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March 17, 1995

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LICENSING DIVISION

Mr. Vernon A. Williams  
Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two (2) duly executed copies of the following: an Equipment Lease Agreement, dated as of March 15, 1995, a primary document and a Security Agreement, dated as of March 15, 1995, a secondary document related to the aforesaid primary document.

The names and addresses of the parties to the enclosed documents are:

Equipment Lease Agreement

Lessor: The CIT Group/Equipment Financing, Inc.  
1211 Avenue of the Americas  
20th Floor  
New York, New York 10036

Lessee: Bangor & Aroostook Railroad Company  
Northern Maine Junction Park  
R.R. 2  
Bangor, Maine 04401

Counterparts - Williams

Mr. Vernon A. Williams  
March 17, 1995  
Page 2

Security Agreement

Debtor: Bangor & Aroostook Railroad Company  
Northern Maine Junction Park  
R.R. 2  
Bangor, Maine 04401

Secured Party: The CIT Group/Equipment Financing, Inc.  
1211 Avenue of the Americas  
20th Floor  
New York, New York 10036

A description of the railroad equipment covered by the enclosed documents is attached as Schedule I to the Equipment Lease Agreement and as Schedule 5 to the Security Agreement. Schedule 5 covers more railroad equipment than does Schedule I.

Also enclosed is a check in the amount of \$42.00 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return stamped copies of the enclosed documents to the undersigned.

Very truly yours,

Robert W. Alvord

RWA/bg  
Enclosures



Interstate Commerce Commission  
Washington, D.C. 20423-0001

3/17/95

Office Of The Secretary

Robert W. Alvord  
Alvord And Alvord  
918 Sixteenth Street, NW., Ste. 200  
Washington, DC., 20006-2973

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 3/17/95 at 11:00AM , and assigned recordation number(s). 19299 and 19299-A.

Sincerely yours,

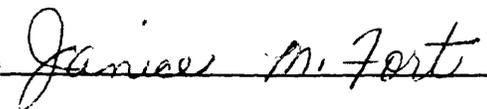
  
Vernon A. Williams  
Secretary

Enclosure(s)

(0100564023)

\$ 42.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature



RECORDATION NO. 19299 FILED DATE  
MAR 17 1995 11 59 AM  
UNIFORM COMMERCIAL CODE COMMISSION

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**EQUIPMENT LEASE AGREEMENT**

Dated as of March 15, 1995

between

**THE CIT GROUP/EQUIPMENT FINANCING, INC.**

Lessor

and

**BANGOR & AROOSTOOK RAILROAD COMPANY,**

Lessee

---

TO THE EXTENT, IF ANY, THAT THIS EQUIPMENT LEASE AGREEMENT CONSTITUTES CHATTEL PAPER (AS SUCH TERM IS DEFINED IN THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS EQUIPMENT LEASE AGREEMENT MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE ORIGINAL COUNTERPART IDENTIFIED AS ORIGINAL CHATTEL PAPER COUNTERPART AND EXECUTED BY THE CIT GROUP/EQUIPMENT FINANCING, INC., AS LESSOR, ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE THEREOF.

---

FILED WITH THE INTERSTATE COMMERCE COMMISSION PURSUANT TO 49 U.S.C. §11303 ON \_\_\_\_\_, 1995 AT \_\_\_\_\_ M. RECORDATION NUMBER \_\_\_\_\_

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## EQUIPMENT LEASE AGREEMENT

THIS EQUIPMENT LEASE AGREEMENT, dated as of March 15, 1995 (the "*Lease*"), is entered into between THE CIT GROUP/EQUIPMENT FINANCING, INC., a New York corporation (the "*Lessor*"), and BANGOR & AROOSTOCK RAILROAD COMPANY, a Maine corporation (the "*Lessee*").

### RECITALS:

- A. The Lessor proposes to acquire the Equipment from the Lessee.
- B. The Lessor requires as a condition to acquiring the Equipment from the Lessee that the Lessor and the Lessee enter into this Lease.
- C. The capitalized terms used in this Lease shall have the respective meanings defined in Annex A of the Credit Extension Agreement, dated March 15, 1995, between the Lessor and the Lessee (the "*Credit Extension Agreement*"), unless elsewhere defined herein.

### SECTION 1. ACQUISITION AND LEASING OF EQUIPMENT AND ACCEPTANCE UNDER LEASE.

1.1 *Acquisition and Leasing of Equipment.* The Lessor hereby agrees (subject to the satisfaction of the conditions set forth in the Credit Extension Agreement) to acquire the Equipment from the Lessee pursuant to the Credit Extension Agreement on the Closing Date therefor and simultaneously to lease such Equipment to the Lessee hereunder, and the Lessee hereby agrees to sell the Equipment to the Lessor pursuant to the Credit Extension Agreement on the Closing Date therefor and to simultaneously lease from the Lessor hereunder, such leasing to be evidenced by the execution by the Lessor and the Lessee of this Lease.

1.2 *Acceptance of Equipment.* The Lessee's execution and delivery of this Lease shall conclusively establish that such Equipment leased hereunder is acceptable to and accepted by the Lessee without any conditions and for all purposes under this Lease.

### SECTION 2. RENT AND RENT PAYMENT DATES.

2.1 *Rent for Equipment.* The Lessee agrees to pay the Lessor the following rent for each Unit:

(a) *Basic Rent.* The Lessee hereby agrees to pay the Lessor for each Unit in arrears, in one hundred twenty (120) consecutive monthly installments, commencing on the one (1) month anniversary of the Basic Term Commencement Date and each subsequent monthly anniversary thereof occurring during the Basic Term, Basic Rent in an amount equal to the product of the Equipment Cost for such Unit multiplied by the Lease Rate Factor, as indicated in Schedule 2 hereto;

(b) *Supplemental Rent.* In addition to the foregoing Rent, the Lessee agrees to pay to the Lessor, any and all Supplemental Rent, promptly as the same shall become due and owing, or, where no due date is specified, promptly after demand by the Lessor, and in the event of any failure on the part of the Lessee to pay any Supplemental Rent, the Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise as in the case of nonpayment of Basic Rent.

(c) *Contingent Rent.* In addition to all other payments required hereunder, the Lessee shall annually pay to the Lessor as contingent rent under the Lease or contingent interest under the Note the aggregate sum of twelve and one-half percent (12.5%) of the Excess Cash Flow determined in accordance with Section 3.08 of the Credit Extension Agreement. At the Lessor's option, such payment shall be treated as contingent rent under the Lease, contingent interest under the Note, or allocated between contingent rent under the Lease and contingent interest under the Note. Within a reasonable period of time following payment by the Lessee of such amounts, the Lessor shall provide the Lessee with written notice regarding the Lessor's treatment of such amounts. The Lessee's obligation under this Section 2.1(c) shall survive expiration or termination of any or all of the Operative Agreements; provided, however, that the Lessee's obligations under this Section 2.1(c) shall cease and terminate at such time as the Lessee has paid to the Lessor the aggregate sum of One Million Five Hundred Thousand Dollars (\$1,500,000) pursuant to this Section 2.1(c) and Section 3.11 of the Credit Extension Agreement.

2.2 *Business Days.* If any of the Rent Payment Dates is not a Business Day, the Rent payment otherwise payable on such date shall be payable on the immediately succeeding Business Day unless such Business Day falls in another calendar month, in which case the payment shall be made on the next preceding Business Day.

2.3 *Place and Manner of Rent Payment.* All payments by the Lessee hereunder shall be paid to the Lessor to the account of the Lessor provided for payments in Section 25.1 hereof or as otherwise designated from time to time in writing by the Lessor. The Lessee agrees that it will make payments due hereunder by 12:00 noon (New York time) on the due date of such payment of Federal or otherwise immediately available funds to the party to whom such payment is to be made. The Lessee shall be required to make payments hereunder by electronic funds transfer if requested by the Lessor. In the event such requirement is imposed by the Lessor and the Lessee's payment by electronic funds transfer does not arrive in the Lessor's account on the due date, there shall be no late payment penalty imposed upon the Lessee if it provides the Lessor with written confirmation establishing that the electronic funds transfer was initiated on a timely basis by appropriate means and payment was actually received within two (2) Business Days after the date such payment was due.

2.4 *Net Lease.* This Lease is a net lease, and the Lessee shall pay all costs and expenses of every character, whether seen or unforeseen, ordinary or extraordinary, in connection with the use, operation, maintenance and repair of the Equipment, including the cost and expenses particularly set forth in this Lease. Notwithstanding any other provision of this Lease, it is intended that Basic Rent and Supplemental Rent shall be paid by the Lessee without notice, demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment or, except as expressly provided in Section 11.3 of this Lease, diminution or reduction. The

obligations and liabilities of the Lessee hereunder shall in no way be released, discharged or otherwise affected (except as may be expressly provided in this Lease) for any reason, including, without limitation:

- (a) any defect in the condition, quality or fitness for use of the Equipment or any Unit;
- (b) any damage to, abandonment, loss, scrapping or destruction of or any requisition or taking of the Equipment or any Unit;
- (c) any restriction, prevention or curtailment or the interference with any use of the Equipment or any Unit;
- (d) any defect in or any Lien on the Equipment or any Unit;
- (e) any change, waiver, extension, indulgence or other action or omission in respect of any obligation or liability of the Lessor;
- (f) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to the Lessee, the Lessor or any other Person, or any action taken with respect to this Lease by any trustee or receiver of the Lessee, the Lessor or any other Person, or by any court;
- (g) any claim that the Lessee has or might have against the Lessor or any other Person;
- (h) any alleged failure on the part of the Lessor to perform or comply with any of the terms hereof or any other agreement to which the Lessor is a party;
- (i) any invalidity or unenforceability or disaffirmance of this Lease or any provision hereof or any of the other Operative Agreements or any provision thereof, in each case whether against or by the Lessee or otherwise;
- (j) any change in the tax or other laws of the United States or any state or political subdivision of either;
- (k) any assignment, novation, merger, consolidation, sale or transfer of assets, leasing or other similar transaction of or affecting the Lessee, except as expressly provided in this Lease; or
- (l) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not the Lessee shall have notice or knowledge of any of the foregoing.

To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Lease of any of the Units, except in accordance with the express terms hereof. If for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise, except as specifically provided herein, the Lessee nonetheless agrees, to the maximum extent permitted by law, to pay to the Lessor an amount equal to each installment of Basic Rent and all Supplemental Rent due and owing, at the time such payment would have become due and payable in accordance with the terms hereof had this Lease not been terminated in whole or in part. The Lessee hereby waives any and all existing or future claims of any right to assert any offset against the Rent payments due hereunder, and agrees to make the Rent payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf in connection with this Lease of the Equipment. Notwithstanding the foregoing, nothing in this Section 2.4 (including subsections (g), (h) and (i) hereof) shall prevent or preclude the Lessee from instituting or maintaining a separate action against the Lessor for breach of its obligations as the Lessor under this Lease.

### **SECTION 3. LEASE TERM.**

The basic term of this Lease (the "*Basic Term*") shall mean the period for which each Unit is leased, commencing on the Basic Term Commencement Date and, subject to earlier termination pursuant to Sections 11 and 15 hereof, shall expire at 11:59 p.m. (New York time) on the Basic Term Expiration Date applicable to such Unit.

### **SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT**

4.1 *Retention of Title.* The Lessor, as between the Lessor and the Lessee, shall and hereby does retain full legal title to the Equipment notwithstanding the acceptance thereof by the Lessee.

4.2 *Duty to Number and Mark Equipment.* The Lessee will cause each Unit to be numbered with a unique reporting mark, as shown on the registry of the AAR and shown on Schedule 1 attached hereto, and will commencing no later than six (6) months after the Closing Date keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting colors upon at least one side of each Unit, in letters not less than one inch in height, a legend substantially as follows:

"THIS CAR IS SUBJECT TO A LEASE OR SECURITY  
AGREEMENT FILED WITH THE U.S. INTERSTATE  
COMMERCE COMMISSION."

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Unit. Except as provided hereinabove, the Lessee will not place any such Units in operation or exercise any control or dominion over the same until the required legend shall have been so marked, and will replace promptly any such names and word or words which may be removed, defaced, obliterated or destroyed. The Lessee

will not change the reporting mark of any Unit except in accordance with a statement of new reporting marks to be substituted therefor, which statement shall be delivered to the Lessor by the Lessee and a supplement to this Lease with respect to such new reporting marks shall be filed or recorded in all public offices where this Lease shall have been filed or recorded.

4.3 *Prohibition against Certain Designations.* Except as above provided, the Lessee will not allow the name of any Person to be placed on the Equipment as a designation that might reasonably be interpreted as a claim of ownership; *provided, however,* that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee, its sublessees or any of their respective Affiliates on railroad equipment used by it or its sublessees of the same or a similar type.

**SECTION 5.           DISCLAIMER OF WARRANTIES.**

**WITHOUT WAIVING ANY CLAIM THAT THE LESSEE MAY HAVE AGAINST ANY SELLER, SUPPLIER OR MANUFACTURER, THE LESSEE ACKNOWLEDGES AND AGREES THAT (i) THE EQUIPMENT AND EACH UNIT THEREOF IS OF A SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY AND ACCEPTABLE TO THE LESSEE, (ii) THE LESSEE IS SATISFIED THAT THE EQUIPMENT AND EACH UNIT THEREOF IS SUITABLE FOR ITS PURPOSES, (iii) THE LESSOR IS NOT A MANUFACTURER OR A DEALER IN PROPERTY OF SUCH KIND AND HAS NOT INSPECTED THE EQUIPMENT PRIOR TO DELIVERY TO AND ACCEPTANCE BY THE LESSEE, (iv) THE EQUIPMENT AND EACH UNIT THEREOF IS LEASED HEREUNDER SUBJECT TO ALL APPLICABLE LAWS AND GOVERNMENTAL REGULATIONS NOW IN EFFECT OR HEREAFTER ADOPTED AND IN THE STATE AND CONDITION OF EVERY PART THEREOF WHEN THE SAME FIRST BECAME SUBJECT TO THIS LEASE, WITHOUT REPRESENTATION OR WARRANTY BY THE LESSOR, (v) THE LESSEE LEASES THE EQUIPMENT AND EACH UNIT THEREOF "AS-IS", "WHERE-IS" AND "WITH ALL FAULTS", AND, LESSEE ACKNOWLEDGES THAT LESSOR HAS NOT MADE, AND EXPRESSLY DISCLAIMS, ANY AND ALL RIGHTS, CLAIMS, WARRANTIES OR REPRESENTATIONS EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING WITHOUT LIMITATION, THE CONDITION, FITNESS FOR ANY PARTICULAR PURPOSE, DESIGN, OPERATION, OR MERCHANTABILITY THEREOF OR AS TO THE TITLE, VALUE OR CONDITION OF THE EQUIPMENT, THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREOF OR CONFORMITY THEREOF TO SPECIFICATIONS, FREEDOM FROM PATENT, COPYRIGHT OR TRADEMARK INFRINGEMENT, THE ABSENCE OF ANY LATENT OR OTHER DEFECT, WHETHER OR NOT DISCOVERABLE, OR AS TO THE ABSENCE OF ANY OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, AND (vi) UNDER NO CIRCUMSTANCES WHATSOEVER SHALL THE LESSOR BE LIABLE OR RESPONSIBLE TO THE LESSEE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING LIABILITY IN TORT, STRICT OR OTHERWISE), it being agreed that all such risks, as among the Lessor and the Lessee, are to be borne by the Lessee, except that the Lessor, represents and warrants that on the Closing Date for**

any Unit of Equipment, the Lessor shall have received whatever title to such Unit of Equipment as was conveyed to the Lessor by the Lessee. The provisions of this Section 5 have been negotiated and, except to the extent otherwise provided in this Section 5 or in the Credit Extension Agreement, the foregoing provisions are intended to be a complete exclusion and negation of any representations and warranties by the Lessor, express or implied, with respect to the Equipment that may arise pursuant to any law now or hereafter in effect. Lessee hereby assigns to Lessor any warranties, rights or other claims Lessee may have or be entitled to against any manufacturer or prior owner of the Equipment. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the Basic Term to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their respective interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against the manufacturers or any prior owner thereof, *provided, however,* that if at any time a Default or Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights.

## SECTION 6. RULES, LAWS AND REGULATIONS.

6.1 *Compliance with Governmental Requirements.* The Lessee agrees to comply in all material respects with all Governmental Requirements (including, without limitation, the rules, if any, of the Federal Railroad Administration, the Interstate Commerce Commission and the field manual of interchange rules or supplements thereto of the Mechanical Division, Association of American Railroads, as the same may be in effect from time to time) (the "*Interchange Rules*"). The Lessee may, in good faith and by appropriate proceedings diligently conducted, contest the validity or application of any such Governmental Requirement in any reasonable manner which does not result in a significant risk of a material and adverse effect on the rights or interest of the Lessor in the Units and which does not otherwise expose the Lessor to any risk of criminal sanctions, so long as any such proceedings are concluded prior to the date on which the Lessee is required to return such Unit to the Lessor. The Lessee shall be responsible for obtaining use of the Units and shall bear all risk of failure to obtain such Governmental Approvals and consents for use of the Units and shall bear all risk of failure to obtain any such permissions, approvals and consents, or of cancellations thereof. The Lessor shall take, at no cost or expense to the Lessor, all actions reasonably requested by the Lessee in order to assist the Lessee in obtaining such Governmental Approvals.

6.2 *Required Modifications.* In case any equipment or appliance is required to be altered, added, replaced or modified on any Unit in order to comply with any Governmental Requirements (a "*Required Modification*"), the Lessee agrees to make such Required Modification at its own expense; *provided, however,* that the Lessee may, in good faith and by appropriate proceedings diligently conducted, contest the validity or application of any such Governmental Requirement in any reasonable manner which does not result in a significant risk of a material and adverse effect on the rights or interest of the Lessor in the Equipment and which does not otherwise expose the Lessor to any risk of criminal sanctions, so long as any such proceedings are concluded prior to the date on which the Lessee is required to return such Equipment to the Lessor. Title to all Required Modifications shall, without further action by the Lessee, vest in the Lessor.

**SECTION 7. MAINTENANCE OF EQUIPMENT; MODIFICATIONS; FOREIGN USE.**

7.1 *Maintenance.* The Lessee shall, at its own cost and expense, service, maintain and keep the Equipment and each Unit thereof in good operating condition and in good physical condition, ordinary wear and tear excepted, and in all events (i) in accordance with prudent industry maintenance practices, (ii) as may be required to comply with all applicable insurance policies and manufacturer's warranties (iii) in a manner consistent with maintenance practices used by the Lessee in respect of equipment owned or leased by the Lessee similar in nature to the Units, and (iv) with respect to Units which are rolling stock, in a condition commercially acceptable to shippers and capable of carrying the commodities which such Units were designed to carry.

7.2 *Modifications.* Except as otherwise required by the provisions of Section 6 hereof and so long as no Lease Event of Default has occurred and is continuing prior to the initiation by the Lessee of any modification, addition or improvement to any Unit (a "*Modification*"), the Lessee, with the prior written consent of Lessor, may make such Modification; *provided, however,* that no such Modification (i) shall diminish the current or estimated residual value, utility, condition or remaining useful life of such Unit below the current or estimated residual value, utility, condition, or remaining useful life thereof immediately prior to such Modification, assuming such Unit was then in the condition required to be maintained by the terms of this Lease, or (ii) shall result in such Unit becoming "limited use property" as defined in the Code. Title to any Non-Severable Modifications shall be immediately vested in the Lessor, free and clear of all Liens (other than Permitted Liens), and the Lessee shall take whatever actions as may be necessary to ensure that such title is vested in the Lessor, free and clear of all Liens (other than Permitted Liens). Title to any Severable Modifications which are not Required Modifications shall remain with the Lessee. If the Lessee shall at its cost cause any Severable Modification to be made to any Unit and such Severable Modification is reasonably necessary for the economic operation of any such Unit, the Lessor shall have the right, prior to the return of such Unit to the Lessor hereunder, to purchase such Severable Modification at its then Fair Market Sales Value. If the Lessor does not elect to purchase such Severable Modification, the Lessee may at any time remove any Severable Modification that are not Required Modifications at the Lessee's cost and expense; *provided, however,* that prior to the return of the Units hereunder, the Lessee shall, at its expense, remove any Severable Modifications that are not Required Modifications if the failure to remove any such Severable Improvement would diminish the current or estimated residual value, utility, condition or remaining useful life of such Unit below the value, utility, condition, or remaining useful life thereof if such Severable Modification were not installed on such Unit, assuming such Unit was then in the condition required to be maintained by the terms of this Lease. Title to all Parts of any Unit (other than any Parts which are Severable Modifications but not Required Modifications) shall remain vested in the Lessor until a replacement is made therefor. Title to all such replacement Parts shall be immediately vested in the Lessor, and upon such replacement title to the Part so replaced shall be vested in the Lessee.

7.3 *Foreign Use.* The Lessee shall not at any time allow any Unit to be located outside of the continental United States, except for incidental use in Canada. Notwithstanding the foregoing, in no event shall the Lessee make use of any Equipment in any jurisdiction not included in the insurance coverage maintained by the Lessee pursuant to this Lease.

**SECTION 8. LIENS ON THE EQUIPMENT.**

8.1 *Lessee's Obligation.* The Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to any Units or the Lessee's leasehold interest therein under this Lease, except Permitted Liens and the Lessor's Liens and the Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge any such Lien not excepted above if the same shall arise at any time. The Lessee shall protect, save and keep harmless each Indemnified Person from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable attorneys' fees) of whatsoever kind and nature that may be imposed on, incurred by or asserted at any time (whether before, during or after the Lease Term) against such Indemnified Person in any way relating to or arising out of any such Lien except Permitted Liens and the Lessor's Liens.

8.2 *Lessor's Liens.* The Lessor hereby agrees for the benefit of the Lessee that at all times the Equipment shall be free and clear of any the Lessor's Liens arising by or through the Lessor, and that the Lessor will, at its own cost and expense (and without any right of reimbursement from the Lessee), promptly take such action as may be necessary duly to discharge any such Lien attributable to it. The Lessor further agrees to indemnify and hold harmless the Lessee from and against any loss, costs, expenses or charge (including reasonable legal fees and expenses) incurred, in each case, as a result of the imposition or enforcement of any such the Lessor's Lien.

**SECTION 9. FILING.**

9.1 *Closing Date.* On or prior to the Closing Date, the Lessee will, at its expense, (i) cause this Lease to be duly filed and recorded with the ICC in accordance with 49 U.S.C. §11303, (ii) cause Uniform Commercial Code financing statements naming the Lessee as debtor and the Lessor as secured party, to be filed in such public offices as are deemed necessary or appropriate by the Lessor to perfect the right, title and interest of the Lessor in the Equipment, (iii) deposit this Lease (or a memorandum hereof) with the Registrar General of Canada pursuant to Section 90 of the Railway Act of Canada (including necessary actions for publication of notice of such deposit in The Canada Gazette in accordance with said Section 90, and (iv) file, register or record this Lease and all financing and continuation statements and similar instruments, in such other places within the United States or Canada as the Lessor may reasonably request in writing at least five (5) days prior to such Closing Date, and will furnish the Lessor with the proof thereof.

9.2 *Further Assurances.* The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, re-register or re-record whenever required) any and all amendments or supplements to this Lease, any financing statements or similar instruments, and any and all further instruments required by law or reasonably requested in writing by the Lessor, for the purpose of protecting the Lessor's title to, and security interest in, any Unit.

9.3 *Costs.* Except as provided in Section 2.5 of the Credit Extension Agreement, the Lessee will pay all costs, charges and expenses (including reasonable attorneys' fees) incident to any such filing, refiling, recording and rerecording or depositing and re-depositing of any such instruments or incident to the taking of such action.

## SECTION 10. INSURANCE.

10.1 *Insurance Requirement.* (a) The Lessee will, at all times prior to the return of the Units to the Lessor, at its own expense, cause to be carried and maintained (i) "all risk" property insurance in respect of the Units at the time subject hereto on a replacement cost basis and in an amount not less than the Stipulated Loss Value of the Units per occurrence; and (ii) Commercial General liability insurance in an amount not less than \$10,000,000 per occurrence with respect to third-party personal injury, death and property damage (including contractual cargo and products liability insurance and pollution liability insurance, if applicable), and the Lessee will continue to carry such insurance in each case, in such amounts and for such risks and with such insurance companies of recognized responsibility in each case as is consistent with prudent industry practice for Persons using or leasing rail equipment similar to the Units, but in any event not less comprehensive in amounts and against risks customarily insured against by the Lessee in respect of equipment owned or leased by it similar in nature to the Units; *provided, that*, all such insurance shall be in form, and against such risks, with terms, and with insurers, acceptable to the Lessor. All of the provisions of the insurance required to be carried hereunder shall operate (except for the limits of liability) in the same manner as if there were a separate policy covering each insured. The Lessee warrants and affirms that it will satisfy all obligations under each such policy necessary to keep such insurance in full force and effect. All insurance maintained by the Lessee hereunder may be subject to commercially reasonable deductibles and self-insurance practices consistent with prudent industry practice and the Lessee's practice with respect to other equipment similar to the Units; *provided, however*, the Lessee shall not self-insure or maintain deductibles greater than \$1,000,000 in the aggregate. If a Lease Event of Default has occurred and is continuing, the Lessee shall not self-insure or maintain deductibles in any amount.

(b) All insurance policies required to be maintained by the Lessee pursuant to this Section 10.1 shall (i) name and insure the Lessor as an additional insured with respect to the Commercial General liability insurance and with respect to property insurance shall cover the interests of the Lessor, as loss payee, as its interests may appear under the Operative Agreements, (ii) name and insure the Lessor under a standard lender's loss payable clause, under the property insurance policy, (iii) provide that the interests of the Lessor shall not be invalidated or canceled by any action or inaction by the Lessee or any other Person, (iv) provide that the Lessor will be furnished with at least thirty (30) day's prior written notice (or in the case of non-payment, of premiums, ten (10) day's) of any cancellation or material change in the types or limits of coverage during the term of any policy prior to such cancellation or change of coverage, (v) provide that such insurance is primary without any right of contribution from any other insurance carried by the Lessor, and (vi) without limiting the insurer's right to cancel coverage for non-payment of premium acknowledge that any obligation imposed on the Lessee (including without limitation the liability to pay premiums, calls, commissions, assessments, representations or warranties) shall be the sole obligation of the Lessee and not the obligation of the Lessor.

(c) Prior to the Closing Date and thereafter prior to the expiration of any policy of insurance, the Lessee shall furnish the Lessor with original certificates or binders signed by the insurer or a reputable independent insurance broker, showing the insurance then maintained by the Lessee pursuant to this Section 10.1, confirming all premiums then due thereon have been paid, and that such insurance meets all requirements of this Section 10. With respect to any renewal policy or policies, the Lessee shall furnish original certificates or binders signed by reputable insurers or insurance brokers evidencing such renewal as soon as practicable, but in no event later than thirty (30) days after such renewal is effected or ten (10) days after the expiration date of the original policy or policies.

10.2 *Proceeds of Insurance.* Subject to the provisions of Section 10.1 hereof, to the extent permitted by the terms of applicable insurance coverage, the proceeds of the property insurance policy not exceeding \$50,000 shall be payable to the Lessee, provided further, that no Lease Default or Lease Event of Default shall have occurred and be continuing. After the occurrence and continuation of a Lease Default or Lease Event of Default all such proceeds shall be paid to the Lessor).

10.3 *Additional Insurance.* In the event that the Lessee shall fail to maintain insurance as herein provided, the Lessor may at its option provide such insurance and, in such event, the Lessee shall, upon demand from time to time, reimburse the Lessor for the cost thereof together with interest, from the date of payment thereof, on such amount, at the Late Rate. In addition, at any time the Lessor may at its own expense carry insurance with respect to its interest in the Units, provided that such insurance will not prevent the Lessee from carrying insurance required by this Section 10 or adversely affect such insurance or the cost thereof and provides that the insurer waives any right of subrogation against the Lessee with respect to claims thereunder (it being understood that all salvage rights shall remain with the Lessee's insurers at all times). Any insurance payments received from policies maintained by the Lessor pursuant to the previous sentence shall be retained by the Lessor without reducing or otherwise affecting the Lessee's obligations hereunder. Any insurance that may be maintained by the Lessor shall not be contributory.

## **SECTION 11. EVENT OF LOSS.**

11.1 *Duty of Lessee to Notify Lessor.* In the event that any Unit shall (a) suffer an actual or constructive total loss or destruction, damage, contamination or wear which, in the Lessee's good faith opinion, makes repair uneconomical or by reason of a change in law be subject to a Required Modification which, in Lessee's reasonable judgment, is uneconomic to effect, (b) suffer theft or disappearance for a period in excess of one-hundred eighty (180) days, (c) be permanently returned to the manufacturer pursuant to any indemnity provisions, (d) have title thereto taken or appropriated by any governmental authority under the power of eminent domain or otherwise, (e) be taken or requisitioned for use by any governmental authority under the power of eminent domain or otherwise for a period extending beyond the earlier of (i) one hundred eighty (180) days after the date of such taking or requisition and (ii) the last day of the Basic Term, or (f) be banned from use in the normal course of interstate rail transportation for a period extending beyond the earlier of (i) one hundred eighty (180) days and (ii) the last day of the Basic

Term as a result of any rule, regulation, order or other action of the United States government or any agency or instrumentality thereof, unless the Lessee shall have undertaken and be diligently pursuing such actions as shall be required to by the government or agency to permit normal use of such Unit (any such occurrence being hereinafter called an "*Event of Loss*"), the Lessee, in accordance with the terms of Section 11.2 hereof, shall promptly, but in no event more than thirty (30) days after a Responsible Officer of the Lessee has knowledge of the occurrence of such an Event of Loss, and fully inform the Lessor of such Event of Loss. The date of occurrence of such Event of Loss shall be the date of such loss, destruction, damage, contamination, theft, disappearance, return, taking or requisition; provided that in the case of an Event of Loss specified in clause (b) above, the date of occurrence of such Event of Loss shall be deemed to be one hundred eighty (180) days after such theft or disappearance, and in the case of an Event of Loss specified in clause (e) or (f) above, the date of occurrence of such Event of Loss shall be deemed to be the earlier of (A) one hundred eighty (180) days after the date of such taking or requisition or ban, or (B) the last day of the Basic Term. In addition to the foregoing requirements, the Lessee shall, on or prior to April 30 beginning in 1996 in each year during the Basic Term, provide to the Lessee a written statement detailing all Events of Loss occurring in, and specifying all Units which were under repair during, the year ending on the prior December 31.

11.2 *Sum Payable for Event of Loss.* On a Stipulated Loss Payment Date selected by the Lessee, but in no event later than thirty (30) days after the occurrence or deemed occurrence of such Event of Loss for any Unit, the Lessee shall pay to the Lessor (a) an amount equal to the Stipulated Loss Value of each such Unit as of such Stipulated Loss Payment Date, less any insurance proceeds previously received by the Lessor in respect of such Event of Loss, (b) if such Stipulated Loss Payment Date is a Rent Payment Date, all Basic Rent payable on such date in respect of such Unit and (c) all other Rent then due and payable hereunder.

11.3 *Rent Termination.* Upon the payment of all sums required to be paid pursuant to Section 11.2 hereof in respect of any Unit or Units, the obligation to pay Basic Rent and Supplemental Rent (except for any Supplemental Rent which by its terms survives termination of the Lease) for such Unit or Units shall terminate and no Basic Rent and Supplemental Rent (except for any Supplemental Rent which by its terms survives termination of the Lease) with respect to such Units shall thereafter be due.

11.4 *Disposition of Equipment.* Upon the payment of all sums required to be paid pursuant to Section 11.2 hereof in respect of any Unit or Units, the Lessor will convey to the Lessee or its designee all right, title and interest of the Lessor and any Affiliate thereof, "as-is", "where-is", without recourse or warranty, except for a warranty against the Lessor's Liens, in and to such Unit or Units and shall execute and deliver to the Lessee such bills of sale and other documents and instruments as the Lessee may reasonably request to evidence such conveyance. As to each separate Unit so conveyed to the Lessee, the Lessee shall own such Unit free and clear of all claims of the Lessor or any other Person claiming through the Lessor, and shall have the unrestricted right to dispose of such Unit and retain any amounts arising from such disposition, plus any awards, insurance or other proceeds and damages (including any AAR interline settlement paid upon an Event of Loss) received by the Lessee or the Lessor by reason of such Event of Loss; *provided, however*, that, with respect to any Event of Loss referred to in clauses

(d) and (e) of Section 11.1 hereof, any excess of such condemnation awards over the amount of the Stipulated Loss Value of such Unit shall be divided between the Lessee and the Lessor, based on their respective interests in such Unit, as determined by the court with jurisdiction over the proceeding referenced in clauses (d) or (e) of Section 11.1.

11.5 *Stipulated Loss Value.* The Stipulated Loss Value for any Unit as of any Stipulated Loss Payment Date shall be equal to the amount determined by multiplying the Equipment Cost for such Unit by the percentage on Schedule 3 hereto applicable for such Stipulated Loss Payment Date.

11.6 *Eminent Domain.* In the event that during the Basic Term the use of any Unit is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for a period which does not constitute an Event of Loss, the Lessee's obligation to pay all installments of Basic Rent shall continue for the duration of such requisitioning or taking. So long as no Lease Event of Default shall have occurred and be continuing, the Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for such requisition or taking of possession.

**SECTION 12. RESERVED.**

**SECTION 13. NOTICES OF CERTAIN EVENTS; ANNUAL REPORTS; INSPECTION.**

13.1 *Notice of Certain Events.* The Lessee shall give written notice to the Lessor, within five (5) Business Days after becoming known to a Responsible Officer of the Lessee, of any Lease Default or Lease Event of Default.

13.2 *Duty of Lessee to Furnish.* On or before the Closing Date, and on or prior to forty-five (45) days after the end of each calendar quarter of the Basic Term thereafter, the Lessee will furnish, upon request, to the Lessor an accurate statement, as of the end of such calendar quarter, (a) showing the amount, description and reporting marks of the Units then leased hereunder, the amount, description and reporting marks of all Units that may have suffered an Event of Loss during the three (3) months (or since the Closing Date, in the case of the first such statement), the description and reporting marks of all Units then back ordered or awaiting shop service or overhaul, and such other information regarding the condition or repair of the Equipment as the Lessor may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced.

13.3 *Lessor's Inspection Rights.* The Lessor (or its designee) shall have the right, but not the obligation, at its sole cost, expense and risk, except as provided below, by its respective authorized representatives, to the extent within the Lessee's control: (a) to inspect the Equipment and the Lessee's records with respect thereto and make copies thereof, during the Lessee's normal business hours and upon reasonable prior notice to the Lessee, subject to the Lessee's standard procedures and, if so elected by the Lessee, accompanied by a representative of the Lessee, and (b) to discuss the affairs, finances and accounts with the principal officers of the Lessee; *provided,*

however, that the Lessee shall not be liable, except in the case of negligence or willful misconduct of the Lessee or of its employees or agents, for any injury to, or the death of, any Person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this Section 13.3 or Section 14.1 hereof. No such inspection shall interfere with the normal operations or business of the Lessee.

**SECTION 14. RETURN OF EQUIPMENT UPON EXPIRATION OF LEASE TERM.**

**14.1 Return of Equipment; Storage.**

(a) As soon as practicable on or after the expiration of the Basic Term, and in any event not later than ten (10) days thereafter, the Lessee will, at its own cost and expense, deliver possession of all of the Units then subject to this Lease to up to five (5) locations within the continental United States, as selected by the Lessor (each, a "Return Location"). The Lessee shall give prompt notice to the Lessor of delivery of the Units to a Return Location.

(b) At the Lessor's request, the Lessee shall, at its expense and risk, provide storage on its own lines for each Unit (or at an alternative location, that is reasonably acceptable to the Lessor, for a period not exceeding one hundred eighty (180) days after the Lessee's delivery of all of the Units then subject to the Lease, pursuant to Section 14.1(a) hereof. During any such storage period, the Lessee will permit the Lessor or any Person designated by it, including the authorized representative or representatives of any prospective purchaser or user of such Unit, to inspect the same, accompanied by a representative of the Lessee. During any such storage period the Lessee shall be responsible for loss of or damage to such Units in accordance with the terms of this Lease. Upon the return of any Unit of Equipment, the Lessee covenants that such Units shall be (i) free and clear of all Liens other than the Lessor Liens and (ii) in the condition required by Sections 6 and 7 hereof. The Lessee shall on or prior to return of any Unit take such action and complete and execute, or obtain execution of, such certificates, including certificates required under Rule 88 (or any successor rule) of the AAR, and other documents as shall be required by the AAR to assure that such Unit is permitted to freely enter interchange service in the United States and Canada after return to the Lessor or its designee. If the Lessor or its agent shall inspect any Unit pursuant to this Section 14 and such Unit shall not be in the condition required by this Section 14, the Lessee, at its expense and risk, shall within sixty (60) days thereafter make such repairs and perform such work as shall be necessary to place such Units in the condition required by this Section 14. The Lessee will provide the Lessor with notice when such Unit has been repaired so as to be in the condition required by this Section 14 and is ready to be reinspected by the Lessor or its agent, and the Lessor or its agent shall have ten (10) days from the date of receipt of such notice to inspect, at the Lessee's sole cost and expense, such Unit. In the event any Unit is not returned to the Lessor as hereinabove provided as a result of any action or inaction on the part of the Lessee, within ten (10) days after the date on which such return was required pursuant to the terms hereof, the Lessee shall pay to the Lessor, for each day thereafter as liquidated damages, and not as a penalty, for the failure of the Lessee to return such Unit to the Lessor in accordance with the terms of this Lease with respect to such Unit as required by the provisions of this Section 14, an amount equal to 200% of the daily equivalent of Basic Rent during the last month of the Basic Term. The provision for such payment shall not abrogate the

Lessor's right under this Section 14 to have such Unit returned to it hereunder. Upon expiration of the Basic Term, compliance with the redelivery terms hereof and tender of such Unit at such storage location by the Lessee, this Lease and the obligation to pay Basic Rent and all other Rent for such Unit accruing subsequent to the expiration of the Basic Term with respect to such Unit, compliance with the redelivery terms hereof and the tender of such Unit at such storage location by the Lessee, shall terminate.

14.2 *Condition.* Without limiting the Lessee's obligations under Section 14.1 hereof, each Unit redelivered hereunder shall be (i) in the condition required by Section 7 hereof, free and clear of all Liens other than Lessor Liens, (ii) in a condition suitable for the purpose and use for which it was originally intended with all Parts and other mechanical items in good working order and no broken glass, (iii) tested to ensure performance within two percent (2%) of the original manufacturer's specifications, (iv) in such operating condition and repair that such Unit can be placed into commercial service by the Lessor without having to undergo additional maintenance, or rebuilding, as such terms are commonly understood in the industry, (v) in a condition meeting all requirements of AAR for full service on any railroad in the continental United States or Canada and (vi) in a condition meeting all Governmental Requirements. In addition, the Lessee, at the Lessee's sole cost and expense, shall remove or paint over all company logos of the Lessee unless the Lessee has granted the Lessor a license to use the Lessee's logo.

#### **SECTION 15. LEASE EVENTS OF DEFAULT.**

15.1 *Lease Events of Default.* Any Default or Event of Default under the Credit Extension Agreement shall constitute, respectively, a "*Lease Default*" and a "*Lease Event of Default*" hereunder.

15.2 *Remedies.* Upon the occurrence of any Lease Event of Default and at any time thereafter so long as such Lease Event of Default is continuing under this Lease, the Lessor may, upon written notice to the Lessee, at its option, declare this Lease to be in default and whenever any Event of Default under any provision of Section 8.01(e), (h) or (i) of the Credit Extension Agreement shall have occurred, this Lease shall automatically be in default, and at any time after this Lease has been declared to be in default or has automatically become in default pursuant to the foregoing provisions, the Lessor may do one or more of the following as the Lessor in its sole discretion shall elect, to the extent permitted by and subject to compliance with any mandatory requirements of applicable law then in effect:

(a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof;

(b) By notice in writing to the Lessee, cancel this Lease, whereupon all right of the Lessee to the possession and use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may (i) demand that the Lessee, and the Lessee shall upon written demand of the Lessor, at the Lessee's expense, return to the Lessor all or any

of the Units (as specified in such demand) in the manner and condition required by, and otherwise in accordance with the provisions of Section 16 hereof, or (ii) by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of the Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successor or assigns, to use such Units for any purpose whatever;

(c) Sell any Unit at public or private sale, as the Lessor may determine, free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such sale or for the proceeds thereof (except to the extent required by paragraph (f) below if the Lessor elects to exercise its rights under said paragraph), in which event the Lessee's obligation to pay Basic Rent with respect to such Unit hereunder due for any periods subsequent to the date of such sale shall terminate (except to the extent that Basic Rent are to be included in computations under paragraph (e) or (f) below if the Lessor elects to exercise its rights under either of said paragraphs);

(d) Hold, keep idle, operate, assign or lease to others any Unit as the Lessor in its sole discretion may determine, free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such action or inaction or for any proceeds with respect thereto; *provided, however*, that the Lessee's obligation to pay Basic Rent with respect to any Unit of Equipment due for any period after the date upon which the Lessee shall have been deprived of the possession and use of such Unit of Equipment pursuant to this Section 15 shall be reduced by the proceeds, if any, received by the Lessor from leasing such Unit to any Person other than the Lessee, less the actual costs (including, without limitation, any storage, marketing, refurbishment, commissions or other costs) incurred by the Lessor in the re-leasing of such Unit;

(e) Whether or not the Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under paragraph (a), (b), (c) or (d) above with respect to any Unit, the Lessor, by notice to the Lessee specifying a payment date which shall be not earlier than ten (10) Business Days after the date of such notice, may demand that the Lessee pay to the Lessor, and the Lessee shall pay to the Lessor, on the Stipulated Loss Payment Date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent for such Unit due after the payment date specified in such notice), any unpaid Rent for such Unit due for periods on or prior to the payment date specified in such notice, plus whichever of the following amounts the Lessor, in its sole discretion, shall specify in such notice: (i) an amount equal to the excess, if any, of (A) the present value of all future Basic Rent for such Unit, over (B) the present value of the Fair Market Rental Value (determined as hereafter in Section 15.4 provided) of such Unit or, if the Lessor has leased such Unit to others pursuant to paragraph (d) above, for the period of such lease the periodic rent payable thereunder, in each case for the remainder of the Basic Term, as the case may be, as of the payment date specified in such notice, such present values to be computed on the basis of a per annum rate of discount equal to Interest Rate, compounded monthly, from the respective dates upon which such rents would be paid; or (ii) an amount equal to the excess, if any, of the Stipulated Loss Value for such Unit as of such Stipulated Loss Payment Date, over the Fair Market Sales

Value of such Unit (determined as hereafter in Section 15.4 provided) as of the payment date specified in such notice;

(f) If the Lessor shall have sold any Unit pursuant to paragraph (c) above, the Lessor, in lieu of exercising its rights under paragraph (e) above with respect to such Unit may, if it shall so elect, demand that the Lessee pay to the Lessor, and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent and any other Basic Rent for such Unit due subsequent to the Rent Payment Date next preceding such sale), any unpaid Basic Rent for such Unit due for periods up to and including the Rent Payment Date next preceding the date of such sale and, if that date is a Rent Payment Date, the Basic Rent due on that date, plus (i) the amount, if any, by which the Stipulated Loss Value of such Unit computed as of the Rent Payment Date next preceding the date of such sale or, if such sale occurs on a Rent Payment Date, then computed as of such Rent Payment Date, exceeds the net proceeds of such sale and (ii) any Supplemental Rent due and owing; and

(g) The Lessor may, in lieu of exercising its rights under paragraph (e) above: (i) retain all Rent theretofore paid by the Lessee or received by the Lessor in respect of any Unit, including any such Rent then in the Lessor's possession which, had this Lease not been declared in default, would otherwise be payable to the Lessee hereunder; (ii) recover from the Lessee all Rent accrued and unpaid under any of the terms hereof as of the date of the declaration of default; and (iii) on any Stipulated Loss Payment Date, transfer title to and the ownership interest in such Unit to the Lessee by quit-claim bill of sale (except as to the absence of any the Lessor's Liens), and recover from the Lessee as liquidated damages for loss of a bargain, but not as a penalty (in lieu of the Basic Rent for such Unit due subsequent to the date of the declaration of default), in the Lessor's sole discretion, an aggregate sum equal to the Stipulated Loss Value of such Unit calculated as of such Stipulated Loss Payment Date.

Notwithstanding the Lessor's right to elect and pursue one or more remedies under this Section 15.2, nothing herein is intended to allow the Lessor duplicative recoveries in respect of the same Event of Default or Lease Event of Default.

15.3 *Other Liabilities.* In addition, the Lessee shall be liable, except as otherwise provided in Section 15.2 above, for any and all unpaid Rent due hereunder before or during the exercise of any of the foregoing remedies, and for legal fees and other costs and expenses incurred by reason of the occurrence of any Lease Event of Default or the exercise of the Lessor's remedies with respect thereto, including without limitation the repayment in full of any costs and expenses necessary to be expended in repairing or modifying any Unit in order to cause it to be in compliance with all maintenance and regulatory standards imposed by this Lease.

15.4 *Valuation.* For purposes of Section 15.2 hereof, the Fair Market Rental Value and Fair Market Sales Value for any Unit shall be determined by a qualified appraiser selected by the Lessor, such appraiser to have knowledge and experience in the valuation of Equipment similar to that being appraised, with any appraisal expenses to be borne by the Lessee. If the Lessor shall have demanded the return of the Units and any such Unit is not returned, then for purposes of

Section 15.1(e), the Fair Market Value and the Fair Market Rental Value of such Unit shall be deemed zero.

15.5 *Cumulative Remedies.* THE REMEDIES IN THIS LEASE PROVIDED IN FAVOR OF THE LESSOR SHALL NOT BE DEEMED EXCLUSIVE, BUT SHALL BE CUMULATIVE AND SHALL BE IN ADDITION TO ALL OTHER REMEDIES IN ITS FAVOR EXISTING AT LAW OR IN EQUITY.

15.6 *No Waiver.* No delay or omission to exercise any right, power or remedy accruing to the Lessor upon any breach or default by the Lessee under this Lease shall impair any such right, power or remedy of the Lessor, nor shall any such delay or omission be construed as a waiver of any breach or default, or of any similar breach or default hereafter occurring; nor shall any waiver of a single breach or default be deemed a waiver of any subsequent breach or default.

**SECTION 16. RETURN OF EQUIPMENT UPON LEASE EVENT OF DEFAULT.**

16.1 *Lessee's Duty to Return.* (a) If the Lessor shall cancel this Lease pursuant to Section 15.2 hereof and shall not exercise any right to cause the Lessee to purchase the Equipment, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Unit to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(i) Forthwith place such Unit upon such available storage locations under the Lessee's control as reasonably directed by the Lessor and cause such Units to be in the same condition as if such Units were being redelivered on or after the expiration of the Basic Term;

(ii) Permit the Lessor to store such Unit at such location without charge for insurance, rent or storage for up to 365 days until such Unit has been sold, leased or otherwise disposed of by the Lessor, and during such period of storage by the Lessee shall continue to maintain all insurance required by Section 10.1 hereof; and

(iii) Transport such Unit to a Return Location pursuant to Section 14.1.

(b) Each such Unit will be free and clear of all Liens, other than the Lessor's Liens, and in the condition required by Sections 6 and 7 hereof and otherwise in compliance with Section 14 hereof.

16.2 *Lessor Appointed Lessee's Agent.* Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 16, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Units to the Lessor pursuant to this Section 16, to demand and take possession of such Unit, in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Unit.

16.3 *Specific Performance.* Upon application to any court of equity having jurisdiction, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the provisions of this Section 16.

**SECTION 17. LESSOR'S RIGHT TO PERFORM.**

If the Lessee fails to make any payment required to be made by it hereunder and is not contesting such payment diligently and in good faith by appropriate proceedings, or fails to perform or comply with any of its other agreements contained herein, the Lessor may itself make such payment or perform or comply with such agreement, after giving not less than five (5) Business Days' prior notice thereof to the Lessee in a reasonable manner, but shall not be obligated hereunder to do so, and the amount of such payment and of the reasonable expenses of the Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the Late Rate, to the extent permitted by applicable law, shall be deemed to be Supplemental Rent, payable by the Lessee to the Lessor on demand.

**SECTION 18. QUIET ENJOYMENT.**

18.1 *Quiet Enjoyment.* Neither the Lessor nor any Person deriving its rights through, under or from the Lessor shall, so long as no Lease Event of Default shall have occurred and be continuing, take or cause to be taken any action contrary to the Lessee's rights and the rights of any sublessee of the Lessee under the Lease, including, without limitation, the right to possession, use and quiet enjoyment of the Equipment.

**SECTION 19. USE AND POSSESSION; SUBLEASES; ASSIGNMENT BY LESSEE.**

19.1 *Lessee's Rights to the Equipment.* Subject to the exercise of the Lessor's rights under Section 15.2 hereof, the Lessee shall be entitled to the possession of the Units and to the use of the Units by it or any Affiliate, subject to Section 7.3 hereof in any lawful manner for which the Units were originally designed or as the Units may be modified pursuant to the terms hereof; *provided, however,* in no event shall the Units be used to carry or transport Hazardous Substances.

19.2 *Subleases.* The Lessee shall not, without the prior written consent of the Lessor, which consent shall not be unreasonably withheld, enter into any sublease with respect to any Unit. No sublease shall in any way discharge or diminish any of the Lessee's obligations hereunder, and the Lessee shall remain primarily liable hereunder for the performance of all the terms, conditions and provisions of this Lease and the other the Lessee Agreements to the same extent as if such sublease had not been entered into. Each sublease consented to by the Lessor shall (a) be expressly subject and subordinate to all of the provisions of this Lease and to the rights and remedies of the Lessor under this Lease in respect of the Units covered by such sublease, (b) be for a term not extending beyond the end of the Basic Term Expiration Date, and (c) shall not be less restrictive than this Lease or include any term or provision which could

reasonably be expected to result in material adverse consequences to the Lessor. In addition, if the Lessee enters into any such sublease, the Lessee shall deliver to the Lessor a copy of any such sublease as soon as practicable after execution thereof, and the Lessee shall pay all of the Lessor's reasonable out-of-pocket expenses incurred in connection with such transaction, as set forth in Section 19.5 hereof.

19.3 *Assignment by Lessee.* The Lessee shall not, at any time, assign or transfer its leasehold interest hereunder to any Person without the prior written consent of the Lessor, which consent shall not be unreasonably withheld. Each assignment consented to by the Lessor shall provide that (i) such assignee or transferee shall have duly assumed the obligations of the Lessee hereunder, (ii) upon the effectiveness of such assignment or transfer, no Lease Default or Lease Event of Default shall have occurred and be continuing, (iii) the Lessee shall remain obligated under the Lease, and (iv) the Lessee shall pay all of the Lessor's out-of-pocket expenses incurred in connection with such assignment or transfer.

19.4 *Noncomplying Subleases or Assignments.*

(a) Any assignment of this Lease or sublease or transaction which constitutes or operates as an assignment or sublease of any Unit by the Lessee in violation of Section 19.2 or 19.3 shall be void. In connection with any sublease permitted by Section 19.2 or any assignment permitted by Section 19.3, the Lessee shall deliver to the Lessor a legal opinion of independent counsel, selected by the Lessee and reasonably acceptable to the Lessor, stating that under the laws of any applicable jurisdiction (i) all filings, notices, recordings or other actions necessary or appropriate to perfect the ownership interests and security interest of the Lessor in Units located in such jurisdiction have been made or taken and (ii) the Lease is enforceable against such sublessee or assignee.

(b) Short-term car assignments by the Lessee of individual Units (other than locomotives) to connecting carriers shall not be an assignment or sublease in violation of Section 19.2 or 19.3, provided that (i) no such short-term car assignment shall extend for a period of greater than 180 days, (ii) any such short-term car assignment shall be terminable upon notice from the Lessee to the connecting carrier/assignee, (iii) the total number of all Units subject to such short-term car assignments at any one time shall be less than 400 Units, (iv) the Lessee shall at all times remain primarily obligated under this Lease with respect to all such Units subject to short-term car assignments, and (v) the Lessee shall have received the Lessor's prior written consent to such short-term car assignment, *provided, however*, such consent shall be deemed to have been given if the Lessor shall have failed to respond to the Lessee's written request within two (2) Business Days of the Lessor's receipt thereof. If a Default or Event of Default shall have occurred and be continuing, the Lessee shall terminate any such short-term car assignment upon the Lessor's written instructions to do so.

19.5 *Delivery of Documents; Assignment of Subleases; Expenses.* The Lessee shall promptly deliver the original "chattel paper" copy of each sublease to the Lessor. The Lessee hereby grants the Lessor a security interest in each such sublease, provided that so long as no Event of Default shall have occurred and be continuing, the Lessee may exercise its rights under such sublease, including, without limitation, the collection, application and enjoyment of rents

thereunder. The Lessee agrees to indemnify and hold the Lessor harmless against any and all reasonable out-of-pocket expenses, claims, demands and liabilities of whatever nature relating to or in any way arising out of such sublease or assignment, including, without limitation all reasonable out-of-pocket costs, damages, charges, attorneys' fees and expenses arising out of or necessitated by assertion of any such claim or demand with respect to such sublease or assignment.

**SECTION 20. RESERVED.**

**SECTION 21. INTEREST ON OVERDUE RENT.**

Notwithstanding anything to the contrary contained herein, any nonpayment of Rent due hereunder shall result in the additional obligation on the part of the Lessee to pay as Supplemental Rent an amount equal to interest at the Late Rate for the period of time during which such Rent is overdue and not paid.

**SECTION 22. ADDITIONAL COVENANTS.**

22.1 (a) During the term of this Lease, Lessee shall not cease to be a "railroad" for purposes of the Bankruptcy Code or subject to the jurisdiction of the ICC or any successor (so long as such jurisdiction has not been voided by reason of a change in law).

(b) Lessee will provide, or direct any manager of any Unit to provide, to Lessor at all times with the pass key and other access information with respect to any register containing information relating to any Unit, including without limitation the Uniform Machine Language Equipment Register or any other register maintained by AAR.

(c) Lessee irrevocably grants to Lessor power of attorney to take during the continuance of any Default or Event of Default any action in the name of Lessee (or otherwise) with respect to any Unit and in furtherance of collection of any income or proceeds relating to any Unit.

(d) During the Lease Term, Lessee will not agree to the voluntary depreciation of the car hire rate for such Unit or establishment of any car hire rate with respect to such Unit that is lower than the current prescribed rate without the prior written consent of Lessor.

**SECTION 23. INCORPORATION BY REFERENCE.**

23.1 *Covenants, Representations and Warranties.* The Lessee hereby agrees that the representations, warranties and covenants of the Borrower set forth in Sections 5 and 6 of the Credit Extension Agreement are applicable to Lessee pursuant to this Lease and are hereby incorporated by this reference.

**SECTION 24. TRANSFER OF LESSOR'S INTEREST.**

The Lessor may transfer or assign all or any part of its interest in this Lease and/or the Equipment without the consent of the Lessee. Notwithstanding the foregoing, if the proposed transfer or assignment is in favor of any Person who is a significant competitor or significant creditor of the Lessee or who is adverse to the Lessee in pending or overtly threatened litigation, the Lessor shall not execute any such transfer or assignment without the prior written consent of the Lessee, which consent shall not be unreasonably withheld. In connection with any such transfer or assignment, such assignee or transferee shall have expressly assumed in writing pursuant to an assumption agreement, in form and substance reasonably acceptable to the Lessee, the due and punctual performance and observance of all of the covenants and obligations of the Lessor under this Lease and the other Operative Agreements. Notwithstanding any other provision contained herein or in any other Operative Agreement, the restrictions and conditions set forth in this Section 24 shall not apply in the event that a Lease Default or Lease Event of Default shall have occurred and be continuing.

**SECTION 25. MISCELLANEOUS.**

25.1 *Notices; Payment Instructions.* All notices and other communications provided hereunder shall be given to the Lessor and the Lessee in the manner and to the address provided in the Credit Extension Agreement. All payments to the Lessor hereunder shall be to the account set forth below or as otherwise designated from time to time in writing by the Lessor.

Payment Instructions:

Chemical Bank  
640 Madison Avenue  
New York, New York 10022  
for credit to Account # [                    ]  
ABA # 021-000128

25.2 *Execution in Counterparts.* This Lease, and any amendment or supplement hereto, shall be delivered in New York and may be executed in any number of counterparts, each executed counterpart constituting an original, and in each case such counterparts shall constitute but one and the same instrument; *provided, however*, that to the extent that this Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code ("*UCC*")), no security interest in this Lease may be created through the transfer or possession of any counterpart hereof other than the counterpart bearing the receipt therefor executed by the Lessor on the signature page hereof, which counterpart shall constitute the only "original" hereof for purposes of the UCC.

25.3 *Governing Law; Severability.* This Lease, as extended, amended, modified, renewed or supplemented, shall be governed by and construed in accordance with the internal laws and decisions (as opposed to conflicts of law provisions) of the State of New York; *provided, however*, that the parties shall be entitled to all rights conferred by any applicable

Federal statute, rule or regulation. Whenever possible, each provision of this Lease shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Lease shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Lease.

25.4 *Headings and Table of Contents.* The headings of the sections of this Lease and the Table of Contents are inserted for purposes of convenience only and shall not be construed to affect the meaning or construction of any of the provisions hereof.

25.5 *Successors and Assigns.* This Lease shall be binding upon and shall inure to the benefit of, and shall be enforceable by, the parties hereto and their respective successors and permitted assigns.

25.6 *True Lease.* It is the intent of the parties to this Lease that it will be a true lease and not a conditional sale and shall constitute a "lease" for all purposes of Section 1168 of the Bankruptcy Code and that the Lessor shall at all times be considered to be the owner of each Unit which is the subject of this Lease for the purposes of all Federal, state, city and local income taxes or for franchise taxes measured by net income, and that this Lease conveys to the Lessee no right, title or interest in any Unit except as lessee. To the extent that Article 2A ("*Article 2A*") of the UCC applies to the characterization of this Lease, the parties hereby agree that this Lease is a "Finance Lease" as defined therein.

25.7 *Amendments and Waivers.* No term, covenant, agreement or condition of this Lease may be terminated, amended or compliance therewith waived (either generally or in a particular instance, retroactively or prospectively) except by an instrument or instruments in writing executed by each party hereto; *provided, however*, any breach or default, once waived in writing, shall not be deemed continuing for any purpose of the Operative Agreements.

25.8 *Survival.* All warranties, representations, indemnities and covenants made by any party hereto, herein or in any certificate or other instrument delivered by any such party or on the behalf of any such party under this Lease, shall be considered to have been relied upon by each other party hereto and shall survive the consummation of the transactions contemplated hereby on any Closing Date regardless of any investigation made by any such party or on behalf of any such party.

25.9 *1168 Matters.* Notwithstanding any provision herein to the contrary, it is intended, as between the Lessor and the Lessee that the transactions contemplated by this Lease are intended to be entitled to the full benefits of Section 1168 of the Bankruptcy Code. Without limiting the generality of the foregoing, the Lessor and the Lessee acknowledge and intend that this Lease is a "lease" of rolling stock equipment and accessories within the meaning of, and as defined in, Section 1168 of the Bankruptcy Code. To the extent permitted by law, so long as Section 1168 is in effect, the Lessee agrees that it will not, in connection with any bankruptcy proceedings involving the Lessee, take a position in the United States Bankruptcy Court that is inconsistent with the rights of the Lessor under Section 1168.

25.10 *Submission to Jurisdiction.* The Lessee hereby irrevocably and unconditionally submits for itself and its property to the non-exclusive jurisdiction of the courts of the State of New York and the federal courts for the Southern District of New York for the purposes of any suit, action or other proceeding arising out of this Lease or any of the Operative Agreements and to the extent permitted by applicable law, waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of the above-named courts, that its property is exempt or immune from execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper, or that any of the Operative Agreements or the subject matter thereof may not be enforced in or by such courts. Subject to any applicable provisions of law relating to the enforcement thereof, a final judgment against the Lessee in any such suit shall be conclusive, and may be enforced in other jurisdictions by suit on the judgment, a certified or true copy of which shall be conclusive evidence of the fact and of the amount of any indebtedness or liability of the Lessee therein described. The Lessee agrees that it and its property located in the United States may be served with any legal process (and the Lessee will accept such service) in any manner permitted by applicable law. The Lessee hereby appoints C T Corporation System, whose address is 1633 Broadway, New York, New York, as its agent for service of process in the State of New York.

25.11 *WAIVER OF JURY TRIAL.* THE LESSEE HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING REFERRED TO IN SECTION 25.10.

25.12 *Waiver of Immunity.* The Lessee to the extent that it has or hereafter may acquire any immunity (sovereign or otherwise) from any legal action, suit or proceeding, from jurisdiction of any court or from set-off or any legal process (whether service or notice, attachment prior to judgment, attachment in aid of judgment, attachment in aid to execution of judgment or otherwise) with respect to itself or any of its property, whether or not held for its own account, to the fullest extent permitted by applicable law hereby irrevocably and unconditionally waives and agrees not to plead or claim such immunity in respect of the obligations of the Lessee under this Lease or of Borrower pursuant to any Operative Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Equipment Lease Agreement to be executed by their respective officers thereunder duly authorized as of the day and year first above written.

Lessor:

THE CIT GROUP/EQUIPMENT  
FINANCING, INC., a New York corporation

By: \_\_\_\_\_

Name:

Title:

*G. Todd De...  
Vice President*

Lessee:

BANGOR & AROOSTOOK RAILROAD  
COMPANY, a Maine corporation

By: \_\_\_\_\_

Name:

Title:

*Commonwealth of Massachusetts*  
STATE OF NEW YORK )

COUNTY OF *Suffolk* ) ss

On this *10th* day of *March*, 1995, before me personally appeared *G. Todd Herr*, to me personally known, who being by me duly sworn, says that he is the *Vice President* of THE CIT GROUP/EQUIPMENT FINANCING, INC., a New York corporation, that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

*Sharon F. Cullen*, Notary Public  
My Commission Expires: *8-11-2000*

[SEAL]

IN WITNESS WHEREOF, the parties hereto have caused this Equipment Lease Agreement to be executed by their respective officers thereunder duly authorized as of the day and year first above written.

Lessor:

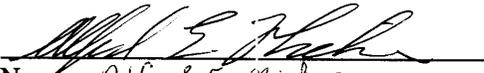
THE CIT GROUP/EQUIPMENT  
FINANCING, INC., a New York corporation

By: \_\_\_\_\_

Name:  
Title:

Lessee:

BANGOR & AROOSTOOK RAILROAD  
COMPANY, a Maine corporation

By:  \_\_\_\_\_

Name: Alfred E. Michon  
Title: President

STATE OF New York )  
 ) ss  
COUNTY OF New York )

On this 16th day of MARCH, 1995, before me personally appeared Alfred E. Michon, to me personally known, who being by me duly sworn, says that he/she is President of BANGOR & AROOSTOOK RAILROAD COMPANY, a Maine corporation, that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he/she acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

**MATTHEW T. COLLINS**  
Notary Public, State of New York  
No. 31-4971893  
Qualified in New York County <sup>96</sup>  
Commission Expires Sept. 10, 19\_\_ Notary Public

My Commission Expires: \_\_\_\_\_

[SEAL]



**SCHEDULE 1**

**DESCRIPTION OF EQUIPMENT**

The Equipment more specifically described below, consisting of Interchange Units only:

SCHEDULE I

\*\*\*\*\* CAR \*\*\*\*\*

INITIAL NUMBER TYPE

BAR	C05200	80X
BAR	C05201	80X
BAR	C05202	80X
BAR	C05203	80X
BAR	C05204	80X
BAR	C05205	80X
BAR	C05206	90X
BAR	C05208	80X
BAR	005209	90X
BAR	C05210	80X
BAR	C05211	80X
BAR	C05212	80X
BAR	C05213	80X
PAR	C05214	80X
BAR	C05215	80X
BAR	C05216	80X
PAR	C05217	80X
BAR	C05218	80X
PAR	C05219	80X
PAR	C05220	80X
PAR	C05221	80X
BAR	C05222	80X
BAR	C05223	80X
BAR	C05224	80X
PAR	C05225	80X
BAR	005226	80X
PAR	C05227	90X
BAR	C05228	80X
PAR	C05229	80X
PAR	C05230	80X
PAR	C05231	90X
PAR	005232	80X
PAR	C05233	80X
BAR	C05234	80X
BAR	C05235	80X
PAR	C05236	80X
PAR	C05237	80X
PAR	C05238	80X
PAR	C05239	80X
PAR	005240	80X
BAR	C05241	80X
PAR	C05242	80X
PAR	C05243	80X
BAR	C05244	80X
BAR	005245	80X
PAR	C05246	80X
BAR	005247	80X
PAR	C05248	80X
BAR	C05249	80X
BAR	005250	80X
PAR	005252	80X
BAR	C05253	80X
BAR	C05254	80X
PAR	005255	80X

SCHEDULE I

\*\*\*\*\* CAR \*\*\*\*\*  
INITIAL NUMBER TYPE  
RAR C05256 BOX  
RAR C05257 BOX  
RAR C05258 BOX  
RAR C05259 BOX  
RAR C05260 BOX  
RAR C05261 BOX  
RAR C05262 BOX  
RAR C05263 BOX  
RAR C05264 BOX  
RAR C05265 BOX  
RAR C05266 BOX  
RAR C05267 BOX  
RAR C05268 BOX  
RAR C05269 BOX  
RAR C05270 BOX  
RAR C05271 BOX  
RAR C05272 BOX  
RAR C05273 BOX  
RAR C05274 BOX  
RAR C05275 BOX  
RAR C05276 BOX  
RAR C05278 BOX  
RAR C05279 BOX  
RAR C05280 BOX  
RAR C05281 BOX  
RAR C05282 BOX  
RAR C05283 BOX  
RAR C05284 BOX  
RAR C05285 BOX  
RAR C05286 BOX  
RAR C05287 BOX  
RAR C05288 BOX  
RAR C05289 BOX  
RAR C05291 BOX  
RAR C05292 BOX  
RAR C05293 BOX  
RAR C05294 BOX  
RAR C05295 BOX  
RAR C05296 BOX  
RAR C05297 BOX

TOTAL ITEMS = 94

SCHEDULE I

\*\*\*\*\* CAR \*\*\*\*\*

INITIAL	NUMBER	TYPE
BAR	C05400	BOX
BAR	C05401	BOX
BAR	C05402	BOX
BAR	C05403	BOX
BAR	C05404	BOX
BAR	C05405	BOX
BAR	C05406	BOX
BAR	C05407	BOX
BAR	C05408	BOX
BAR	C05409	BOX
BAR	C05410	BOX
BAR	C05411	BOX
BAR	C05412	BOX
BAR	C05413	BOX
BAR	C05414	BOX
BAR	C05415	BOX
BAR	C05416	BOX
BAR	C05417	BOX
BAR	C05418	BOX
BAR	C05419	BOX
BAR	C05420	BOX
BAR	C05421	BOX
BAR	C05422	BOX
BAR	C05423	BOX
BAR	C05424	BOX
BAR	C05425	BOX
BAR	C05426	BOX
BAR	C05427	BOX
BAR	C05428	BOX
BAR	C05429	BOX
BAR	C05430	BOX
BAR	C05431	BOX
BAR	C05432	BOX
BAR	C05433	BOX
BAR	C05434	BOX
BAR	C05435	BOX
BAR	C05436	BOX
BAR	C05437	BOX
BAR	C05438	BOX
BAR	C05439	BOX
BAR	C05440	BOX
BAR	C05441	BOX
BAR	C05442	BOX
BAR	C05443	BOX
BAR	C05444	BOX
BAR	C05445	BOX
BAR	C05446	BOX
BAR	C05447	BOX
BAR	C05448	BOX
BAR	C05449	BOX
BAR	C05450	BOX
BAR	C05451	BOX
BAR	C05452	BOX
BAR	C05453	BOX

SCHEDULE I

\*\*\*\*\* CAR \*\*\*\*\*  
INITIAL NUMBER TYPE

BAR	005454	80X
BAR	005455	80X
BAR	005456	80X
BAR	005457	80X
BAR	005458	80X
BAR	005459	80X
BAR	005460	80X
BAR	005461	80X
BAR	005462	80X
BAR	005463	80X
BAR	005464	80X
BAR	005465	80X
BAR	005466	80X
BAR	005467	80X
BAR	005468	80X
BAR	005469	80X
BAR	005470	80X
BAR	005471	80X
BAR	005472	80X
BAR	005473	80X
BAR	005474	80X
BAR	005475	80X
BAR	005476	80X
BAR	005477	80X
BAR	005478	80X
BAR	005479	80X
BAR	005480	80X
BAR	005481	80X
BAR	005482	80X
BAR	005483	80X
BAR	005484	80X
BAR	005485	80X
BAR	005486	80X
BAR	005487	80X
BAR	005489	80X
BAR	005490	80X
BAR	005491	80X
BAR	005492	80X
BAR	005493	80X
BAR	005494	80X
BAR	005495	80X
BAR	005496	80X
BAR	005497	80X
BAR	005499	80X

TOTAL ITEMS = 98

SCHEDULE I

\*\*\*\*\* CAR \*\*\*\*\*  
INITIAL NUMBER TYPE  
BAR 005571 BOX  
BAR 005572 BOX  
BAR 005573 BOX  
BAR 005574 BOX  
BAR 005575 BOX

TOTAL ITEMS = 5

SCHEDULE I

***** CAR *****		
INITIAL	NUMBER	TYPE
PAR	005577	BOX
PAR	005578	BOX
TOTAL ITEMS =		2

SCHEDULE I

***** CAR *****		
INITIAL	NUMBER	TYPE
PAR	005589	BOX
PAR	005590	BOX
PAR	005591	BOX

TOTAL ITEMS = 3

SCHEDULE I

\*\*\*\*\* CAR \*\*\*\*\*  
INITIAL NUMBER TYPE  
BAR CO5594 BOX  
TOTAL ITEMS = 1

SCHEDULE I

\*\*\*\*\* CAR \*\*\*\*\*

INITIAL NUMBER TYPE

BAR	005800	BOX
BAR	005801	BOX
BAR	005802	BOX
BAR	005803	BOX
BAR	005806	BOX
BAR	005807	BOX
BAR	005808	BOX
BAR	005809	BOX
BAR	005810	BOX
BAR	005811	BOX
BAR	005812	BOX
BAR	005813	BOX
BAR	005814	BOX
BAR	005815	BOX
BAR	005816	BOX
BAR	005817	BOX
BAR	005818	BOX
BAR	005819	BOX
BAR	005820	BOX
BAR	005821	BOX
BAR	005823	BOX
BAR	005824	BOX
BAR	005825	BOX
BAR	005826	BOX
BAR	005827	BOX
BAR	005828	BOX
BAR	005829	BOX
BAR	005830	BOX
BAR	005831	BOX
BAR	005832	BOX
BAR	005833	BOX
BAR	005834	BOX
BAR	005835	BOX
BAR	005836	BOX
BAR	005837	BOX
BAR	005838	BOX
BAR	005839	BOX
BAR	005840	BOX
BAR	005841	BOX
BAR	005842	BOX
BAR	005843	BOX
BAR	005844	BOX
BAR	005845	BOX
BAR	005846	BOX
BAR	005847	BOX
BAR	005848	BOX
BAR	005849	BOX
BAR	005850	BOX
BAR	005851	BOX
BAR	005852	BOX
BAR	005853	BOX
BAR	005854	BOX
BAR	005855	BOX
BAR	005856	BOX

SCHEDULE I

\*\*\*\*\* CAR \*\*\*\*\*  
INITIAL NUMBER TYPE

BAR	005857	BOX
BAR	005858	BOX
BAR	005859	BOX
BAR	005860	BOX
BAR	005861	BOX
BAR	005862	BOX
BAR	005863	BOX
BAR	005865	BOX
BAR	005866	BOX
BAR	005867	BOX
BAR	005868	BOX
BAR	005869	BOX
BAR	005870	BOX
BAR	005871	BOX
BAR	005872	BOX
BAR	005873	BOX
BAR	005874	BOX
BAR	005876	BOX
BAR	005877	BOX
BAR	005878	BOX
BAR	005880	BOX
BAR	005881	BOX
BAR	005882	BOX
BAR	005883	BOX
BAR	005885	BOX
BAR	005886	BOX
BAR	005887	BOX
BAR	005888	BOX
BAR	005889	BOX
BAR	005890	BOX
BAR	005891	BOX
BAR	005892	BOX
BAR	005893	BOX
BAR	005894	BOX
BAR	005895	BOX
BAR	005896	BOX
BAR	005897	BOX
BAR	005898	BOX
BAR	005899	BOX
BAR	005900	BOX
BAR	005901	BOX
BAR	005902	BOX
BAR	005903	BOX
BAR	005904	BOX
BAR	005905	BOX
BAR	005906	BOX
BAR	005907	BOX
BAR	005908	BOX
BAR	005909	BOX
BAR	005910	BOX
BAR	005911	BOX
BAR	005912	BOX
BAR	005913	BOX
BAR	005914	BOX

SCHEDULE I

\*\*\*\*\* CAP \*\*\*\*\*

INITIAL NUMBER TYPE

BAR	C05915	BOX
BAR	C05916	BOX
BAR	C05917	BOX
BAR	C05918	BOX
BAR	C05919	BOX
BAR	C05920	BOX
BAR	C05922	BOX
BAR	C05923	BOX
BAR	C05924	BOX
BAR	C05925	BOX
BAR	C05926	BOX
BAR	C05927	BOX
BAR	C05928	BOX
BAR	C05929	BOX
BAR	C05930	BOX
BAR	C05931	BOX
BAR	C05932	BOX
BAR	C05933	BOX
BAR	C05934	BOX
BAR	C05935	BOX
BAR	C05936	BOX
BAR	C05937	BOX
BAR	C05939	BOX
BAR	C05940	BOX
BAR	C05941	BOX
BAR	C05942	BOX
BAR	C05943	BOX
BAR	C05944	BOX
BAR	C05945	BOX
BAR	C05947	BOX
BAR	C05948	BOX
BAR	C05949	BOX
BAR	C05950	BOX
BAR	C05951	BOX
BAR	C05952	BOX
BAR	C05953	BOX
BAR	C05954	BOX
BAR	C05956	BOX
BAR	C05958	BOX
BAR	C05959	BOX
BAR	C05961	BOX
BAR	C05962	BOX
BAR	C05963	BOX
BAR	C05964	BOX
BAR	C05965	BOX
BAR	C05966	BOX
BAR	C05967	BOX
BAR	C05969	BOX
BAR	C05970	BOX
BAR	C05971	BOX
BAR	C05972	BOX
BAR	C05973	BOX
BAR	C05974	BOX
BAR	C05975	BOX

SCHEDULE I

\*\*\*\*\* CAR \*\*\*\*\*

INITIAL	NUMBER	TYPE
BAR	005977	BOX
PAR	005978	BOX
PAR	005979	BOX
PAR	005980	BOX
PAR	005981	BOX
BAR	005982	BOX
BAR	005983	BOX
BAR	005985	BOX
PAR	005986	BOX
PAR	005987	BOX
BAR	005989	BOX
PAR	005990	BOX
PAR	005991	BOX
BAR	005992	BOX
PAR	005993	BOX
PAR	005994	BOX
PAR	005995	BOX
BAR	005996	BOX
BAR	005997	BOX
PAR	005999	BOX

TOTAL ITEMS = 182

TOTAL ITEMS =

SCHEDULE I

\*\*\*\*\* CAR \*\*\*\*\*  
INITIAL NUMBER TYPE

BAR	C08701	80X
BAR	C08702	80X
BAR	C08703	80X
BAR	C08704	80X
BAR	C08705	80X
BAR	C08706	80X
BAR	C08707	80X
BAR	008708	80X
BAR	C08709	80X
BAR	C08710	80X
BAR	C08711	80X
BAR	C08712	80X
BAR	C08713	80X
BAR	C08715	80X
BAR	C08716	80X
BAR	C08717	80X
BAR	C08718	80X
BAR	C08719	80X
BAR	C08720	80X
BAR	C08721	80X
BAR	C08722	80X
BAR	C08723	80X
BAR	C08724	80X
BAR	C08725	80X
BAR	C08726	80X
BAR	008727	80X
BAR	C08728	80X
BAR	C08729	80X
BAR	C08730	80X
BAR	C08731	80X
BAR	008732	80X
BAR	008733	80X
BAR	C08734	80X
BAR	C08735	80X
BAR	C08736	80X
BAR	C08737	80X
BAR	C08738	80X
BAR	008739	80X
BAR	C08740	80X
BAR	C08741	80X
BAR	C08742	80X
BAR	C08743	80X
BAR	C08744	80X
BAR	008745	80X
BAR	008746	80X
BAR	C08747	80X
BAR	C08748	80X
BAR	C08749	80X
BAR	C08750	80X
BAR	008751	80X
BAR	C08752	80X
BAR	C08753	80X
BAR	C08754	80X
BAR	C08755	80X

SCHEDULE I

\*\*\*\*\* CAR \*\*\*\*\*  
INITIAL NUMBER TYPE

BAR	C08756	BOX
BAR	C08757	BOX
BAR	C08758	BOX
BAR	C08759	BOX
BAR	C08760	BOX
BAR	C08761	BOX
BAR	C08762	BOX
BAR	008763	BOX
BAR	C08764	BOX
BAR	C08765	BOX
BAR	C08766	BOX
BAR	C08767	BOX
BAR	C08768	BOX
BAR	008769	BOX
BAR	C08770	BOX
BAR	C08771	BOX
BAR	C08772	BOX
BAR	C08773	BOX
BAR	C08774	BOX
BAR	C08775	BOX
BAR	C08776	BOX
BAR	C08777	BOX
BAR	C08778	BOX
BAR	008779	BOX
BAR	008780	BOX
BAR	008781	BOX
BAR	008782	BOX
BAR	C08783	BOX
BAR	C08784	BOX
BAR	C08785	BOX
BAR	C08786	BOX
BAR	008787	BOX
BAR	C08788	BOX
BAR	C08789	BOX

TOTAL ITEMS = 88

SCHEDULE I

\*\*\*\*\* CAR \*\*\*\*\*  
INITIAL NUMBER TYPE  
RAR C09000 BOX  
BAR C09001 BOX  
RAR C09002 BOX  
BAR C09003 BOX  
RAR C09004 BOX  
PAR C09005 BOX  
BAR C09006 BOX  
BAR C09008 BOX  
BAR C09009 BOX  
BAR C09010 BOX  
RAR C09011 BOX  
RAR C09012 BOX  
RAR C09013 BOX  
BAR C09014 BOX  
PAR C09015 BOX  
RAR C09016 BOX  
RAR C09017 BOX  
RAR C09018 BOX  
RAR C09019 BOX  
PAR C09021 BOX  
RAR C09022 BOX  
RAR C09023 BOX  
RAR C09024 BOX  
RAR C09025 BOX  
BAR C09026 BOX  
RAR C09027 BOX  
RAR C09028 BOX  
RAR C09029 BOX  
PAR C09030 BOX  
RAR C09031 BOX  
RAR C09032 BOX  
RAR C09034 BOX

TOTAL ITEMS = 32

SCHEDULE I

***** CAR *****		
INITIAL	NUMBER	TYPE
BAR	C09100	80X
BAR	C09101	80X
BAR	C09102	90X
BAR	C09104	80X
BAR	C09105	80X
BAR	C09106	80X
BAR	C09107	80X
BAR	C09108	80X
BAR	C09109	80X
BAR	C09110	80X
BAR	009111	80X
BAR	009114	80X
BAR	C09115	80X
BAR	C09116	80X
BAR	C09117	80X
BAR	C09119	80X
BAR	009120	80X
BAR	C09121	80X
BAR	C09122	80X
BAR	C09123	80X
BAR	C09125	80X
BAR	C09126	80X
BAR	009127	80X
BAR	009128	80X
BAR	C09129	80X
BAR	C09130	90X
BAR	C09132	80X
BAR	009133	80X
BAR	009135	80X
BAR	C09136	80X
BAR	C09137	80X
BAR	C09138	80X
BAR	C09139	80X
BAR	C09140	80X
BAR	C09141	80X
BAR	C09142	80X
BAR	009143	80X
BAR	C09144	80X
BAR	009145	80X
BAR	009146	80X
BAR	009147	80X
BAR	009148	80X

TOTAL ITEMS = 42

SCHEDULE I

\*\*\*\*\* CAR \*\*\*\*\*  
INITIAL NUMBER TYPE

BAR	C09200	BOX
BAR	C09201	BOX
BAR	C09202	BOX
BAR	C09203	BOX
BAR	C09204	BOX
BAR	C09205	BOX
BAR	C09207	BOX
BAR	C09209	BOX
BAR	C09211	BOX
BAR	C09212	BOX
BAR	C09213	BOX
BAR	C09214	BOX
BAR	C09215	BOX
BAR	C09216	BOX
BAR	C09217	BOX
BAR	C09218	BOX
BAR	C09220	BOX
BAR	C09222	BOX
BAR	C09223	BOX
BAR	C09224	BOX
BAR	C09225	BOX
BAR	C09226	BOX
BAR	C09227	BOX
BAR	C09228	BOX
BAR	C09229	BOX
BAR	C09230	BOX
BAR	C09231	BOX
BAR	C09232	BOX
BAR	C09233	BOX
BAR	C09234	BOX
BAR	C09235	BOX
BAR	C09236	BOX
BAR	C09237	BOX
BAR	C09238	BOX
BAR	C09239	BOX
BAR	C09240	BOX
BAR	C09241	BOX
BAR	C09242	BOX
BAR	C09243	BOX
BAR	C09244	BOX
BAR	C09245	BOX
BAR	C09247	BOX
BAR	C09248	BOX
BAR	C09249	BOX

TOTAL ITEMS = 44

SCHEDULE I

\*\*\*\*\* CAP \*\*\*\*\*

INITIAL	NUMBER	TYPE
BAR	033501	GOND
BAR	033502	GOND
BAR	033505	GOND
BAR	033506	GOND
BAR	033507	GOND
BAR	033510	GOND
BAR	033521	GOND
BAR	033523	GOND
BAR	033524	GOND
BAR	033525	GOND
BAR	033526	GOND
BAR	033529	GOND
BAR	033530	GOND
BAR	033532	GOND
BAR	033534	GOND
BAR	033537	GOND
BAR	033538	GOND
BAR	033539	GOND
BAR	033540	GOND
BAR	033541	GOND
BAR	033542	GOND
BAR	033543	GOND
BAR	033545	GOND
BAR	033546	GOND
BAR	033548	GOND
BAR	033551	GOND
BAR	033552	GOND
BAR	033553	GOND
BAR	033554	GOND
BAR	033555	GOND
BAR	033556	GOND
BAR	033557	GOND
BAR	033558	GOND
BAR	033559	GOND
BAR	033562	GOND
BAR	033563	GOND
BAR	033564	GOND
BAR	033565	GOND
BAR	033566	GOND
BAR	033567	GOND
BAR	033568	GOND
BAR	033569	GOND
BAR	033570	GOND
BAR	033573	GOND
BAR	033575	GOND

TOTAL ITEMS = 45

**SCHEDULE 2**

**BASIC RENT**

The Lease Rate Factor shall be 1.5432099%.

Aggregate Equipment Cost: \$10,303,200

Equipment Cost Per Unit: \$16,200

**SCHEDULE 3**

**STIPULATED LOSS VALUES**

BANGOR & AROOSTOOK  
ADR EQUIPMENT  
TREASURY RATES AS OF 3-14-95  
10 Year Term  
3-17-95 DELIVERY  
-Stipulated Loss Values-

Interet Analysis Program  
File Name: bangor-3

CIT Capital Equipment Financing  
16-Mar-95 at 17:39

Values are net of any arrears rent due that day.  
The lessee pays the loss value plus the "Rent Received".  
The base for percentage amounts is \$10,303,200.00.

Date of Termin.	Stipulated Loss Value (%)	Stipulated Loss Value	Rental Received
3/17/95	108.77418286	11207221.61	.00
4/17/95	108.68032689	11197551.44	159000.00
5/17/95	108.57709715	11186915.47	159000.00
6/17/95	108.47605991	11176505.40	159000.00
7/17/95	108.36558941	11165123.41	159000.00
8/17/95	108.24560750	11152761.43	159000.00
9/17/95	108.12767931	11140611.05	159000.00
10/17/95	108.00017794	11127474.33	159000.00
11/17/95	107.86302406	11113343.09	159000.00
12/17/95	107.72778163	11099408.80	159000.00
1/17/96	107.58282259	11084473.38	159000.00
2/17/96	107.42806642	11068528.54	159000.00
3/17/96	107.26343194	11051565.92	159000.00
4/17/96	107.09830920	11034552.99	159000.00
5/17/96	106.92322227	11016513.44	159000.00
6/17/96	106.74756050	10998414.65	159000.00
7/17/96	106.56184724	10979280.25	159000.00
8/17/96	106.36599922	10959101.63	159000.00
9/17/96	106.16940434	10938846.07	159000.00
10/17/96	105.96258456	10917537.01	159000.00
11/17/96	105.74545514	10895165.73	159000.00
12/17/96	105.52740255	10872699.34	159000.00
1/17/97	105.29894729	10849161.14	159000.00
2/17/97	105.06000314	10824542.24	159000.00
3/17/97	104.81048320	10798833.71	159000.00
4/17/97	104.56181223	10773212.64	159000.00
5/17/97	104.30248490	10746493.62	159000.00
6/17/97	104.04392531	10719853.71	159000.00
7/17/97	103.77462745	10692107.42	159000.00
8/17/97	103.49450235	10663245.57	159000.00
9/17/97	103.21497269	10634445.07	159000.00
10/17/97	102.92453105	10604520.28	159000.00
11/17/97	102.62308700	10573461.90	159000.00
12/17/97	102.32206177	10542446.67	159000.00
1/17/98	102.00994663	10510288.82	159000.00

SCHEDULE 3

STIPULATED LOSS VALUES

BANGOR & AROOSTOOK  
ADR EQUIPMENT  
TREASURY RATES AS OF 3-14-95  
10 Year Term  
3-17-95 DELIVERY  
-Stipulated Loss Values-

Interet Analysis Program  
File Name: bangor-3

CIT Capital Equipment Financing  
16-Mar-95 at 17:39  
\* Page 2 \*

Date of Termin.	Stipulated Loss Value (\$)	Stipulated Loss Value	Rental Received
2/17/98	101.68664938	10476978.86	159000.00
3/17/98	101.35207752	10442507.25	159000.00
4/17/98	101.01943545	10408234.47	159000.00
5/17/98	100.67544138	10372792.08	159000.00
6/17/98	100.33329906	10337540.47	159000.00
7/17/98	99.97972605	10301111.13	159000.00
8/17/98	99.61462765	10263494.32	159000.00
9/17/98	99.25120618	10226050.28	159000.00
10/17/98	98.87617774	10187410.35	159000.00
11/17/98	98.48944617	10147564.62	159000.00
12/17/98	98.10421232	10107873.20	159000.00
1/17/99	97.70719080	10066967.28	159000.00
2/17/99	97.29828397	10024836.79	159000.00
3/17/99	96.87739333	9981471.59	159000.00
4/17/99	96.45927965	9938392.50	159000.00
5/17/99	96.02910593	9894070.84	159000.00
6/17/99	95.60163230	9850027.38	159000.00
7/17/99	95.16202111	9804733.36	159000.00
8/17/99	94.71017179	9758178.42	159000.00
9/17/99	94.26084301	9711883.18	159000.00
10/17/99	93.79919563	9664318.72	159000.00
11/17/99	93.32512758	9615474.54	159000.00
12/17/99	92.85339601	9566871.10	159000.00
1/17/ 0	92.36916026	9516979.32	159000.00
2/17/ 0	91.87231673	9465788.54	159000.00
3/17/ 0	91.36276095	9413287.99	159000.00
4/17/ 0	90.85597671	9361072.99	159000.00
5/17/ 0	90.33639790	9307539.75	159000.00
6/17/ 0	89.81950763	9254283.51	159000.00
7/17/ 0	89.28973911	9199700.40	159000.00
8/17/ 0	88.74698563	9143779.42	159000.00
9/17/ 0	88.20672871	9088115.67	159000.00
10/17/ 0	87.65339998	9031105.11	159000.00
11/17/ 0	87.08689113	8972736.57	159000.00
12/17/ 0	86.52268207	8914604.98	159000.00
1/17/ 1	85.94520279	8855106.13	159000.00
2/17/ 1	85.35434334	8794228.70	159000.00
3/17/ 1	84.74999284	8731961.26	159000.00

SCHEDULE 3

STIPULATED LOSS VALUES

BANGOR & AROOSTOOK  
ADR EQUIPMENT  
TREASURY RATES AS OF 3-14-95  
10 Year Term  
3-17-95 DELIVERY  
-Stipulated Loss Values-

Interest Analysis Program  
File Name: bangor-3

CIT Capital Equipment Financing  
15-Mar-95 at 17:39  
\* Page 3 \*

Date of Termin.	Stipulated Loss Value (%)	Stipulated Loss Value	Rental Received
4/17/ 1	84.14762865	8669898.48	159000.00
5/17/ 1	83.53167815	8606435.86	159000.00
6/17/ 1	82.91761789	8543168.01	159000.00
7/17/ 1	82.28987446	8478490.34	159000.00
8/17/ 1	81.64833448	8412391.20	159000.00
9/17/ 1	81.00847277	8346464.97	159000.00
10/17/ 1	80.35471416	8279106.91	159000.00
11/17/ 1	79.68694352	8210305.16	159000.00
12/17/ 1	79.02063385	8141653.95	159000.00
1/17/ 2	78.34020886	8071548.40	159000.00
2/17/ 2	77.64555028	7999976.34	159000.00
3/17/ 2	76.93654084	7926925.68	159000.00
4/17/ 2	76.22865074	7853990.34	159000.00
5/17/ 2	75.50630021	7779565.12	159000.00
6/17/ 2	74.78495854	7705243.85	159000.00
7/17/ 2	74.04904503	7629421.21	159000.00
8/17/ 2	73.29843895	7552084.76	159000.00
9/17/ 2	72.54860767	7474828.15	159000.00
10/17/ 2	71.78396856	7396045.85	159000.00
11/17/ 2	71.00439892	7315725.23	159000.00
12/17/ 2	70.22536417	7235459.72	159000.00
1/17/ 3	69.43127967	7153643.61	159000.00
2/17/ 3	68.63202074	7070264.04	159000.00
3/17/ 3	67.79746165	6985308.07	159000.00
4/17/ 3	66.97306474	6900368.81	159000.00
5/17/ 3	66.13324230	6813840.22	159000.00
6/17/ 3	65.29345564	6727315.32	159000.00
7/17/ 3	64.43811600	6639187.97	159000.00
8/17/ 3	63.56709450	6549444.88	159000.00
9/17/ 3	62.69585035	6459678.85	159000.00
10/17/ 3	61.80879262	6368283.52	159000.00
11/17/ 3	60.90579031	6275245.39	159000.00
12/17/ 3	60.00230043	6182157.02	159000.00
1/17/ 4	59.08272986	6087411.82	159000.00
2/17/ 4	58.14694539	5990996.08	159000.00
3/17/ 4	57.19481268	5892895.94	159000.00
4/17/ 4	56.24178531	5794703.62	159000.00
5/17/ 4	55.27226703	5694812.22	159000.00

SCHEDULE 3

STIPULATED LOSS VALUES

BANGOR & AROOSTOOK  
ADR EQUIPMENT  
TREASURY RATES AS OF 3-14-95  
10 Year Term  
3-17-95 DELIVERY  
-Stipulated Loss Values-

Interest Analysis Program  
File Name: bangor-3

CIT Capital Equipment Financing  
16-Mar-95 at 17:39  
\* Page 4 \*

Date of Termin.	Stipulated Loss Value (%)	Stipulated Loss Value	Rental Received
6/17/ 4	54.30171014	5594813.80	159000.00
7/17/ 4	53.31451701	5493101.32	159000.00
8/17/ 4	52.31054979	5389660.37	159000.00
9/17/ 4	51.30525860	5286083.40	159000.00
10/17/ 4	50.28304366	5180762.55	159000.00
11/17/ 4	49.24376430	5073683.52	159000.00
12/17/ 4	48.20286865	4966437.96	159000.00
1/17/ 5	47.14475475	4857418.37	159000.00
2/17/ 5	46.06927865	4746609.92	159000.00
3/17/ 5	44.69135802	4604640.00	159000.00