

SIDLEY & AUSTIN
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

1-225A079

CHICAGO
LOS ANGELES
NEW YORK

1722 EYE STREET, N.W.
WASHINGTON, D.C. 20006
TELEPHONE 202: 736-8000
TELEX 89-463
FACSIMILE 202: 736-8711

LONDON
SINGAPORE
TOKYO
JOINT OFFICE WITH
ASHURST MORRIS CRISP
TOKYO
ASSOCIATED WITH
HASHIDATE LAW OFFICE

August 13, 1991

WRITER'S DIRECT NUMBER
(202) 736-8021

Mr. Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Washington, D.C. 20423

RECORDATION NO. 6792
AUG 13 1991 - 2 15 PM
INTERSTATE COMMERCE COMMISSION
RECEIVED
AUG 16 1991

Dear Mr. Strickland:

In accordance with 49 U.S.C. Section 11303 and the Commission's Rules, I submit herewith for recording with the Commission three (3) counterparts, properly executed and acknowledged, of the document described blow.

This document is an Assignment and Assumption, a second document, dated as of May 23, 1991. The primary document to which this is connected is recorded under Recordation No. 6792.

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

LESSOR: Chrysler Rail Transportation Corporation
300 Knightsbridge Parkway
Suite 320
Lincolnshire, Illinois 60069

LESSEE: D&H Corporation
P.O. Box 8002
200 Clifton Corporate Parkway
Clifton Park, New York 12065

The equipment originally covered by the document is generally described as follows:

<u>Number of Units</u>	<u>General Description</u>	<u>Railroad's Road Numbers (both inclusive)</u>
12	Diesel Electric General Purpose Locomotive 2000 H.P.	See Schedule 1 Attached

Countersigned Melinda Castello

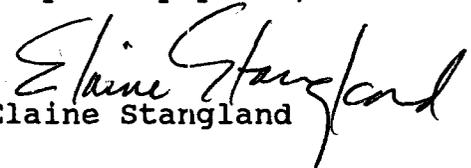
Mr. Sidney L. Strickland, Jr.
August 13, 1991
Page 2

A fee of \$15.00 is enclosed. Please return two of the original counterparts, stamped with the Commission's recordation date, by telephoning me at the above number. I will arrange to have them picked up.

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

Assignment of Lease dated September 6, 1972,
Recordation No. 6792, dated November 10, 1972
to D&H Corporation and covering 12 Diesel
Electric General Purpose Locomotives numbered
7307, 7309, 7312, 221, 223, 224, 225, 7314,
7323, 7324, 227, 7316.

Very truly yours,


Elaine Stangland

Encl.

(Execution Copy)

AUG 19 1991 -2 15 PM

ICC Recordation No. 6792

INTERSTATE COMMERCE COMMISSION

Assignment and Assumption

This Assignment and Assumption ("Assignment") is entered into as of this ___ day April, 1991, between D&H Corporation ("New D&H") and Francis P. Dicello, trustee of The Delaware and Hudson Railway Company, debtor in the Chapter 11 case ("Chapter 11 Case") presently pending in the United States Bankruptcy Court for the District of Delaware (Case No. 88-342) ("Old D&H").

1. Assignment

In consideration of the Purchase Price, Old D&H hereby sells, assigns and transfer to New D&H, all of its right, title and interest in and to the Lease, the Warranties and the Units. This assignment is made on an "AS IS" "WHERE IS" basis with respect to the Units and without representation or warranty of any kind except that Old D&H hereby represents and warrants that: to its best knowledge attached hereto as Exhibit A is full, true and complete copy of the Lease; as of the Effective Date, all amounts payable by the lessee thereunder accrued or payable on or prior to the Effective Date have been and will be paid; and title to the Units is free and clear of any liens, claims or encumbrances created by Old D&H subsequent to the filing of its Chapter 11 Case.

2. Assumption.

New D&H hereby assumes and agrees to perform all obligations of the lessee under the Lease to be performed on and after the Effective Date.

3. Definitions.

As used in this Assignment, the following terms shall have the meanings ascribed to them in this Paragraph 3:

3.1 "Effective Date" means the date, on or before June 30, 1991, on which all of the following have occurred: (i) the Order is final; (ii) this Assignment has been executed by all parties; (iii) the Consent appended hereto has been executed by Chrysler Rail Transportation Corporation; and (iv) the Letter Agreement appended hereto as Exhibit B has been executed by Chrysler Rail Transportation Corporation and delivered to New D&H.

3.2 "Lease" means that certain lease of Railroad Equipment dated as of September 6, 1972 between XTRA, Inc. and John F. Nash and Robert C. Halderman, Trustees of the property of the Lehigh Valley Railroad Company, Debtor, assigned by XTRA, Inc. to Chrysler Rail Transportation Corporation and assigned by such Trustees to the Old D&H and as amended by that certain Amendment to Lease, effective October 1, 1987.

3.3 "Order" means an order of the Bankruptcy Court having jurisdiction over the Chapter 11 case of Old D&H approving this Assignment and the transactions contemplated hereby under Section 365 of the Bankruptcy Code and finding that New D&H is a good faith assignee and otherwise in form and substance reasonably satisfactory to New D&H.

3.4 "Purchase Price" means an amount, calculated as of the day preceding the Effective Date, and payable to Old D&H in U.S. Dollars on the Effective Date, equal to \$3,495,000 minus the present value of all lease payments under the Lease from and after the Effective Date. Present value shall be calculated using a simple discount rate of 8.5%. If the Effective Date is June 30, 1991, the Purchase Price would be \$2,694,061.16.

3.5 "Units" means the GP 38-2 locomotives identified on Schedule 1 attached hereto.

3.6 "Warranties" means all benefits of any and all warranties relating to the Units of any nature whatsoever and all causes of action and rights and remedies against any third parties relating to the Units.

Dated: August 9, 1991.

Assignor:

Francis P. Dicello, Trustee
Francis P. Dicello, as trustee
and not in his individual
capacity.

Assignee:

D&H Corporation

By: [Signature]

Its: President

CONSENT

The undersigned hereby consents to the foregoing Assignment and Assumption and certifies that attached hereto as Exhibit A is full, true and complete copy of the Lease, the Lease is not in default, is in full force and effect and all obligations of the lessor thereunder to be performed on or prior to the Effective Date have been and will be performed.

Dated: May 23, 1991

Chrysler Rail Transportation Corporation

By: Donald B. Tynd Jr
Its: VP President

Corporate Form of Acknowledgement

State of NEW YORK

County of WESTCHESTER ss

On this 23rd day of MAY, 1991 before me personally appeared, DONALD B. RYNS, JR., to me personally known, who being by me duly sworn, says that he is the VICE PRESIDENT of CHRYSLER RAIL TRANSPORTATION CORPORATION that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL)

Rossia Mada
Notary Public

My Commission expires 4/15/93.
EHS91B44.URD (5/15/91 4:36pm)

My Registration # is 4980282

Trustee Form of Acknowledgement

District of Columbia}

On this eighth day of August 1991 before me personally appeared, Francis P. Dicello, to me personally known, who being by me duly sworn, says that he is the Trustee of the Estate of the Railway Reorganization Estate, Inc. that said instrument was signed and sealed on behalf of said corporation by authority of United States Bankruptcy Court for the District of Delaware and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

My Commission expires My Comm. Exps Jan 14, 1992.

Corporate Form of Acknowledgement

Province
State of Ontario
County of West York ss

On this 9th day of August, 1991 before me personally appeared, Gilbert Mackie, to me personally known, who being by me duly sworn, says that he is the President of W.P.H. Corporation that ~~the seal affixed to the foregoing instrument is the corporate seal of said corporation,~~ that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL)

G.P. Beard
Notary Public

My Commission expires 5/15/91 4:36pm.
EHS91B44.URD

SECRETARY'S
REGISTRY NO.

172 861

6792

RECORDATION NO. Paid & Recorded

LEASE AGREEMENT

NOV 10 1972 - 1 10 PM

THIS LEASE OF RAILROAD EQUIPMENT dated as of September 6, 1972 between XTRA, Inc., a corporation of the State of Massachusetts (Lessor), and John F. Nash and Robert C. Malden, Trustees of the property of LEHIGH VALLEY RAILROAD COMPANY, Debtor, and the successors of said Trustees, or of either of them (Lessees),

W I T N E S S E T H :

WHEREAS, GENERAL MOTORS CORPORATION a corporation of the State of Delaware (Manufacturer), and Lessor have executed a Purchase Contract dated as of August 14, 1972 and an amendment thereof dated as of the date hereof (said Purchase Contract as so amended being hereinafter called the Purchase Contract) whereby Manufacturer has agreed to manufacture and sell and Lessor has agreed to purchase and pay for 12 Diesel-Electric Locomotives of the Model and in the respective quantities, and bearing, respectively, the Serial Numbers of Manufacturer and the Railroad's Road Numbers set forth in Schedule A hereto (said Locomotives being hereinafter collectively called Locomotives and individually a Locomotive); and

WHEREAS, Lessees desire to lease all of the Locomotives or such lesser number thereof as are delivered and accepted in accordance with the provisions hereof; and

WHEREAS, the Locomotives are to be manufactured in accordance with the specifications approved by Lessees, (such specifications being hereinafter called the "Specifications"); and

WHEREAS, Manufacturer, in consideration of Lessee's agreement to lease the Locomotives from Lessor, has agreed by a Warranty Agreement dated as of the date hereof (the Warranty Agreement) to be obligated to Lessees by certain covenants and warranties of Manufacturer; and

WHEREAS, the terms and provisions contained in this Lease and the Warranty Agreement constitute the only understanding, oral or written, between Lessor and Lessees relating to the Locomotives; and

WHEREAS, the aforesaid John F. Nash and Robert C. Halderan having been duly appointed Trustees of the property of Lehigh Valley Railroad Company (the Railroad) by order of the United States District Court for the Eastern District of Pennsylvania in a proceeding under Section 77 of the Bankruptcy Act entitled "In the matter of Lehigh Valley Railroad Company, Debtor, No. 70-432", and said appointment having been duly ratified by an order of the Interstate Commerce Commission, and said Trustees having duly qualified as such and being now in possession of and operating the property of the Railroad pursuant to the provisions and directions contained in orders of said Court; and

WHEREAS, by an order of said Court dated July 13, 1972 the form and terms of this Lease were approved by said Court in substantially the present form hereof, and Lessees were duly authorized and directed to execute and deliver this Lease and otherwise to make and carry out the covenants and agreements on their part herein contained; and

WHEREAS, Lessees represent that all acts and things necessary to make this Lease valid and binding upon Lessees have been done and performed;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by Lessees, Lessor hereby leases the Locomotives to Lessees upon the following terms and conditions:

SECTION 1. DELIVERY AND ACCEPTANCE OF LOCOMOTIVES

Each of the Locomotives shall be inspected by an authorized representative of Lessor and Lessees at Manufacturer's plant at McCook, Illinois, and again at the point of delivery hereinbefore specified, and if such Locomotive is in good order and condition and conforms to the Specifications and the other requirements of Section 1 of the Purchase Contract and to all applicable Federal Railroad Administration requirements and all standards recommended by the Association of American Railroads, such representative shall execute and deliver to Manufacturer and to Lessor a Certificate of Inspection and Acceptance in the form as set forth in Exhibit B, hereto. On acceptance of delivery of any Locomotive as provided in this Section 1, possession of such Locomotive shall, for all purposes, be deemed to be held by Lessees under and subject to all the terms and conditions of this

Lease; provided, however, that no Certificate of Inspection and Acceptance shall diminish or otherwise affect the obligations of Manufacturer under the Warranty Agreement. Lessees shall promptly after the execution of this Lease deliver to Lessor a certificate signed by the Secretary or any Assistant Secretary of Lessees setting forth the names and signatures of the persons authorized to execute and deliver Certificates of Inspection and Acceptance hereunder.

At all times during the continuance of this Lease, title to the locomotives shall be vested in Lessor to the exclusion of Lessees, and delivery of possession of the Locomotives to Lessees and Lessees' possession of the Locomotives shall constitute a leasehold interest only.

SECTION 2. TERM OF THE LEASE. The initial term of this Lease, (hereinafter called the "Initial Term"), as to each locomotive shall commence on the date of delivery to Lessees specified in the Certificate of Inspection and Acceptance for such locomotive and, subject to the provisions of Sections 9, 10 and 12 hereof, shall terminate on the day (hereinafter called the "Initial Term Terminal Day"), ~~preceding the fifteenth anniversary of the Average Date of Acceptance,~~ as hereinafter defined in this Section 2. The term of this Lease shall expire on the Initial Term Terminal Day unless Lessees exercise either or both of their rights and options to extend the term of this Lease as hereinafter provided in this Section 2.

Unless an Event of Default under Section 12 hereof shall have occurred and be continuing, Lessees shall have the right and option, by written notice given to Lessor not less than ninety (90) days prior to the Initial Term Terminal Day, to extend, subject to the provisions of Section 10 hereof, the term of this Lease with respect to the Locomotives then subject to this Lease for an additional period of five (5) years, (hereinafter called the "Extended Term"), commencing on the Fifteenth anniversary of the Average Date of Acceptance, as hereinafter defined in this Section 2, and ending on the day, (hereinafter called the "Extended Term Terminal Day"), preceding the twentieth anniversary of the Average Date of Acceptance, as hereinafter defined in this Section 2.

In the event that Lessees exercise such right and option to extend the term of this Lease, the provisions of Sections 8, 9, 10, 11, 12 and 16 hereof shall be applicable during such extended term of this Lease.

From and after the date of execution hereof until the expiration or termination of the Initial Term or the extension thereof, as to any locomotive as set forth in this Section, this Lease shall not be subject to termination by Lessor except pursuant to Section 12 hereof upon the occurrence of an Event of Default, or by Lessees except pursuant to Section 10 hereof.

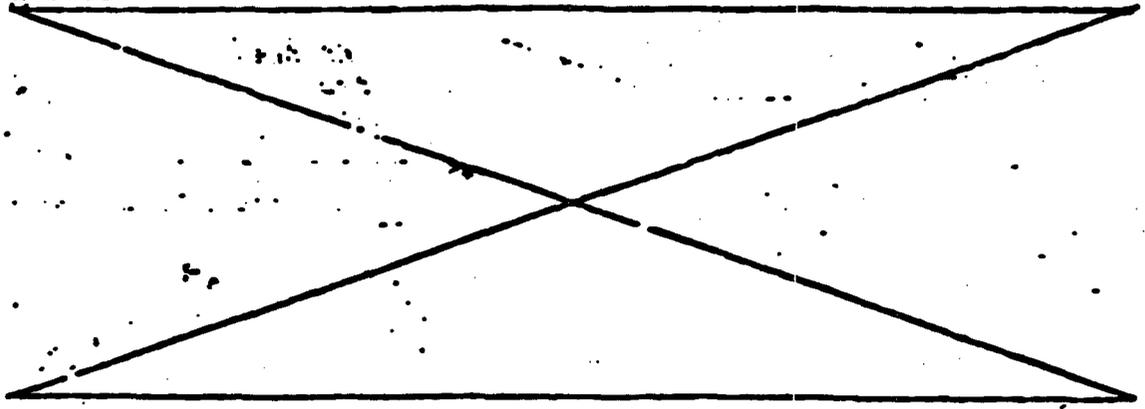
For the purposes of this Lease, the "Average Date of Acceptance" shall be the first day of the calendar month next succeeding a date determined as follows: the number of locomotives accepted by Lessees on each date of acceptance on or prior to the cutoff date as extended shall in each case be multiplied by the number of days elapsed subsequent to the date of the acceptance of the first locomotive accepted; the products so obtained shall be added together and divided by the total number of locomotives accepted on or prior to the last date on or prior to the cutoff date as extended on which any of the locomotives were accepted; and the quotient so obtained (rounded out to the nearest whole number) will be the number of days elapsed subsequent to the date of the acceptance of the first locomotive to and including the date which is the Average Date of Acceptance; provided, however, that the Average Date of Acceptance may be such other date as shall be agreed upon in writing by Lessor and Lessees.

SECTION 3. RENTALS. Lessees agree to pay to Lessor, in cash, for the Initial Term of this Lease rental for each of the locomotives subject to this Lease at the monthly rate specified for such type of locomotive on Exhibit A hereof. Such rental shall begin to accrue on the date on which

such Locomotive is delivered to and accepted by Lessees hereunder and continuing during the period ending on the earlier of (i) the Initial Term Terminal Day or (ii) the date, if any, on which this Lease shall terminate with respect to such Locomotive pursuant to Section 10 or Section 12 hereof.

Freight, if any, on the Locomotives from McCook, Illinois to the point of delivery will be prepaid by Manufacturer and billed by Manufacturer to Lessees accompanied by prepaid freight bill, which invoice Lessees hereby agree to pay immediately on receipt thereof.

In the event that Lessees exercise their right and option to extend the term of this Lease, Lessees agree to pay to Lessor, in cash, during the Extended Term rental for each of the Locomotives then subject to this Lease at the monthly rate specified for such type of Locomotive on Exhibit A hereof beginning on the fifteenth anniversary of the Average Date of Acceptance and ending on the earlier of (i) the Extended Term Terminal Day or (ii) the date, if any, on which this Lease shall terminate with respect to such Locomotives pursuant to Section 10 or Section 12 hereof.



Lessees agree to pay such rental to Lessor as follows: For the calendar month during which a Locomotive is delivered and accepted a daily pro rata rental rate for such locomotive will be payable from the date of acceptance through the last day of that month on or before the 10th day of the following month and the rental for each succeeding month will be payable on the first business day of the calendar month in which the rental is to accrue.

in advance.

Lessees will pay, to the extent legally enforceable, interest at the rate of 10% per annum upon rentals remaining unpaid after the same shall have become due and payable under any of the provisions of this Lease.

All payments to be made to Lessor shall be made at the office of Lessor at 150 Causeway Street, Boston, Massachusetts 02114 or at such other place or places as shall be directed in writing by Lessor.

SECTION 4. COVENANTS, REPRESENTATIONS AND WARRANTIES.

(a) Lessor represents and warrants that at the time a locomotive becomes subject to this Lease, Lessor will be the true and lawful owner thereof and that such locomotive will be free and clear of all liens and encumbrances of any nature whatsoever except only the rights of Lessees hereunder and of the holder of any chattel mortgage or conditional sale agreement or of the trustee of an equipment trust or of the holder of any other lien created by the Lessor on such locomotive (subject to the rights of Lessees) and except for liens for taxes, assessments or governmental charges or levies not yet due and delinquent or not yet subject to penalty for non-payment, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's, employees' or other like liens arising in the ordinary course of business and not delinquent (such liens being herein called "Permitted Liens"). Lessor agrees to pay or hold the Lessees harmless from any such Permitted Liens. **THE FOREGOING WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES BY LESSOR, WHETHER WRITTEN, ORAL OR IMPLIED INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF ANY KIND.**

(b) Lessees represent and warrant that:

(i) Lessees John F. Nash and Robert C. Halderman have been duly appointed as Trustees of the Property of the Railroad by an order of the United States District Court for the Eastern District of Pennsylvania. The appointment of said Trustees has been duly ratified by an order of the Interstate Commerce Commission; and said Trustees are duly vested with the title of the Trustees of the Railroad and have power and authority to carry on its business.

(ii) The execution and delivery of this Lease by Lessees and their assumption and undertaking of the obligations, duties and liabilities hereof have been

duly authorized by an order of said Court; and this Lease is legal, valid, binding and enforceable against Lessees in accordance with its terms.

(iii) The rights of Lessor as herein set forth and the title of Lessor to the locomotives are free and clear of the lien, charge or security interest created by any mortgage, security agreement or other instrument binding upon the Railroad or Lessees.

(iv) Except for the authorization by the United States District Court for the Eastern District of Pennsylvania of the execution and delivery of this lease by the Lessees no governmental authorizations, approvals or exemptions are required for the execution and delivery of this Lease or for the validity and enforceability hereof or for the leasing of the locomotives hereunder, for the rentals and on the other terms and conditions herein provided or if any such authorizations are required, they have been acquired and, if any such shall hereinafter be required, they will be promptly obtained.

(v) No litigation or administrative proceedings are pending or to the knowledge of Lessees are threatened against Lessees, the adverse determination of which would affect the validity of this Lease or the rights of Lessor hereunder.

(vi) Obligations to make rental and other payments under this Lease will constitute expenses of administration of Lessees, payable on a parity with other equipment obligations theretofore or thereafter assumed or incurred by Lessees; and, upon occurrence of an Event of Default under this Lease, any claim for damages will constitute an expense of administration.

SECTION 5. OPINIONS OF COUNSEL. Concurrently with the delivery of Certificates of Inspection and Acceptance hereunder, Lessees will deliver to Lessor an opinion of Richard D. Lalanne General Counsel for Lessees, or an attorney designated by him, satisfactory to Lessor, to the effect that
(i) Lessees, John F. Nash and Robert C. Malderan

(or any successor or additional trustees),
have been duly appointed as Trustees of the property of the Railroad by an
order of the United States District Court for the Eastern District of
Pennsylvania; the appointment of said Trustees has been duly ratified by
an order of the Interstate Commerce Commission; and said Trustees are duly
vested with title to the properties of the Railroad and have the power
and authority to carry on its business;

(ii) the execution and delivery of this Lease by Lessees and their assumption and undertaking of the obligations, duties and liabilities hereof have been duly authorized by an order of said Court; and this Lease is legal, valid, binding and enforceable against Lessees in accordance with its terms; (iii) the rights of Lessor as herein set forth and the title of Lessor to the Locomotives are free and clear of the lien of any mortgage, security agreement or other instrument binding upon the Railroad or Lessees; (iv) obligations to make rental and other payments under this Lease will constitute expenses of administration of Lessees, payable on a parity with other equipment obligations theretofore or thereafter assumed or incurred by Lessees; and, upon occurrence of an Event of Default under this Lease, any claim for damages will constitute an expense of administration; (v) this Lease has been filed and recorded in such public offices as are necessary for the full protection of the rights of Lessor in the United States of America and in Canada; and (vi) no approval of the Interstate Commerce Commission or any other governmental authority (except the Court in the proceedings for the reorganization of the Railroad) is necessary for the execution and delivery of this Lease, or if any such approval is necessary (specifying the same), that it has been obtained. Counsel for Lessees or attorneys designated by him to deliver such opinion to Lessor may rely upon an opinion of Canadian Counsel.

SECTION 6. IDENTIFICATION PLATES. Upon or before the delivery to Lessees of each of the Locomotives, Manufacturer has agreed to cause to be plainly, distinctly, permanently and conspicuously placed and fastened upon each side of such Locomotive a metal plate on which plainly and conspicuously appear the following words in letters not less than one inch in height:

XTRA, Inc., Owner and Lessor
 Boston, Massachusetts

In case, during the continuance of this Lease, any such plate shall

at any time be painted over or otherwise made inconspicuous, removed, defaced or destroyed on any Locomotive. Lessees shall immediately cause the same to be restored or replaced. Lessees will not allow the name of any person, association, or corporation to be placed on any of the Locomotives, as a designation which might be interpreted as indicating a claim of ownership thereof by any person, association or corporation other than Lessor or its assignee; but the Locomotives may be lettered with the names or initials or other insignia customarily used by Lessees on equipment of the same or a similar type for convenience of identification of the rights to use and operate the Locomotives under this Lease.

SECTION 7. NUMBERING. On or prior to the time of delivery of each Locomotive to Lessees, Manufacturer has agreed to cause to be placed on each side of such Locomotive the Manufacturer's Serial Number and the Railroad's Road Number. At all times thereafter, during the continuance of this Lease, Lessees will cause each Locomotive to bear the numbers so assigned to it, and Lessees will not change or permit to be changed, the numbers of any such Locomotive, except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with the Manufacturer and the Lessor by the Lessees and filed, recorded or deposited in all public offices where this Lease will have been filed, recorded or deposited.

SECTION 8. TAXES. Lessees agree that, during the continuance of this Lease, in addition to the rentals herein provided, Lessees will promptly pay all taxes, assessments and other governmental charges levied or assessed upon or in respect of the Locomotives or any thereof or upon the use or operation thereof or the earnings arising therefrom, if and to the extent that any such taxes, assessments or other governmental charges may give rise to any lien upon the Locomotives or may become a claim entitled to priority over any of the rights of Lessor in and to the Locomotives, and as additional rental will promptly pay or reimburse Lessor for all taxes, assessments and other governmental charges levied or assessed against Lessor or any predecessor or successor in title of Lessor solely on account of ownership of the Locomotives or any thereof or on account of the use or operation thereof or on account of the earnings arising therefrom (exclusive, however, of any tax in the nature of an income tax on the net income from the rentals

herein provided), including any sales, use or similar taxes payable on account of the sale or delivery of the Locomotives by the Manufacturer to Lessor or the leasing of the Locomotives hereunder; but Lessees shall not be required to pay the same so long as they shall in good faith and by appropriate legal or administrative proceedings contest the validity or amount thereof unless thereby, in the judgment of Lessor, the rights or interest of Lessor will be materially endangered, nor shall Lessees be required to make any tax payment which is deferred by order of a court having jurisdiction, provided that such deferment shall not subject the title and interest of Lessor in and to the Locomotives to any lien or encumbrance. In the event any tax reports are required to be made on the basis of individual Locomotives, Lessees will either make such reports in such manner as to show the ownership of such Locomotives by Lessor or will notify Lessor of such requirement and will make such report in such manner as shall be satisfactory to Lessor.

SECTION 9. MAINTENANCE, LIENS AND INSURANCE.

(a) Lessor makes no warranty or representation, either expressed or implied, in respect of the Locomotives, including, without limitation, any warranty or representation as to the fitness, design or condition of, or as to the quality of the material, equipment or workmanship in, the Locomotives delivered to Lessees hereunder, it being agreed that all such risks, as between Lessor and Lessees, are to be borne by Lessees.

(b) Lessees agree, during the continuance of this Lease, at Lessees' own cost and expense to maintain and keep all of the Locomotives in good order and repair in accordance with good maintenance practice and standards as outlined in applicable service manuals and maintenance instructions covering the respective Locomotives and that any replacement power components (such as engines, transmissions and parts thereof) shall be in accordance with such good maintenance practices, standards and specifications.

(c) Except for alterations or changes required by law, Lessees shall not, without the prior written approval of Lessor, effect any change in the design, construction or body of the Locomotives or in the electrical equipment or the components thereof installed in the Locomotives or in the Specifications, except modifications as recommended by the Manufacturer.

(d) Any parts installed or replacements made by Lessees upon any Locomotive (except for communications, signal and automatic control equipment or devices having a similar use which have been added to the Locomotive by Lessees.

the cost of which is not included in Manufacturer's total unit price on which the rentals hereunder have been computed, which is not required for the operation or use of the Locomotive and which can be removed without material injury to the Locomotive) shall be considered accessions to such Locomotive and title thereto shall be immediately vested in Lessor, without cost or expense to Lessor.

(e) Lessees shall pay or satisfy and discharge any and all sums claimed by any party which, if unpaid, might become a lien or a charge upon the Locomotives or entitled to priority over any of the rights of Lessor in and to the Locomotives but Lessees shall not be required to discharge any such claim so long as they shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which, in the opinion of Lessor, will not affect or endanger the title and interest of Lessor in and to the Locomotives.

Lessees shall, at their own cost and expense, insure each Locomotive from the time of delivery and acceptance thereof and at all times thereafter until Lessees' obligations under this Lease with respect to such Locomotive have been discharged, against loss, damage or destruction thereof caused by fire, lightning, wreck, derailment, collision, flood, tornado, cyclone, sabotage, riot or civil commotion, such insurance.

in the case of each Locomotive, to be in an amount satisfactory to Lessor, except that such coverage may be limited so that no loss amounting to less than \$25,000 on each Locomotive shall be payable. All such insurance shall be taken for the benefit of Lessor and Lessees, as their respective interest may appear, in an insurance company or companies satisfactory to Lessor. Such policy or policies shall insure the respective interests of Lessor and Lessees in the Locomotives and shall provide that the proceeds of such insurance shall be payable to Lessor. All insurance proceeds received by Lessor with respect to any Locomotive shall

(a) be paid over to Lessees' in the case of repairable damage to such Locomotive, upon receipt by Lessor from Lessees of proof in duplicate satisfactory to Lessor of the proper repair of such damage; or

(b) be applied by Lessor, in the case of the loss, destruction or damage beyond repair of such Locomotive, towards the satisfaction of Lessees' obligation to make the payment required by Section 10 hereof.

SECTION 10. LOSS, THEFT OR DESTRUCTION OF LOCOMOTIVE. In the event any Locomotive is lost or stolen or is destroyed or damaged beyond economic repair from any cause whatsoever, or shall be requisitioned, taken over or nationalized by any governmental authority under the power of eminent domain or otherwise during the term of this Lease (except by a Reorganized Company, as hereinafter defined), and all of the obligations of Lessees hereunder are not assumed by such governmental authority within sixty (60) days after such nationalization, Lessees shall promptly and fully inform Lessor of such occurrence and shall, within thirty (30) days after such occurrence, pay to Lessor, as liquidated damages in lieu of any further claim of Lessor hereunder in respect of such Locomotive, except for accrued rent and such claims as arise or exist under Sections 8 and 9 hereof, the present worth, as hereinafter defined, of the total remaining rental for such Locomotive plus the Net Scrap Value, as hereinafter defined, for such Locomotive.

The present worth of the total remaining rental for such Locomotive as used in this Section 10 shall mean an

amount equal to such rental discounted on a 7/53 per annum basis compounded monthly from the date of such occurrence to the Terminal Day as defined in Section 2 hereof.

The Net Scrap Value of each Locomotive shall mean an amount in cash equal to the current quoted price per gross ton of No. 1 Heavy Railroad Melting Steel Scrap, prevailing at Butler, Pennsylvania, as published in Iron Age or other reputable industrial journals, on the first day of the month preceding the month in which payment of such Net Scrap Value is required to be made, multiplied by 115.

In case upon the requisition, take over or nationalization of any of the Locomotives as hereinbefore provided Lessees shall fail to make payment therefor to Lessor pursuant to this Section 10, Lessor shall be entitled to the full amount of any award or recovery from such occurrence and Lessees shall not be entitled to any part of such award or recovery as damages or otherwise, hereby expressly waiving any right or claim thereto.

This Lease shall continue in full force and effect irrespective of the cause, place or extent of any damage, loss, destruction, requisition, take over or nationalization of any of the Locomotives, the risk of which shall be borne by Lessees; provided, however, that this Lease shall terminate with respect to any Locomotive which is lost, stolen, destroyed or damaged beyond repair or requisitioned, taken over or nationalized on the date Lessor shall receive payment of the amount required to be paid to it on account of such Locomotive under this Section 10.

SECTION 11. COMPLIANCE WITH LAWS AND RULES: INDEMNIFICATION. Lessees agree to comply in all respects with all laws of the jurisdictions in which their operations involving the Locomotives may extend and with all lawful rules of the Federal Railroad Administration and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over Lessees or over the Locomotives, to the extent that such laws and rules affect the operation, maintenance or use of the Locomotives. In the event such laws or rules require the alteration of the Locomotives, Lessees will conform therewith, at Lessees' expense, and will maintain the same in proper condition for operation under such laws and rules; provided, however, that Lessees may, in good faith, contest the validity and application of any such law or rule in any reasonable manner which does not, in the opinion of Lessor, adversely affect the property or rights of Lessor as owner hereunder.

Lessees hereby agree to indemnify, reimburse and hold Lessor harmless from any and all claims, demands, suits, judgments or causes of action for or on account of injury to or death of persons, or loss or damage to property which may result from or grow in any manner out of the control, use or operation of the Locomotives under this Lease whether or not in the possession of Lessees, provided, however, that Lessees do not assume liability in respect of representatives, agents or employees of the Manufacturer or Lessor, and provided, further, that Lessor will assign or pay over to Lessees any and all claims which it may have against third parties in respect of loss or damage to the Locomotives if Lessees are not in default under this Lease.

SECTION 12. DEFAULT. If, during the continuance of this Lease or any extension thereof, one or more of the following events shall occur:

(a) default shall be made in the payment of any part of the rental provided in Section 3 hereof and such default shall continue for five (5) days after written notice from Lessor to Lessees;

(b) Lessees shall make or suffer any unauthorized assignment or transfer of this Lease or of possession of the Locomotives or any of them except for the requisitioning, taking over or nationalizing described in Section 10 of this Lease and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such Locomotive or Locomotives within thirty (30) days after written notice from Lessor to Lessees demanding such cancellation and recovery of possession;

(c) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of Lessees contained herein and such default shall continue for thirty (30) days after written notice from Lessor to Lessees specifying the default and demanding the same to be remedied;

(d) any material representation made by Lessees herein or hereunder or in any certificate or other instrument delivered under or pursuant to any provision hereof shall prove to have been false or incorrect in any material respect on the date as of which made;

(e) the order dated July 13, 1972 of the United States District Court for the Eastern District of Pennsylvania in the pending proceedings for the reorganization of the Railroad, authorizing the execution and delivery of this Lease by Lessees and their undertaking of the obligations, duties and

liabilities hereof, shall be reversed, modified, amended or superseded in any material respect which might adversely affect any of the rights, powers, privileges and remedies of the Lessor under this Lease or of the Agent as assignee of the Lessor's right, title and interest in and under this Lease, and the order effecting such reversal, amendment, modification or superseding of said order shall not have been vacated or set aside or stayed within sixty (60) days from the date of entry thereof;

(f) a plan of reorganization of the Railroad is approved by the Court in the pending proceedings for the reorganization of the Railroad and said plan does not provide for the assumption by the Reorganized Company as hereinafter defined of each and every obligation of Lessees under this Lease in form and substance satisfactory to Lessor;

(g) a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against any Reorganized Company as hereinafter defined and all the obligations of Lessees under this Lease shall not have been duly assumed by a trustee or trustees appointed in such proceedings or otherwise given the same status as obligations assumed by such a trustee or trustees within thirty (30) days after such appointment, if any, or sixty (60) days after such petition shall have been filed, whichever shall be earlier; or

(h) any proceedings shall be commenced by or against any Reorganized Company as hereinafter defined for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the indebtedness payable hereunder), and all the obligations of Lessees under this Lease shall not have been duly assumed by a trustee or trustees or receiver or receivers appointed for such Reorganized Company or for its property in connection with any such proceedings or otherwise given the same status as obligations assumed by such a trustee or trustees or receiver or receivers, within thirty (30) days after such appointment, if any, or sixty (60) days after such proceedings shall have been commenced, whichever shall be earlier; then, in any such case (herein sometimes called Events of Default), Lessor, at its option, may

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

(2) by notice in writing to Lessees terminate this Lease, whereupon all right of Lessees to the use of the Locomotives shall absolutely cease and determine as though this Lease had never been made, but Lessees shall remain liable as herein provided; and thereupon Lessees shall deliver possession of the Locomotives to Lessor in accordance with Section 16 hereof unless such delivery is impossible because the Locomotives or any portion thereof were requisitioned, taken over or nationalized as described in Section 10 and Lessor may by its agents enter upon the premises of Lessees or other premises where any of the Locomotives may be and take possession of all or any of such Locomotives (damages occasioned by such taking of possession are hereby expressly waived by Lessees) and thenceforth hold, possess and enjoy the same free from any right of Lessees, or Lessees' successors or assigns, to use the Locomotives for any purpose whatever; but Lessor shall nevertheless have a right to recover from Lessees any and all amounts which under the terms of this Lease may be then due or which may become due and unpaid for the use of the Locomotives (including rentals accruing on the Locomotives after the date of default); and also to recover forthwith from Lessees (to the extent not recovered pursuant to the foregoing) the following: (i) as damages for loss of the bargain and not as a penalty a sum with respect to Locomotives where term has not expired, which represents the excess of the present worth at the time of such termination, of the aggregate of the rentals for the Locomotives which would otherwise have accrued hereunder from the date of such termination to the Terminal Day of the then current term over the then present worth of the Fair Rental Value of such Locomotives for such period; plus interest on such excess at the rate of 10% per annum commencing on the date of such notice. Such present worths are to be computed in each case by discounting such rental payments at a rate of 8-7/8% per annum, compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated to the time of such termination, and (ii) any expenses incurred in the retaking, storage, repairing and lease, sale or other disposition, and reasonable attorneys'

fees incurred by Lessor, plus an amount equal to accrued taxes and other amounts payable hereunder by Lessees with respect to the Locomotives, all costs, expenses, losses and damages incurred or sustained by Lessor by reason of such default, at interest at the rate of 10% per annum on each of the foregoing items in this sub-paragraph (ii) and on all sums not paid when due under this Lease.

If on the date of such termination or repossession any Locomotive is damaged, lost, stolen or destroyed, or subject to requisition, take over or nationalization by any governmental agency or is subject to any levy, seizure, assignment, application or sale for or by any creditor, Lessees shall also remain liable for payment of the amounts specified in Section 10 hereof.

The remedies in this Lease provided in favor of 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. Lessees hereby waive any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. No delay or omission of Lessor in the exercise of any power or remedy given herein shall be deemed a waiver of such power or remedy. In the event that Lessor shall bring suit and be entitled to judgment hereunder, then Lessor shall be entitled to recover reasonable expenses, including attorneys' fees and the amount thereof shall be included in such judgment.

SECTION 13. POSSESSION AND USE OF THE LOCOMOTIVES

Unless an Event of Default shall have occurred and be continuing, Lessees shall be entitled to the possession and use of the Locomotives in accordance with the terms of this Lease. Lessees shall not, without the prior written consent of Lessor, part with the possession or control of, or suffer or allow to pass out of their possession or control, any of the Locomotives, except that Lessees may permit the use thereof or any part thereof by other railroad companies in the usual interchange of traffic.

SECTION 14. ANNUAL REPORT. Lessees will furnish to Lessor on or before April 1 in each year commencing April 1, 1973 and on such other date or dates as Lessor may from time to time reasonably request, an accurate report certified by a duly authorized agent or officer of Lessees, stating as of a recent date (not exceeding 90 days preceding the date of such report) (a) the Manufacturer's Serial Numbers and the Railroad's Road Numbers of the Locomotives then subject to this Lease, (b) the Manufacturer's Serial Numbers and the Railroad's

Road Numbers of all Locomotives that have become lost, destroyed or irreparably damaged since the date of the previous report (or since the date hereof in the case of the first such report), (c) the Manufacturer's Serial Numbers and the Railroad's Road Numbers of all serviceable Locomotives, (d) that all Locomotives then subject to this Lease have been kept in good order and repair or, if such be the case, the Manufacturer's Serial Numbers and the Railroad's Road Numbers of all Locomotives then awaiting repairs or being repaired in accordance with Section 9 hereof, (e) that the metal plates affixed to the Locomotives as required by Section 6 hereof have remained and presently are affixed to each side of each Locomotive, and such plates have not been painted over or otherwise made inconspicuous or defaced, and (f) that, to the best of his knowledge, no Event of Default, and no event which with the giving of notice and lapse of time, or the giving of notice or lapse of time, would constitute an Event of Default, has occurred during the year immediately preceding the date as of which such report is made, or, if any such Event of Default or other such event has occurred, specifying the same and the nature and the status thereof. Lessees will furnish copies of such reports to such persons as Lessor may from time to time designate in writing to Lessees. Lessor shall have the right, by its agents, to inspect the Locomotives and/or Lessees' records with respect thereto at reasonable times and places and upon reasonable notice during the continuance of this Lease or any extension thereof.

SECTION 15. ASSIGNMENT.

(a) All rights, benefits and advantages of Lessor hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of, either in whole or in part, and/or Lessor may assign, pledge, mortgage, transfer or otherwise dispose of title to the Locomotives, with or without notice to Lessee. In the event of any such assignment, pledge, mortgage, transfer or other disposition, this Lease and all of Lessee's rights under this Lease, and all rights of any person, firm or corporation who claims or who may hereafter claim any rights under this Lease under or through Lessees, are hereby made subject and subordinate to the terms, covenants and conditions of any chattel mortgages, conditional sale agreements, agreements and assignments, and/or equipment trust agreements covering the Locomotives or any of them heretofore or hereafter created and entered into by Lessor, its successors or assigns, and to all of the rights of any such chattel mortgagee, assignee, trustee or other holder of the legal title to

the Locomotives. Any assignment or transfer of Lessees' leasehold interest hereunder in the Locomotives and possession thereof permitted by this Section 15 that is made by Lessees, their successors or assigns, shall contain language which expressly makes such sublease subject to the subordination contained in this Subsection 15 (a). At the request of Lessor or any chattel mortgagee, assignee, trustee or other holder of the legal title to the Locomotives, the Locomotives may be lettered or marked to identify the legal owner of the Locomotives at no expense to Lessees. If during the continuance of this Lease any such marking shall at any time be removed or become illegible, wholly or in part, Lessees shall immediately cause such marking to be restored or replaced, at Lessor's expense. No such assignment by Lessor shall subject any assignee to or relieve Lessor from any obligation of Lessor hereunder.

(b) Lessees, without the prior written consent of Lessor, shall not sell, assign, transfer or encumber their leasehold interest under this Lease in any of the Locomotives or sublet any of the Locomotives, except that Lessees may assign and transfer their leasehold interest hereunder in the Locomotives and the possession thereof to any railroad which shall have assumed all of the obligations hereunder of Lessees and into or with which Lessees shall have merged or consolidated (except to the extent that the provisions of any mortgage now or hereafter created on any of the lines of railroad of Lessees or any other liens authorized by the Court in the proceedings for the reorganization of the Railroad may subject such leasehold interest to the lien thereof). Any assignment prohibited by this Section 15 shall be void.

(c) Nothing in this Section 15 shall be deemed to limit the right of Lessees to assign and transfer Lessee's leasehold interest hereunder in the Locomotives and the possession thereof to a Reorganized Company (as hereinafter defined), or to a governmental agency established to acquire railroad equipment provided that all the obligations then existing or to accrue of Lessees under this Lease shall be assumed as a general obligation by such Reorganized Company or governmental agency.

(d) After any assignment and transfer of Lessees' leasehold interest hereunder in the Locomotives and the possession thereof as above permitted nothing in this Section 15 shall be deemed to limit the right of the Reorganized Company (as hereinafter defined) as successor to Lessees, at any time further to

designation, as Lessees may select, and Lessees shall permit Lessor to store said Locomotives in the yards for a period not exceeding one hundred (100) days from the date that all Locomotives are so assembled at the plant of Lessee, and shall at their own cost and expense transport or cause to be transported the same or any thereof, at any time within such one hundred (100) day period to any place or places on the lines of railroad operated by them or to any connecting carrier for shipment, all as directed by Lessor. The assembling, delivery, storage and transporting of the Locomotives as hereinabove provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises Lessor shall be entitled to a decree requiring Lessees to assemble, deliver, store and transport the Locomotives.

Without in any way limiting the obligation of Lessees under the foregoing provisions of this Section 15, Lessees hereby irrevocably appoint Lessor as the agent and attorney of Lessees, with full power and authority, at any time while Lessees are obligated to deliver possession of any Locomotive to Lessor, to demand and take possession of such Locomotive in the name and behalf of Lessees from whomsoever it may be at the time in possession of such Locomotive.

Except as otherwise provided in Section 17 hereof, in the event that any Locomotive or Locomotive subject to this Lease are not redelivered to Lessor on or before the date on which the term of this Lease expires, all of the obligations of Lessees under this Lease with respect to such Locomotive or Locomotives shall remain in full force and effect until such Locomotive or Locomotives are redelivered to Lessor.

SECTION 17. PURCHASE OPTIONS. Provided that this Lease has not been earlier terminated and Lessees are not in default hereunder, Lessees may by written notice delivered to Lessor not less than six months prior to the end of the Initial Term, the Extended Term of this Lease, elect to purchase all of the Locomotives covered by this Lease at the end of such term or extension of this Lease for a purchase price equal to the Fair Market Value of such Locomotives at the end of such term or extension.

If on or before four months prior to the expiration of the term of this Lease or any extension thereof, Lessor and Lessees are unable to agree upon a determination of the Fair Market Value of the

Locomotives _____, the Fair Market Value as hereinafter defined shall be determined by a qualified independent appraiser. The term Appraiser shall mean such independent appraiser as the Lessor and the Lessee may mutually agree upon, or failing such agreement, a panel of three independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third designated by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The expenses and fee of the Appraiser shall be borne by the Lessee.

Fair Market Value shall mean at any time for the determination thereof an amount determined on the basis of, and equal to, the value which would obtain in an arms-length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession and (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

SECTION 18. MODIFICATION OF LEASE. This Lease and the Warranty Agreement exclusively and completely state the rights of the Manufacturer, Lessor and Lessees with respect to the Locomotives _____. No modification, variation, termination, discharge or abandonment hereof and no waiver of any of the provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of Lessor and Lessees, or the successors, transferees or assigns of either, subject, however, to the limitations on assignment hereof by Lessees. No such variation, termination, discharge or abandonment shall affect the rights and duties of Manufacturer, unless signed by a duly authorized officer of Manufacturer.

SECTION 19. SECTION HEADINGS AND CERTAIN REFERENCES. All section headings are inserted for convenience only and shall not affect any construction or interpretation of this Lease. Unless otherwise indicated, all references herein to sections, subsections, clauses and other subdivisions refer to the corresponding sections, subsections, clauses and other subdivisions of this Lease; the words "herein", "hereof", "hereby", "hereto", "hereunder", and words of similar import refer to this Lease as a whole and not to any particular section, subsection, clause or other subdivision hereof; and reference to a numbered or lettered subdivision of a section shall include relevant matter within the section which is applicable to but not within such numbered or lettered subdivision.

SECTION 20. CERTAIN APPLICABLE LAWS. Any provision hereof prohibited by or unlawful or unenforceable under any applicable law of any jurisdiction shall as to such jurisdiction be ineffective without modifying the remaining provisions of this Lease. Where, however, the provisions of any such applicable law may be waived, they are hereby waived by Lessees to the full extent permitted by law, to the end that this Lease shall be deemed to be a valid, binding agreement enforceable in accordance with its terms.

SECTION 21. 360 DAY YEAR. Computations hereunder involving the determination of interest or discount shall be made on the basis of a 360-day year of twelve 30-day months.

SECTION 22. NOTICES. All demands, notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when personally delivered or delivered to a United States post office, first-class postage prepaid, or to a telegraph office, charges prepaid, addressed as follows:

If to the Lessor:

Chairman of the Board
XTRA, Inc.
150 Causeway Street
Boston, Massachusetts 02114

If to the Lessees:

Trustees of the Property of
Lehigh Valley Railroad Company
415 Brighton Street
Bethlehem, Pennsylvania 19015

Attention: Treasurer

or to such other addressees as may hereafter be furnished in writing by either party to the other.

SECTION 23. GOVERNING LAW. The provisions of this Lease and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

SECTION 24. SURVIVAL OF COVENANTS. Any other provisions contained in this Lease to the contrary notwithstanding, it is hereby agreed that the provisions of Sections 8, 11, 12, 13 and 16 hereof shall survive the expiration or termination hereof.

SECTION 25. SUCCESSORS AND ASSIGNS. Subject to the provisions of Section 15, this Lease shall be binding upon and shall inure to the benefit of Lessor and Lessees and their respective successors and assigns, and no other persons shall have or acquire any right under or by virtue of this Lease.

SECTION 26. EXECUTION IN COUNTERPARTS. This Lease may be executed simultaneously in several counterparts, each of which so executed shall be deemed to be an original, and all such counterparts together shall constitute but one and the same instrument.

SECTION 27. RECORDING. Lessees, without expense to Lessor, will cause this Lease and all amendments, supplements, and assignments hereof or thereof, to be duly filed and recorded and re-filed and re-recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and this Lease to be deposited with the Registrar General of Canada in accordance with Section 148 of the Railway Act (a notice of such deposit to be given in the "Canada Gazette" pursuant to said Section 148). Lessees will promptly furnish to Lessor certificates or other evidences of such filing and recording and re-filing and re-recording and an opinion satisfactory to Lessor of Counsel for Lessees, or an attorney designated by him satisfactory to Lessor, with respect thereto. In addition, Lessees shall do and perform all such other acts as may be required by law, or reasonably requested by Lessor, for the protection of Lessor's title to and interest in the Locomotives.

SECTION 28. OTHER EQUIPMENT LEASES AND SECURED OBLIGATIONS. Lessees agree that, during the continuance of this Lease, Lessees will not assume or enter into any other leases of equipment, equipment trust agreements, conditional sale agreements or other liabilities or obligations in connection with the leasing or financing of the acquisition of equipment (i) if such liabilities or obligations would be entitled, directly or indirectly, to any priority in right of payment over the obligations of Lessees under this Lease or (ii) if such liabilities or obligations would be secured, directly or indirectly, by any mortgage, lien or other security interest in

property of the Railroad or Lessees (except the equipment or other property involved in the particular transaction) unless the obligations of Lessees under this Lease are equally and ratably secured thereby.

SECTION 29. This Lease is a net lease and the Lessees shall not be entitled to any abatement of rent, reduction thereof or set off against rent, including, but not limited to, abatements, reductions or set offs due or alleged to be due to, or by reason of, any past, present or future claims involving this Lease or other dealings between Lessor and Lessees.

IN WITNESS WHEREOF, Lessor has caused this Lease to be executed in its corporate name, by one of its officers thereunto duly authorized, and its corporate seal to be hereunto affixed and duly attested, and Lessees have caused this Lease to be executed, all as of the day and year first above written.

XTRA, Inc.

By

John F. Nash
Vice Chairman of Board

JOHN F. NASH AND ROBERT C. HALDEMAN,
TRUSTEES OF THE PROPERTY OF
LEHIGH VALLEY RAILROAD COMPANY

ATTEST:

[Signature]
Secretary

[Signature]
Witness

STATE OF MASSACHUSETTS

COUNTY OF SUFFOLK

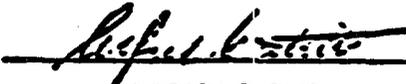
[Signature]
JOHN F. NASH, TRUSTEE
[Signature]
SS: ROBERT C. HALDEMAN, TRUSTEE

On this 1st day of December, 1972,
before me personally appeared John F. Nash
to me personally known, who, being by me fully sworn, said
That he is John F. Nash of XTRA, Inc.
that the seal affixed to the foregoing instrument is the
corporate seal of said Corporation, that said instrument was
signed and sealed on behalf of said Corporation by authority of
its Board of Directors, and he acknowledged that the execution of
the foregoing instrument was the free act and deed of said
Corporation.

[Signature]
[Signature]
- 25 -

STATE OF PENNSYLVANIA:
COUNTY OF NORTHAMPTON: ss.:

On this 12th day of September 1972 before me personally appeared JOHN F. NASH and ROBERT C. HALDEMAN, to me known to be the persons described in and who executed the foregoing instrument, and they severally acknowledged that they executed the same as their free act and deed.


NOTARY PUBLIC
Commission Expires January 22, 1973
Northampton Co. Township of Palmer, Pa.

SCHEDULE A

<u>Model</u>	<u>Description</u>	<u>Specification # and Date</u>	<u>Units</u>	<u>Manufacturer's Serial Number</u>	<u>Railroad's Road No.</u>	<u>Unit Cost</u>	<u>Total</u>
CP 38-2	Diesel Electric General Purpose Locomotive 2000 H.P.	Spec 8090 dated January 3, 1972, as amended by Spec. 8090-3 January 3, 1972	12	7386-1 to 7386-12	314 to 325	\$250,307	\$3,003,684

• Subject to revision as approved by Lessor and Lessee.

EXHIBIT A - RENT PER LOCOMOTIVE

INITIAL TERM

1st Five Years - Number of Days in Month x 35¢ per Day, per \$1,000 of value = Monthly Rental per Locomotive

2nd Five Years - Number of Days in Month x 33¢ per Day, per \$1,000 of value = Monthly Rental per Locomotive

3rd Five Years - Number of Days in Month x 31¢ per Day, per \$1,000 of value = Monthly Rental per Locomotive

1111
 13-71 inc...
 1111
 77-82 inc...

14-89
 83 87
 1111

✓ The rent during the extended term, if any, will be at a rate of 1¢ per day, per \$1,000 of value = Monthly Rental Per Locomotive.

EXHIBIT B

CERTIFICATE OF INSPECTION AND ACCEPTANCE

TO:

GENERAL MOTORS CORPORATION
(Electro-Motive Division)
La Grange, Illinois 60525

Attention: Divisional Comptroller

XTRA, INC.
 150 Causeway Street
 Boston, Massachusetts 02114

I, _____ hereby certify that I am

_____ of Lehigh Valley Railroad

Company (the Railroad) and have been duly authorized to execute this Certificate on behalf of XTRA, INC. (Purchaser) and the Trustees of the property of the Railroad (the Railroad Trustees) for delivery to General Motors Corporation (Electro-Motive Division) (Manufacturer) and to Purchaser pursuant to Section 2 of the Purchase Contract dated as of

_____ between Manufacturer and Purchaser.

I do further certify as follows:

(i) The below described Diesel - Electric Locomotives (the Locomotives) were delivered by Manufacturer to the Railroad Trustees at the Railroad's tracks at Wilkes-Barre, Pa. or at such other point as may be agreed by Lessor and Lessees, on the indicated dates:

<u>Model</u>	<u>Description</u>	<u>Quantity</u>	<u>Manufacturer's Serial Number</u>	<u>Railroad's Road Number</u>	<u>Date of Delivery</u>

(ii) The Locomotives have been inspected by duly appointed and authorized representatives of Purchaser and the

Railroad Trustees at the plant of Manufacturer and again at the point of delivery hereinbefore specified in accordance with Section 2 of the Purchase Contract. Such inspections show (a) that the Locomotives are in good order and condition and conform to the Specifications referred to in the Purchase Contract and to all applicable Federal Railroad Administration requirements and all standards recommended by the Association of American Railroads and (b) that there was plainly, distinctly, permanently and conspicuously placed and fastened upon each side of each Locomotive a metal plate on which plainly and conspicuously appear the following words in letters not less than one inch in height:

XTRA, INC., OWNER AND LESSOR
Boston, Massachusetts

and that each Locomotive was plainly and distinctly marked with both the Manufacturer's Serial Number and the Railroad's Road Number set forth above with respect thereto.

(iii) On the aforesaid dates of delivery the Locomotives were duly accepted by the undersigned on behalf of Purchaser and the Railroad Trustees as the Lessees thereof referred to in the Purchase Contract.

Dated: _____, 1972

WARRANTY AGREEMENT

WHEREAS, GENERAL MOTORS CORPORATION (Manufacturer) and XTRA, INC. (Lessor) have agreed by a Purchase Contract dated as of August 14, 1972 that Manufacturer will manufacture and sell and Lessor will purchase, accept and pay for 12 Diesel-Electric Locomotives (the Locomotives), all as more particularly described in Schedule A to the Purchase Contract; and

WHEREAS, it is contemplated that John F. Nash and Robert C. Haldeman, Trustees of the Property of Lehigh Valley Railroad Company,
Debtor (Lessee)

and Lessor will execute a certain Lease of Railroad Equipment relating to the aforesaid Locomotives to be dated as of the date hereof:

NOW, THEREFORE, in consideration of the promises and of Lessees' execution of the Lease with Lessor, Manufacturer and Lessees hereby agree as follows:

SECTION 1. Except in cases of designs, articles and materials specified by Lessees and not manufactured by Manufacturer, Manufacturer agrees to indemnify and save Lessor and Lessees harmless from any and all liabilities, damages, claims, suits, judgments, costs and expenses (including, but without limitation, counsel fees) that may arise from patent infringement incident to the use of any article, process, design, element of construction or any other invention used in the construction of any Locomotive. Lessees agree that they will, upon the commencement of any suit against them for alleged infringement in respect of which Manufacturer is charged with responsibility, furnish Manufacturer with a prompt written notice of the commencement of such suit, whereupon Manufacturer shall assume and direct the defense thereof and may settle the same in its discretion and shall receive all reasonable assistance requested in the defense or settlement of such suit.

Lessees agree to indemnify and save Manufacturer and Lessor harmless from any and all liabilities, damages, claims, suits, judgments, costs and expenses (including, but without limitation, counsel fees) that may arise from patent infringement incident to

the use of any article, process, design, element of construction or any other invention used in the construction of any Locomotives specified by Lessees and not manufactured by Manufacturer. Manufacturer agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, transfer, assign, set over and deliver to Lessees every claim, right and cause of action which Manufacturer has or hereafter shall have against the seller or sellers of any designs, articles or materials specified by Lessees and not manufactured by Manufacturer and purchased or otherwise acquired by Manufacturer for the use in or about the construction or operation of each Locomotive to be constructed and sold by Manufacturer on the ground that any such design, article or material or operation thereof infringes or is claimed to infringe on any patent or other right, and Manufacturer further agrees to execute and deliver to Lessees, or their assigns, all and every such further assurance as may be reasonably requested by Lessees, or their assigns, more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action. Manufacturer will give notice to Lessees of any claim known to Manufacturer from which liability may be charged against Lessees hereunder, and Lessees will give notice to Manufacturer of any claim known to Lessees from which liability may be charged against Manufacturer hereunder. Said covenants of indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under the Purchase Contract, the satisfaction and discharge of the Purchase Contract or the termination of the Purchase Contract in any manner.

Manufacturer covenants that each Locomotive delivered under the Purchase Contract has complied or will comply on its date of delivery with the applicable specifications (except for minor or immaterial variances) and with all governmental laws, rules, regulations and requirements relating to the construction and equipment of Locomotives of the character so delivered (including all applicable rules of the Federal Railroad Administration). Manufacturer's obligations under the foregoing covenants shall be limited to an obligation to modify or replace such parts or material as its examination shall disclose to its satisfaction to be necessary to cause such Locomotive or Locomotives to comply with the applicable specifications (except for minor or immaterial variances), or, as the case may be, to comply with such governmental laws, rules, regulations and requirements; and Manufacturer shall not be liable for damages from delays or loss of use or for other indirect or consequential damages resulting from a breach of said covenants.

Manufacturer warrants to Lessor and Lessees that each Locomotive delivered to and accepted by Lessor under the Purchase Contract shall be free from defects in material and workmanship under normal use and service provided, however, that

A. Manufacturer's obligation under this warranty with respect to each Locomotive shall be limited to making good at its manufacturing plant at McCook, Illinois, any part or parts which shall, within two years after delivery to and acceptance of such Locomotive in which such part or parts are incorporated or before such shall have been operated 250,000 miles in railroad service by Lessees, whichever event shall first occur, be returned to Manufacturer with transportation charges collect and which Manufacturer's examination shall disclose to its satisfaction to have been defective in material or workmanship under normal use and service,

B. this warranty shall not apply to any part or parts of any Locomotive which shall have been repaired or altered unless repaired or altered by Manufacturer or by its authorized service representatives, if, in Manufacturer's judgment, such repairs or alterations affect the stability or reliability of such part or parts, or if such part or parts have been subjected to misuse (including use of improper fuels or lubricants), negligence or accident,

C. this warranty shall not apply to any material or parts furnished by Lessees or procured by Manufacturer from a supplier designated by Lessees and in respect of which Manufacturer shall, prior to its use thereof in the construction of such Locomotive, notify Lessees in writing that Manufacturer will assume no obligation with respect thereto under the provisions hereof,

D. Manufacturer shall not be liable for damages from delays or loss of use or for other indirect or consequential damages resulting from defects in material or workmanship in the Locomotives; and

E. Manufacturer's obligation under this warranty shall not be enforceable with respect to any defect for which Manufacturer may become obligated hereunder and which Manufacturer shall have made good according to the terms hereof while the Locomotives are in the possession of Lessees.

In consideration of the foregoing covenants and warranties, all implied warranties are waived by Lessor and Lessees. Manufacturer's obligations under said covenants and warranties shall not be affected by any inspection or the execution of any certificate contemplated by the Purchase Contract.

IN WITNESS WHEREOF, Manufacturer has caused this Agreement to be executed in its corporate name, by one of its officers thereunto duly authorized, and its corporate seal to be hereunto affixed and duly attested, and Lessees have executed this Agreement,

October all as of the 11th day of 1972.

(Corporate Seal)

GENERAL MOTORS CORPORATION
(ELECTRO-MOTIVE DIVISION)

By [Signature]
Vice President

Attest:
[Signature]
Assistant Secretary

JOHN F. NASH AND ROBERT C. HALDEMAN
TRUSTEES of the Property of
LEHIGH VALLEY RAILROAD COMPANY

[Signature]
JOHN F. NASH, TRUSTEE

[Signature]
ROBERT C. HALDEMAN, TRUSTEE

SCHEDULE A

<u>Model</u>	<u>Description</u>	<u>Specification # and Date</u>	<u>Units</u>	<u>Manufacturer's Serial Number</u>	<u>Railroad's Road No.</u>	<u>Unit Cost</u>	<u>Total</u>
GP 38-2	Diesel Electric General Purpose Locomotive 2000 H.P.	Spec 8090 dated January 3, 1972, as amended by January 3, 1972	12	7386-1 to 7386-12	314 to 325	\$250,307	\$3,003,688

* Subject to revision as approved by Lessor and Lessee

Account Name	Account No.	Balance	Debit	Credit	Balance	Debit	Credit	Balance	Debit	Credit	Balance
1/15	1001	100.00			100.00			100.00			100.00
1/20	1001	100.00	50.00		50.00			50.00			50.00
1/25	1001	50.00		50.00	100.00			100.00			100.00
2/1	1001	100.00			100.00			100.00			100.00
2/15	1001	100.00	25.00		75.00			75.00			75.00
2/20	1001	75.00		25.00	100.00			100.00			100.00
2/25	1001	100.00			100.00			100.00			100.00
3/1	1001	100.00			100.00			100.00			100.00
3/15	1001	100.00	75.00		25.00			25.00			25.00
3/20	1001	25.00		25.00	50.00			50.00			50.00
3/25	1001	50.00			50.00			50.00			50.00
4/1	1001	50.00			50.00			50.00			50.00
4/15	1001	50.00	25.00		25.00			25.00			25.00
4/20	1001	25.00		25.00	50.00			50.00			50.00
4/25	1001	50.00			50.00			50.00			50.00
5/1	1001	50.00			50.00			50.00			50.00
5/15	1001	50.00	25.00		25.00			25.00			25.00
5/20	1001	25.00		25.00	50.00			50.00			50.00
5/25	1001	50.00			50.00			50.00			50.00
6/1	1001	50.00			50.00			50.00			50.00
6/15	1001	50.00	25.00		25.00			25.00			25.00
6/20	1001	25.00		25.00	50.00			50.00			50.00
6/25	1001	50.00			50.00			50.00			50.00
7/1	1001	50.00			50.00			50.00			50.00
7/15	1001	50.00	25.00		25.00			25.00			25.00
7/20	1001	25.00		25.00	50.00			50.00			50.00
7/25	1001	50.00			50.00			50.00			50.00
8/1	1001	50.00			50.00			50.00			50.00
8/15	1001	50.00	25.00		25.00			25.00			25.00
8/20	1001	25.00		25.00	50.00			50.00			50.00
8/25	1001	50.00			50.00			50.00			50.00
9/1	1001	50.00			50.00			50.00			50.00
9/15	1001	50.00	25.00		25.00			25.00			25.00
9/20	1001	25.00		25.00	50.00			50.00			50.00
9/25	1001	50.00			50.00			50.00			50.00
10/1	1001	50.00			50.00			50.00			50.00
10/15	1001	50.00	25.00		25.00			25.00			25.00
10/20	1001	25.00		25.00	50.00			50.00			50.00
10/25	1001	50.00			50.00			50.00			50.00
11/1	1001	50.00			50.00			50.00			50.00
11/15	1001	50.00	25.00		25.00			25.00			25.00
11/20	1001	25.00		25.00	50.00			50.00			50.00
11/25	1001	50.00			50.00			50.00			50.00
12/1	1001	50.00			50.00			50.00			50.00
12/15	1001	50.00	25.00		25.00			25.00			25.00
12/20	1001	25.00		25.00	50.00			50.00			50.00
12/25	1001	50.00			50.00			50.00			50.00
1/1	1001	50.00			50.00			50.00			50.00

Account Name
 Account No.

Balance

Debit

Credit

Balance

Debit

Credit

Balance

PLEASE ENTER
IN AUGUST AS
SEPT. ACCTG. MO.

Request for Voucher

Please prepare voucher in favor of:

AUGUST 23 1987

NAME

XTRA, INC.

ADDRESS

P.O. BOX 99103

CHICAGO IL 60693

VENDOR NUMBER

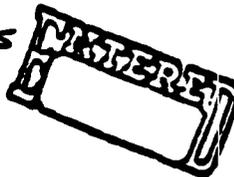
001067600

AMOUNT

\$ 27,771.99

Voucher to read as follows:

9/1/87 - LEASE OF 12 LOCOMOTIVES



FINAL PAYMENT

Due Date 1/87

Person authorized to request voucher

A. A. Clay

Title Dir. - Cap. Const.

Return Voucher

Mail Voucher

Accounting

EQ-766071 / 900 / X9999 - \$ 27,489.34

EQ-7660646 / 900 / X9999 - \$ 282.65

/ 900 / X9999 - \$

/ 900 / X9999 - \$

SAP/10/87

DELAWARE AND HUDSON RAILWAY COMPANY
MONTHLY LOAN AMORTIZATION WORKSHEET

PRINCIPAL 81,649,957.15
INTEREST RATE 6.00%
TERMS (YEARS) 4
MONTHLY PAYMENT 929,520.00

MONTH	BEGINNING BALANCE	PRINCIPAL PAYMENTS	INTEREST PAYMENTS	TOTAL PAYMENTS	ENDING BALANCE	INTEREST BY YEAR
1	81,649,957.15	929,520.00	9.00	929,520.00	81,620,439.15	
2	1,420,439.15	17,346.71	12,153.29	29,500.00	1,403,072.44	
3	1,403,072.44	17,496.94	12,023.04	29,520.00	1,385,575.49	
4	1,385,575.49	17,636.18	11,891.82	29,520.00	1,367,949.30	
5	1,367,949.30	17,760.40	11,759.60	29,520.00	1,350,188.91	
6	1,350,188.91	17,893.60	11,626.40	29,520.00	1,332,293.31	
7	1,332,293.31	18,027.80	11,492.20	29,520.00	1,314,265.51	
8	1,314,265.51	18,163.01	11,356.99	29,520.00	1,296,102.50	
9	1,296,102.50	18,299.22	11,220.77	29,520.00	1,277,803.27	
10	1,277,803.27	18,436.49	11,083.52	29,520.00	1,259,366.80	
11	1,259,366.80	18,574.75	10,945.25	29,520.00	1,240,792.05	
12	1,240,792.05	18,714.06	10,805.94	29,520.00	1,222,077.99	126,758.84
13	1,222,077.99	18,854.42	10,665.58	29,520.00	1,203,223.57	
14	1,203,223.57	18,995.82	10,524.18	29,520.00	1,184,228.75	
15	1,184,228.75	19,138.29	10,381.71	29,520.00	1,165,089.44	
16	1,165,089.44	19,281.82	10,239.17	29,520.00	1,145,807.63	
17	1,145,807.63	19,426.44	10,097.54	29,520.00	1,126,381.19	
18	1,126,381.19	19,572.14	9,957.86	29,520.00	1,106,809.04	
19	1,106,809.04	19,718.92	9,819.07	29,520.00	1,087,090.11	
20	1,087,090.11	19,866.82	9,683.18	29,520.00	1,067,223.29	
21	1,067,223.29	20,015.83	9,549.17	29,520.00	1,047,207.46	
22	1,047,207.46	20,165.94	9,417.06	29,520.00	1,027,041.52	
23	1,027,041.52	20,317.19	9,287.81	29,520.00	1,006,724.33	
24	1,006,724.33	20,469.57	9,160.24	29,520.00	986,254.76	
25	986,254.76	20,623.09	9,034.43	29,520.00	965,631.67	118,416.77
26	965,631.67	20,777.76	8,910.24	29,520.00	944,853.91	
27	944,853.91	20,933.60	8,787.40	29,520.00	923,920.31	
28	923,920.31	21,090.60	8,665.92	29,520.00	902,839.72	
29	902,839.72	21,248.78	8,546.72	29,520.00	881,601.94	
30	881,601.94	21,408.15	8,429.82	29,520.00	860,213.80	
31	860,213.80	21,568.70	8,315.10	29,520.00	838,675.10	
32	838,675.10	21,730.47	8,202.63	29,520.00	816,994.63	
33	816,994.63	21,893.45	8,092.39	29,520.00	795,071.17	
34	795,071.17	22,057.68	7,984.35	29,520.00	772,913.53	
35	772,913.53	22,223.18	7,878.49	29,520.00	750,520.35	96,298.95
36	750,520.35	22,389.97	7,774.82	29,520.00	727,930.38	
37	727,930.38	22,558.06	7,673.32	29,520.00	705,152.31	
38	705,152.31	22,727.46	7,573.99	29,520.00	682,184.85	
39	682,184.85	22,898.17	7,476.82	29,520.00	659,026.68	
40	659,026.68	23,069.19	7,381.81	29,520.00	635,677.49	
41	635,677.49	23,241.54	7,288.94	29,520.00	612,135.95	
42	612,135.95	23,415.24	7,198.21	29,520.00	588,400.71	
43	588,400.71	23,591.29	7,109.62	29,520.00	564,469.42	
44	564,469.42	23,768.69	7,023.16	29,520.00	540,340.73	

ONE IN A YEAR
372,812.04
330,484.04

43	767,079.43	27,967.20	5,575.00	27,520.00	719,092.22
44	719,092.22	26,126.01	5,493.19	27,520.00	694,765.42
47	696,965.47	24,507.74	5,212.24	29,520.00	670,637.44
48	670,637.44	24,490.07	5,079.93	29,520.00	646,167.59
49	646,167.59	24,474.74	4,866.26	29,520.00	621,493.85
50	621,493.85	24,858.80	4,661.20	29,520.00	596,633.05
51	596,633.05	23,045.24	4,474.74	29,520.00	571,589.82
52	571,589.82	23,233.08	4,286.92	29,520.00	546,356.74
53	546,356.74	23,422.32	4,107.48	29,520.00	520,976.42
54	520,976.42	23,612.99	3,937.01	29,520.00	495,221.42
55	495,221.42	23,805.09	3,774.91	29,520.00	469,316.74
56	469,316.74	23,998.63	3,521.37	29,520.00	443,217.71
57	443,217.71	24,193.42	3,226.38	29,520.00	417,224.09
58	417,224.09	24,390.07	3,129.93	29,520.00	390,924.02
59	390,924.02	24,587.99	2,932.01	29,520.00	364,344.03
60	364,344.03	24,787.40	2,732.60	29,520.00	337,558.42
61	337,558.42	24,988.21	2,531.49	29,520.00	310,570.31
62	310,570.31	25,190.72	2,329.28	29,520.00	283,379.59
63	283,379.59	25,394.45	2,125.55	29,520.00	255,984.94
64	255,984.94	25,600.11	1,919.89	29,520.00	228,484.82
65	228,484.82	25,807.11	1,712.39	29,520.00	200,772.71
66	200,772.71	26,015.67	1,504.77	29,520.00	172,262.04
67	172,262.04	26,225.79	1,296.22	29,520.00	144,056.26
68	144,056.26	26,437.40	1,086.22	29,520.00	115,848.78
69	115,848.78	26,650.74	869.24	29,520.00	87,248.02
70	87,248.02	26,865.64	634.74	29,520.00	58,262.78
71	58,262.78	27,082.70	377.97	29,520.00	29,200.23
72	29,200.23	27,300.23	219.73	29,520.00	0.00

72,097.90

49,621.03

16,681.20

60 State Street
Boston, Massachusetts 02108
Telephone 617-367-5000
Telex 940613

11:11:33 1987 XTRA

October 22, 1987

Mr. Richard E. Long, Treasurer
GUILFORD TRANSPORTATION INDUSTRIES
Iron Horse Park
No. Billerica, MA 01862

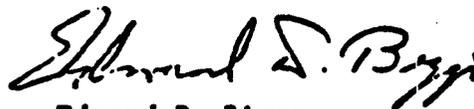
Dear Mr. Long:

Please find enclosed two copies of the lease amendment for the 12 GP 38-2 Locomotives which conforms to our agreement. If you would return one copy to my attention it would be appreciated.

On another note, Jim Coffin had mentioned that you had a group of 500 or so box cars leased in that you would like to get out from under. We are in the market for late vintage railcars of many types; box cars, covered and open top hoppers, chip and log cars. If you could put the right person in touch with me, I am sure it would be mutually beneficial. My direct number is (617) 367-7934.

Thank you for the opportunity to be of continued service to you.

Sincerely,



Edward D. Biggs
Operations Manager
Rail Products Division

EDB/jmn
Enclosures

cc: W.L. Sarakenoff

ORIGINAL

Effective Date
of Amendment: October 1, 1987

AMENDMENT
TO
LEASE AGREEMENT, dated as of September 6, 1972
(as assigned to Delaware & Hudson Railway Company
by the Trustees of the Property of Lehigh Valley Railroad Corporation)
between
XIRA, c/o X-L-CO., INC., 60 State Street, Boston, MA 02109
and
Delaware & Hudson Railway Company (User)
Iron Horse Park
No. Billerica, MA 01862

In order to amend and/or supplement certain provisions of the original Lease Agreement identified above (the "Agreement"), XIRA and User hereby agree as follows:

A. XIRA and User hereby acknowledge and agree that the Initial Term Terminal Day, as defined in Section 2 of the Agreement, shall be December 31, 1987.

B. XIRA and User hereby agree that the term of the Agreement shall be extended for an additional six (6) year period commencing on January 1, 1988 (the "Extended Term"), and that the Extended Term Terminal Day, as defined in Section 2 of the Agreement, shall be December 31, 1993.

C. Exhibit A to the Agreement is hereby amended so that during the Extended Term, the rent due per Locomotive shall be eighty-two dollars (\$82.00) per Locomotive per day.

D. Provided User is not in breach of the Agreement, at the expiration of the Extended Term of the Agreement, in consideration of the rental paid during the life of the Agreement (including the Extended Term), XIRA shall transfer to User title to the 12 GP-38 Locomotives covered by the Agreement on an "as-is, where-is" basis without any representation or warranty of any kind, express or implied, except that such title is free and clear of any liens, claims or encumbrances created by XIRA.

E. Except as hereby expressly amended, the terms and provisions of the Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by an officer thereunto duly authorized, as of its Effective Date set forth above, each pursuant to due corporate authority.

Delaware & Hudson Railway Company

XIRA, Inc.

Title _____

By William R. [Signature]
Title VIC. TRS. DIVISION MANAGER

Date _____

Date 10/31/87

May __, 1991

D&H Corporation
P. O. Box 8002
200 Clifton Corporate Parkway
Clifton Park, New York 12065

Attention: P.M. Ballachey, Vice-President

Re: Second Amendment to Locomotive Lease

Dear Mr. Ballachey:

Reference is to the Lease of Railroad Equipment dated as of September 6, 1972 between Chrysler Rail Transportation Corporation ("Chrysler") as assignee of XTRA, Inc. and The Delaware and Hudson Railway Company, the successor in interest to John F. Nash and Robert C. Halderman, trustees of the property of the Lehigh Valley Railroad Company, Debtor as amended by that certain Amendment to Lease effective October 1, 1987 (the "Lease"). The interest of the Lessee under the Lease is being assigned to D&H Corporation pursuant to an Assignment and Assumption Agreement previously delivered to Chrysler.

This letter will confirm that, notwithstanding any provision of the Lease to the contrary, effective on the assignment of the Lease to D&H Corporation:

1. The Lease expires on December 31, 1993;
2. The rights of the Lessee under the Lease shall not be effected in any way by any default or other event occurring prior to the effectiveness of the Assignment.
3. The Lessee shall have the option, by delivering written notice to the Lessor, of purchasing all title to the Locomotives listed on Schedule A to Lease on an "as is", "where is" basis without any representation or warranty of any kind, express or implied, except that the Locomotives are free and clear of lien, claims and encumbrances created by the Lessor. The purchase price for such Locomotives shall be the present value of the remaining rental payments then due under the Lease, calculated using a discount rate mutually acceptable to Lessor and Lessee, but in no event greater than 8.5%;

...2

4. Lessor and Lessee shall execute all such documents as may be necessary or reasonably desirable to cause the Lease and any amendments thereto, or a memorandum thereof, to be duly recorded with the Interstate Commerce Commission or in any other public record in order to protect and perfect the parties interests therein and in the Locomotives which are the subject thereof; and

5. All notices and other communications required or permitted to made under the Lease shall be in writing and be properly delivered, if by mail, within 5 days after deposit in the United States or Canadian mails, first class postage prepaid, or if by a nationally recognized commercial overnight delivery service, within 1 day after delivery to such service, charges prepaid, if by telecopy or by hand delivery, on receipt of such telecopy transmission or hand delivery, in each case address as follows:

If to Lessor:

Chrysler Rail Transportation Corporation,
300 Knightsbridge Parkway
Suite 320,
Lincolnshire, Illinois
60069

Attention: Mr. Jack Thomas

Telecopy No.: 708-634-8304

If to Lessee:

D&H Corporation
P. O. Box 8002
200 Clifton Corporate Parkway
Clifton Park, New York 12065

Attention: P.M. Ballachey

Telecopy No.: 518-383-7225

Any party may change its address for purposes of the Lease by giving notice as provided above.

6. The Lessor represents and warrants that, as of the date hereof, as of the effective date of the Assignment, it is the owner of all right, title and interest in and to the Locomotives and the Lessors' interest in the Lease, free and clear of all liens, claims and encumbrances other than the Lease.

Please confirm your acceptance of the above by signing the enclosed copy of this letter.

Very truly yours,

Chrysler Rail Transportation
Corporation

By: _____

Accepted and Agreed:

D&H Corporation

By: _____

Date: _____

Schedule 1

EQUIPMENT

Unit No.

7307

7309

7312

221

223

224

225

7314

7323

7324

227

7316