
	12-31-97	3.61	-0-
	6-30-98	2.40	-0-
	12-31-98	1.36	-0-
	6-30-99	.71	-0-
	12-31-99	-0-	-0-

ANNEX E

RECOMPUTED PURCHASE PRICES

	18 Years
1-year Recovery Property	31%
2-year Recovery Property	*
3-year Recovery Property	*
4-year Recovery Property	*
5-year Recovery Property	26%

*The above percentages will be determined by the assumptions implicit in the 1-year and 5-year percentages.

LIST OF MORTGAGES

1. Chicago and North Western Railway Company First Mortgage Bonds, Series B, 3%, due January 1, 1989.

2. The Minneapolis & St. Louis Railway Company First Mortgage Bonds, 6%, due November 1, 1985.

3. Chicago Great Western Railway Company First Mortgage 4% Bonds, Series A, due January 1, 1988.

4. Chicago Great Western Railway Company General Income Mortgage 4-1/2% Bonds, due January 1, 2038.

5. FRA Mortgage, Indenture of Mortgage and Security Agreement between Chicago and North Western Transportation Company and the United States of America, represented by the Secretary of Transportation, acting through the Administrator of the Federal Railroad Administration dated as of March 8, 1978.

6. Omaha First Mortgage, First Mortgage Indenture, originally executed by Chicago, Saint Paul, Minneapolis and Omaha Railway Company to Central Union Trust Company of New York (now Manufacturers Hanover Trust Company), Trustee, dated May 1, 1929.

7. Chemco Mortgage, Indenture of Mortgage and Security Agreement between Chicago and North Western Transportation Company and Chicago and North Western Railway Company (now Northwest Chemco, Inc.), dated as of June 1, 1972.

8. Fort Dodge, Des Moines & Southern Railway Company Mortgage Bonds - Chicago and North Western Transportation Company, through its subsidiary Des Moines & Central Iowa, owns 99.06% of the outstanding common stock of Fort Dodge, Des Moines and Southern.

9. Conditional Sale Agreement dated as of September 21, 1981 between North Western Leasing Company and Chicago and North Western Transportation Company.