

Counterparts - 3

ALVORD AND ALVORD
ATTORNEYS AT LAW
918 SIXTEENTH STREET, N.W.
SUITE 200
WASHINGTON, D.C.

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

20006-2973
(202) 393-2266
FAX (202) 393-2156

OF COUNSEL
URBAN A. LESSEE

JUN 21 11 04 AM '96

RECEIVED
SURFACE TRANSPORTATION
BOARD

June 21, 1996

20146
RECORDATION NO. _____ FILED 1425

JUN 21 1996 -11 05 AM

INTERSTATE COMMERCE COMMISSION

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a), are three (3) copies of a Railroad Car Lease Agreement, dated as of June 4, 1996, a primary document as defined in the Board's Rules for the Recordation of Documents.

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

Lessor: Radnor Rail, Ltd.
150 Strafford Avenue - Suite 112
Radnor, Pennsylvania 19087-3184

Lessee: Bangor & Aroostook Railroad Company
Route 2 Box 45
Bangor, Maine 04401

A description of the railroad equipment covered by the enclosed document is set forth on Exhibit A attached to the Lease Agreement.

Mr. Vernon A. Williams
June 21, 1996
Page 2

Also enclosed is a check in the amount of \$21 00 payable to the order of the
Surface Transportation Board covering the required recordation fee

Kindly return one stamped copy of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. Alvord", with a long horizontal flourish extending to the right.

Robert W Alvord

RWA/bg
Enclosures

SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20423-0001

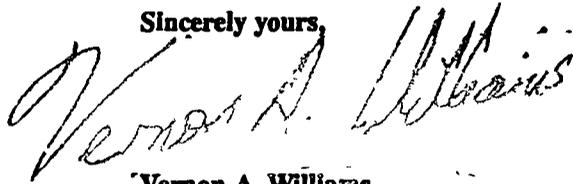
6/21/96

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 6/21/96 at 11:05AM , and assigned recordation number(s). 20146, 20146-A and 19299-D.

Sincerely yours,



Vernon A. Williams
Secretary

Enclosure(s)

\$ 63.00 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



RAILROAD CAR LEASE AGREEMENT JUN 2 1996 11 05 AM

INTERSTATE COMMERCE COMMISSION
This Railroad Car Lease Agreement (the "Agreement") is made as of June 4, 1996 by and between **Radnor Rail, Ltd.**, a Pennsylvania corporation ("Lessor") and **Bangor & Aroostook Railroad Company**, a Maine corporation ("Lessee").

Background

Pursuant to a Sale Agreement dated today between the parties (the "Sale Agreement"), Lessor has purchased one hundred and seventy (170) railroad boxcars, comprised of seventy-six (76) 6500-series plate B boxcars, seventy-nine (79) 6700-series plate C boxcars, and fifteen (15) 9050-9069 series boxcars described in the Schedule of Cars attached hereto as Exhibit A of this Agreement (the "Cars").

Terms

AND NOW, intending to be legally bound, and in consideration of the rentals to be paid and the covenants to be kept and performed by Lessee hereunder, Lessor and Lessee agree as follows:

1. Term and Rent.

A. Lease of Railroad Cars. Lessor hereby leases the Cars to the Lessee, and Lessee hereby accepts and acknowledges delivery to it of the Cars, upon the terms and conditions hereof.

B. Lease Term. The term of the Lease hereunder begins on June 21, 1996 (the "Effective Date") and, subject to the provisions hereof respecting termination, will expire ten years after the last day of the month during which the last Car reaches its Completion Date (defined in Section 2) (the "Lease Term").

C. Rent During Interim Term. Rent shall be payable for each Car at the rate of two dollars and twenty-two cents (\$2.22) per day commencing on the Effective Date and ending on the Completion Date of such car (the "Interim Term"). Such rent will be payable in arrears on the first day of each month of the Interim Term of each Car and on the Completion Date of such Car.

D. Rent During Operating Term. Rent shall be payable for each Car during the Lease Term after the Completion Date (the "Operating Term") monthly in arrears, on the first day of each month following the Completion Date, at the applicable rate set forth on the Schedule of Rental Rates attached hereto as Exhibit B, except that the

payment on the first day of the first month after the Completion Date shall be adjusted proportionately to reflect the portion of the first month which occurs during the Operating Term.

E. Adjustment of Rent Payment Date. Any rent or other amount payable hereunder to Lessor which is due on a Saturday or Sunday or other date on which banks are not open for business in Pennsylvania (collectively, a "Holiday") shall be due and payable on the next succeeding day which is not a Holiday

F. Quiet Enjoyment. Lessor warrants that it has received such title as was conveyed to it by Lessee and, so long as no Event of Default shall have occurred and be continuant, neither Lessor nor any person claiming by or through Lessor shall interfere with Lessee's quiet use and enjoyment of the Cars

G. Rental Obligations are Absolute. The obligation to pay rent hereunder is independent of any other covenant herein. Lessee will pay all amounts of rent when due to Lessor or, after notice of Lessor's assignment of this Lease to any assignee, to such assignee without diminution or reduction by reason of any claim, defense, set off or counterclaim that Lessee may have against Lessor hereunder or otherwise.

H. Taxes and Fees. Lessee shall pay when due as additional rent all taxes and other governmental fees and charges imposed with respect to the lease, ownership or use of the Cars (other than taxes in respect of Lessor's income).

I. Manner of Rent Payment. Lessee shall pay rent hereunder by wire transfer at the direction of Lessor.

2. Repair of Cars.

A. Delivery of Cars to Repair Shops. Lessee will promptly deliver the Cars to the repair shops designated on Exhibit C (the "Repair Shops") for repairs as set forth on such Exhibit.

B. Supervision of Repairs. Lessee will supervise the performance of the repairs, to be performed at Lessor's expense pursuant to repair contracts entered into by Lessor with each Repair Shop. Lessee acknowledges that the scope of repairs called for by such contracts is satisfactory to Lessee

C. Completion of Repairs; Acceptance by Lessee. Lessor will cause R.L. BANKS & ASSOCIATES ("R.L.B.") to inspect a Car or Cars at any time prior to, during or after the repair process. In addition, R.L.B. will assess (1) the repair program's suitability for preserving the economic useful life of the Cars, and (2) the fair market value of the Cars at the completion of the repair process. R.L.B. will issue an opinion letter to Lessor detailing its findings and methodology. Lessee will

inspect each Car and thereupon deliver to Lessor a certificate of acceptance of such Car substantially in the form of Exhibit D (an "Acceptance Certificate"), the date of which shall be the Completion Date of such Car. Upon delivery of the Acceptance Certificate with respect to each Car or Cars, Lessor will pay the Repair Cost, as defined in the Schedule of Repair Shops attached hereto as Exhibit C, directly to the appropriate Repair Shop.

D. Purchase of Unrepaired Cars. If Lessee shall not have delivered to Lessor an Acceptance Certificate for any Car on or before December 31, 1996, Lessee will purchase such Car from Lessor on such date at the Casualty Value thereof determined pursuant to Section 3.B.

E. Assignment of Repair Warranties. So long as this Agreement has not terminated, Lessor authorizes and grants a power of attorney to Lessee to exercise such rights as Lessor may have under any warranty, express or implied, with respect to the repairs performed on any Car by the Repair Shops, to the extent that the same may be assigned or otherwise made available to Lessor, provided, however, that Lessee shall give Lessor prompt written notice of any warranty claim which is settled with Lessee on the basis of a total or partial cash payment and that Lessee shall not make a settlement with any Repair Shop affiliated with Lessee without Lessor's consent, which shall not be unreasonably withheld. However, upon termination of this Agreement all such rights to such warranty will immediately revert to Lessor, including all claims thereunder whether or not perfected.

3. Maintenance, Repair and Encumbrances.

A. No Liens. Lessee will keep the Cars free of all liens, security interests and encumbrances ("Liens"), other than this Lease and any Lien created by Lessor or arising from any claim against Lessor for which Lessee is not responsible hereunder.

B. Casualty and Destruction. In the event any Car is destroyed, lost, stolen or damaged beyond repair (an "Event of Casualty") before such Car has been delivered to Lessor pursuant to Section 5.C. or purchased by Lessee pursuant to Section 2.D or 5.A., Lessee shall immediately (1) notify Lessor, (2) file all appropriate insurance claims, and (3) pay to Lessor the value of the Car as of the date the Event of Casualty determined pursuant to the Schedule of Casualty Values as set forth in Exhibit E, together with all unpaid rent accrued to such date, whereupon this Lease will terminate as to such Car and Lessor will assign to Lessee all Lessor's title and interest in such Car free and clear of Liens (other than Liens for which Lessee is responsible under Section 3.A.). If any Car is requisitioned by the governmental authority, Lessee shall continue to pay rent hereunder during the Term; provided that if such Car is not returned upon the Expiration of the Term such requisition shall be treated as an Event of Casualty occurring on the date of such Expiration. In the event of any

loss or damage which does not constitute an Event of Casualty, Lessee will make repairs pursuant to Section 3 C.

C. Maintenance and Repair. Lessee shall perform, at its expense, all repairs, maintenance, replacement of parts and mandated modifications as are needed to keep any Car in good working order and repair, suitable for loading and interchange and in compliance with the rules or regulations of the Surface Transportation Board, the Interchange Rules of the American Association of Railroads ("AAR"), the Federal Railroad Administration ("FRA") and any other applicable rules, regulations or laws. All replacement parts added or attached to any Car shall immediately become property of the Lessor and shall be subject to this Agreement as if originally leased hereunder.

D. Record Keeping. Lessee shall maintain all records ("Record Keeping") relating to the Cars or their use, including but not limited to, (i) registration of the Cars in the Official Railway Equipment Register and UMLER placing marks as provided in the UMLER ownership field, (ii) the collection and receipt of revenue, and (iii) records pertaining to maintenance, repair and billing in accordance with the Interchange Rules of the AAR. All Record Keeping shall be performed separately with respect to each Car and shall be maintained in a form suitable for reasonable inspection by Lessor from time to time during regular business hours.

E. Marking of Cars. Lessee will cause each Car to be kept numbered and lettered as set forth in the Schedule of Cars attached hereto as Exhibit A, and such other words designated by Lessor or applicable law. Lessee will cause, at Lessor's reasonable request, the Cars to be marked to indicate rights of Lessor or any financing party. No other markings of any Car and no change of markings of any kind are permitted without the consent of Lessor, which shall not be unreasonably withheld.

F. Indemnities. Lessee agrees to defend, indemnify and hold harmless Lessor from any and all claims, losses, damages, liabilities, costs, and expenses (including attorneys fees) arising from the operation, use or possession of any Car before such Car shall have been returned to Lessor pursuant to Section 5.C, including without limitation any obligation or liability of Lessee as the handling carrier under applicable Interchange or Car Hire Rules or other applicable rules, regulations or law. The indemnities contained in this Section shall survive the expiration or termination of this Lease.

G. Compliance with Laws. Lessee will use and maintain the Cars in compliance with all applicable laws, regulations and AAR rules.

H. Subordination. This Agreement and Lessee's rights hereunder shall be subject and subordinate to any Liens now or hereafter placed upon the Cars by action of Lessor, provided that the holder of such Lien shall have executed and delivered to Lessee the agreement of such holder to take no action to disturb the peaceful

possession by Lessee of the Cars at any time subject hereto so long as no Event of Default shall have occurred hereunder. Upon Lessor's request at any time Lessee will execute and deliver such documents confirming the foregoing subordination and such further instruments of attornment as may be desired by any such Lien holder. Notwithstanding the foregoing, any Lien holder may at any time subordinate its lien to this Agreement, without Lessee's consent, by giving notice in writing to Lessee, and thereupon this Agreement will be deemed prior to such Lien without regard to the respective dates of execution and delivery.

4. Security for Lessee's Obligations.

A. Grant of Security Interest In order to secure the payment of rent under this Agreement and the payment and performance of all other obligations of Lessee hereunder, Lessee hereby assigns, transfers and grants to Lessor a security interest in all rights of Lessee, and its successors and assigns under this Agreement, arising from all fees, usage, rents and accounts as defined in the Pennsylvania Commercial Code, and all proceeds derived therefrom, payable by other railroads with respect to the Cars during the time the Cars are not on Bangor railroad lines (the "Receivables").

B. Perfection of Security Interests. Lessee shall, at its expense, execute, acknowledge, deliver, file and record all such documents (including financing statements, assignments and other instruments of transfer or charge) and take all such other action as Lessor may reasonably request to perfect and continue perfected under applicable law the security interests granted hereby or pursuant hereto, subject to no prior liens, encumbrances or security interests.

C. Disposition of Receivables. So long as no Event of Default has occurred hereunder Lessee may in the ordinary course of its business collect Receivables and use and apply for its corporate purposes the proceeds thereof

D. Action by Lessor After Default If an Event of Default shall have occurred and be continuing (but not otherwise), the Lessor shall have the rights and powers set forth below in addition to the remedies provided in Section 6 B. of this Agreement.

- (1) Lessor may receive and collect all amounts payable to and receivable by Lessee under or in respect of any Receivables, may make all waivers and agreements, give all notices, consents and releases, and do any and all other things whatsoever which the Lessee is or may be entitled to do thereunder. Lessee hereby waives any requirement of law for notice of any default, payment or partial payment by any entity or person liable under or in respect of any Receivables, and Lessee hereby consents to and waives notice of the granting by Lessor, as assignee and secured party hereunder acting pursuant to the powers and authority granted to it herein or pursuant hereto, of indulgences to or extensions of time for

payment of any obligation of any entity or person which may constitute or be in respect of any Receivables, Lessor's taking or releasing of any security for the obligation of any such entity or person, Lessor's acceptance of partial payments in respect thereof or Lessor's settlement, compromising or compounding of any such obligation, all in such manner and at such time or times as Lessor may deem advisable.

- (2) In furtherance of the assignment and granting of rights to Lessor provided for in Section 4 A and for the purposes thereof (and not otherwise) Lessee hereby irrevocably constitutes and appoints Lessor and each of its officers as attorney-in-fact of Lessee, with full power of substitution and revocation, in the name of Lessee or otherwise to demand, enforce, collect, receive and receipt and give releases for any payment due by any person or entity, including without limitation the Central Collecting System, in respect of or arising from Receivables, to endorse and collect any checks, drafts, or other instruments payable to Lessee therefor, and to do and take such other action (or exercise any rights), and to file any claims or institute any proceedings for any of the foregoing which Lessor may deem appropriate and to compromise any such demand, claim or action, including to the extent permitted to any such Receivables or proceeds thereof, all of the rights of Lessee to give or receive any notice, consent, waiver, demand, or approval under or in respect of any thereof, and to commence and prosecute any suits, actions or other proceedings at law or in equity to collect any such amounts or otherwise to enforce any rights of Lessee under or in respect thereof.
- (3) Lessor shall have no obligation to Lessee or any other entity or person to take any action to enforce any right or power granted hereby except (a) such action as may be commercially reasonable in the circumstances, (b) which shall have been requested of Lessor by Lessee in writing, and (c) in connection with which Lessor shall have received from or on behalf of Lessee indemnity against costs, expenses and liabilities which may be incurred by it in connection therewith in amounts and form satisfactory to Lessor

E. Termination of Security Interests When and only when:

- (1) Lessee shall have paid in full the rent outstanding obligations hereunder, interest thereon and all other amounts to be paid by Lessee hereunder, and all obligations of Lessee secured by the security interests provided for in Section 4.A. shall have been fully performed; and

- (2) no other indebtedness, obligations or liabilities of Lessee (whether primary, secondary, direct, contingent, sole, joint or several) secured hereby shall be outstanding, then the security interests granted to Lessor pursuant to Section 4 A. shall terminate and, at the request and expense of Lessee, Lessor will execute and deliver to Lessee such written evidence thereof, including termination statements, and take such other action as Lessee may reasonably request.

5. **Termination Rights and Obligations.**

A. **Purchase Option.** If no Event of Default shall have occurred and be continuing, Lessee shall have the option, exercisable by the giving of not less than six months prior notice, to purchase at the expiration of the Term all, but not less than all, the Cars for a price equal to the then fair market value of the Cars ("Fair Market Value"). Fair Market Value shall be determined by an appraisal conducted by R.L. BANKS & ASSOCIATES. If R L. BANKS & ASSOCIATES cannot perform the appraisal, Lessor and Lessee will select a mutually acceptable appraiser to determine Fair Market Value. The cost of the appraisal will be shared equally by the parties.

B. **Renewal Option.** If no Event of Default shall have occurred and be continuing, Lessee shall have the option, exercisable by the giving of not less than six months prior notice upon the expiration of the Term, to extend such Term for three years on the same terms and conditions hereof, except that the rent payable pursuant to Section 1.D. shall be at fair market rental value of the Cars then subject hereto at the date of such expiration ("Fair Market Rental Value") Fair Market Rental Value will be determined in the same manner as Fair Market Value pursuant to Section 5.A.

C. **Return of Cars.** Upon the expiration or other termination of this Lease with respect to any Car, Lessee shall return such Car to Lessor at such interchange point on Lessee's lines as designated by Lessor (the "Return Location"). Lessee shall bear any transportation costs incurred in moving such Car to the Return Location. If Lessor so requests, Lessee shall use best efforts to load such Car with freight and deliver it to a connecting carrier for shipment.

D. **Condition Upon Return.** Without limiting Lessee's obligations under Section 3, except for ordinary wear and tear, each Car shall be returned to Lessor (i) in as good condition, order and repair as when accepted by Lessee on the Completion Date thereof, (ii) in interchange condition in accordance with AAR and FRA rules and regulations, including the replacement of missing material and parts and the correction of items listed in the Interchange Rules as "cause for renewal" or "cause for attention", (iii) free of any Rule 95 damage, and (iv) free of accumulation of deposits from commodities transported in or on such Car.

E. Storage. Upon the return of any Car pursuant to Section 5.C., at Lessor's request Lessee shall provide up to 90 days free storage on its lines for such Car.

F. Holdover Rent. After the expiration of the term as to any Car, until such Car shall have been returned to Lessor pursuant to Section 5.C., Lessee shall continue to pay rent hereunder. If any Car is not returned within six (6) months of the termination of this Agreement, Lessee shall pay rent at 200% of the rate in effect immediately before such expiration. Lessee shall make all other payments and keep all obligations required of Lessee hereunder until the last Car is returned to Lessor pursuant to Section 5.C. Nothing in this Section shall give Lessee the right to retain possession of any Car after expiration or other termination of the Term with respect to such Car.

G. Return of Records. Upon the expiration or termination of the Term with respect to any Car Lessee shall return to Lessor all Record Keeping records including the then current AAR UMLER format for hard copy records. Lessee shall continue to allow (at no expense to Lessor) the Cars to be registered in UMLER until the Cars are remarked.

6. *Events of Default and Remedies.*

A. Events of Default. Each of the following events constitute an event of Default under this Agreement:

- (1) Lessee's failure to make any payment of any amount when due hereunder, except that Lessee may make a payment of rent up to five (5) days after the date due no more than twice during a calendar year,
- (2) Lessee's failure to observe or perform any covenant, condition or agreement to be observed or performed by Lessee under this Agreement, continuing for more than 30 days after notice thereof;
- (3) any representation or warranty made by Lessee in this Lease or in any document or certificate furnished in connection herewith shall prove to have been incorrect in any material respect when made;
- (4) any attempt by Lessee, without Lessor's prior written consent, to (i) transfer title to any Car, or (ii) assign any Car; and
- (5) The entry of an order for relief against Lessee in an involuntary case under the Federal Bankruptcy Code, or the entry of an order adjudicating Lessee as bankrupt or insolvent, or the appointment of a receiver or trustee for Lessee or any of its property, or the entry of an order approving a petition seeking reorganization, dissolution,

liquidation or other similar relief under the bankruptcy or other similar laws of the United States or any state or other jurisdiction, or the filing by Lessee of a petition commencing a voluntary proceeding under any such law or a petition, answer or other document seeking or consenting to any of the foregoing, or the filing by Lessee of a petition to take advantage of any debtor's act or the making by Lessee of a general assignment for the benefit of creditors or admitting in writing its inability to pay its debts as they mature.

B. Lessor's Remedies on Default Upon the occurrence of an Event of Default, Lessor shall have the following remedies:

- (1) The value of all rent payable hereunder for the balance of the Term shall, at Lessor's option, become immediately due and payable;
- (2) With or without terminating the Lease thereof, Lessor may enter, with or without legal process, any premises where any Car is believed to be and take possession thereof;
- (3) Lessor may terminate this Lease as to any Car, whereupon Lessee will immediately pay to Lessor all rent and other amounts accrued hereunder to the date of such termination together with, liquidated damages for loss of a bargain and not as a penalty, the Casualty Value of such Car at the date of such termination;
- (4) If Lessor shall have terminated this Lease as to any Car, Lessor may sell, lease or otherwise dispose of such Cars in any commercially reasonable manner, at private or public proceedings, with or without notice and without having such Cars present at the place of such sale, lease or other disposition, and apply the proceeds thereof to Lessee's obligations hereunder without releasing Lessee from liability for any balance thereof;
- (5) Lessor may exercise all of its rights and remedies under Section 4 of this Agreement.

The foregoing remedies are cumulative and may be exercised in addition to all other remedies available under applicable law. The failure of Lessor to exercise the rights granted hereunder shall not constitute a waiver of any such right.

C. Lessor May Perform Obligations of the Lessee. If Lessee fails to perform any of its covenants or obligations hereunder, Lessor may, at its option, perform such covenant or obligation for the account of Lessee, whereupon the costs and expenses thereof incurred by Lessor shall forthwith be paid on demand to Lessor by Lessee.

D. Expenses of Enforcement. Lessee will pay all reasonable expenses of Lessor, including attorneys' fees, incurred by Lessor in enforcing its rights and remedies hereunder or under the Agreement. If Lessor brings suits (or files any claim in any bankruptcy, reorganization, insolvency or other proceeding) to enforce any of its rights hereunder and shall be entitled to judgment (or other recovery) in such action (or other proceeding) then Lessor may recover, in addition to all other amounts payable hereunder, its reasonable expenses in connection therewith, including attorneys' fees, and the amount of such expenses shall be included in such judgment (or other form of award).

7. Miscellaneous Terms.

A. Parties in Interest. Subject to Section 7.B., this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns

B. No Assignment. LESSEE MAY NOT WITHOUT THE PRIOR WRITTEN CONSENT OF THE LESSOR PLEDGE OR ASSIGN THIS AGREEMENT OR ANY OF ITS RIGHTS OR OBLIGATIONS HEREUNDER TO ANY PARTY. Any purported assignment in violation hereof shall be void. Lessor may assign its interest in this Lease or any rent due hereunder, and, upon notice, Lessee will pay the rent or other amount due to such assignee.

C. Sublease Lessee may sublease a Car or Cars to any third party for ordinary and standard uses, so long as Lessee makes full disclosure of the terms of the sublease to Lessor, such sublease being at all times subject and subordinate to this Agreement

D. No Waiver. No delay, waiver, indulgence or partial exercise by Lessor of any right, power or remedy shall preclude any further exercise thereof or the exercise of any additional right, power or remedy.

E. Financial Information. Bangor & Aroostook Acquisition Corp. shall promptly furnish to Lessor certified annual financial statements within one hundred twenty (120) days of the end of the fiscal year and Lessee shall promptly furnish quarterly financial statements within forty-five (45) days of the end of each and every quarter, together with such other financial information relating to Lessee as Lessor may reasonably request.

F. Agreement for Lease Only. Title in the Cars shall at all times remain in Lessor, and Lessee shall acquire no interest other than its leasehold interest as lessee subject to the terms of this Agreement. This Agreement is intended to be a lease and not a lease in the nature of a security agreement.

G Notices Any notices or other communications required or permitted to be given hereunder shall be in writing and delivered to the party at the following address:

Lessor: Radnor Rail, Ltd.
150 Strafford Avenue - Suite 112
Radnor, PA 19087-3184

Lessee: Bangor & Aroostook Railroad Company
Northern Maine Junction Park
RR2 Box 45
Bangor, ME 04401-9602
Attention: Vice President, Finance

or to such other addresses as such may from time to time by notice to the others.

H. Applicable Law. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Pennsylvania, without regard to Pennsylvania's choice of law doctrine

I Entire Agreement. This Agreement constitutes the entire agreement of the parties relating to the subject hereof, and it may not be modified, altered or amended except by agreement in writing signed by the party to be charged thereby.

J. Section Headings. The captions and section headings herein are for convenience of reference only and are not to be construed as a part of the agreement of the parties constituting this Agreement.

K. Affirmative Representation. Lessee hereby represents that the execution and delivery of this Lease Agreement and the performance of its obligations hereunder will not constitute a default or result in a right of acceleration, termination or similar right by any party under any contract, agreement or instrument to which Lessee is a party.

L. No Warranties. LESSEE ACKNOWLEDGES THAT IT IS LEASING THE CARS AS IS WHERE IS AND WITH ALL FAULTS. LESSOR MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE CONDITION OR QUALITY, MERCHANTABILITY OR FITNESS FOR ANY PURPOSE OF THE CARS. LESSOR SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL OR INCIDENTAL DAMAGES.

IN WITNESS WHEREOF, the parties, pursuant to due corporate authority, hereby execute and enter into this Agreement as of the date first written above

LESSEE:

Bangor & Aroostook Railroad Company

By Benjamin A. Collins

Title: Deputy Chief Operating Officer

LESSOR:

Radnor Rail, Ltd

By J. S. Johnson

Title: President

ACKNOWLEDGEMENT

STATE OF PENNSYLVANIA

SS

COUNTY OF PHILADELPHIA :

On the 4th day of June, 1996, before me, the undersigned authority, personally appeared Benjamin J. Collins, known to me to be the Deputy Chief Operating Officer of Benjamin Franklin Railroad Company, the corporation that executed the within instrument, and acknowledged to me that he executed the same on behalf of such corporation by signing the name of such corporation thereunto by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year above written.

Mary E. Mingleough
Notary Public

NOTARIAL SEAL
MARY E. MINGLEDOUGH, Notary Public
City of Philadelphia, Phila County
My Commission Expires May 8, 2000

Exhibit A

Schedule of Cars

Fifteen (15) 9050-9069 Series Cars

Bar	9050	9060
	9051	9061
	9052	9063
	9054	9065
	9055	9066
	9057	9067
	9058	9068
	9059	

Seventy-nine (79) 6700 Series Cars

Bar	6700	6717	6733	6751	6770	6786
	6702	6719	6735	6754	6771	6787
	6703	6720	6737	6756	6772	6788
	6704	6721	6738	6757	6773	6789
	6706	6723	6739	6758	6774	6790
	6707	6724	6740	6759	6776	6791
	6709	6725	6741	6760	6778	6793
	6711	6726	6742	6761	6780	6794
	6712	6727	6743	6763	6781	6795
	6713	6728	6744	6764	6782	6796
	6714	6729	6745	6765	6783	6797
	6715	6730	6746	6767	6784	6798
	6716	6731	6749	6768	6785	6799
						9079 was 6775

Seventy-six (76) 6500 Series Cars

Bar	6522	6580	6612	6632	6648	6670
	6533	6584	6614	6633	6649	6672
	6534	6586	6617	6635	6650	6682
	6545	6589	6618	6637	6651	6683
	6552	6591	6619	6638	6654	6686
	6556	6594	6620	6640	6655	6688
	6559	6597	6621	6641	6656	6689
	6563	6602	6623	6642	6658	6690
	6564	6603	6624	6643	6660	6695
	6568	6606	6625	6644	6664	6696
	6570	6607	6626	6645	6665	6699
	6572	6609	6629	6646	6667	
	6575	6610	6630	6647	6668	

Exhibit B

Schedule of Rental Rates

- I. Monthly rent will be \$249.00 per month/per car calculated on a daily basis from the Completion Date of each Car until the last Car reaches its Completion Date or December 31, 1996, whichever occurs first (the "Ten Year Start Date").
- II. After the Ten Year Start Date monthly rent for any individual car is found by dividing the total monthly rent, found using the following method, by 170.

The following formulas only apply to the transaction totals.

$$Y = (a \times X) + b$$

Y = Total monthly rent for all 170 cars

a = .00927 in the first three years after the Ten Year Start Date
.0102 in the last seven years of the Lease Term

X = Total Cost

Total Purchase Price + Total Repair Cost

b = 6,910.07 in the first three years after the Ten Year Start Date
7,606.62 in the last seven years of the Lease Term

Example: Year is 1997

Y = ?

a = .00927

X = Total Cost

Purchase Price = \$8,000 x 170 = \$1,360,000

Repair Cost = \$13,726 x 170 = \$2,333,420

Total Cost = \$3,693,420

b = 6,910.07

Y = (.00927 x 3,693,420) + 6,910.07

= 41,148

Monthly rent per car would be \$41,148/170 cars or \$242/car

Exhibit C

Schedule of Repair Shops

- I. The 79 6700 Series Plate C Cars will be repaired by:

Ebenezer Railroad Services, Inc.
1005 Indian Church Road
Box 363
West Seneca, NY 14224-1384

The Repair Cost for the 6700 Series Plate C Cars will be.
\$12,535.00 per car plus additional repairs as necessary on a per car basis plus round trip transportation to West Seneca, New York.

- II. The 76 6500 Series Plate B Cars will be repaired by:

Progress Rail Services
P.O. Box 15399
Covington, KY 41015

The Repair Cost for the 6500 Series Plate B Cars will be
\$14,804.51 per car plus additional repairs as necessary on a per car basis plus round trip transportation to DeCoursey, Kentucky.

- III. The 15 9050 Series Plate B Cars will be repaired by:

Bangor & Aroostook Railroad Company at its Derby Shops

The Repair Cost for the 9050 Series Plate B Cars will be:
\$7,650 per car plus additional repairs as necessary on a per car basis

Exhibit E

Schedule of Casualty Values

1. Casualty Value on or before December 31, 1996. The Casualty Value of any Car on or before December 31, 1996 shall be the Purchase Price of such Car plus the cost of any repairs of such Car paid by Lessor prior to the payment of such Casualty Value. In the event of a casualty to a Car prior to its Completion Date, Lessee may substitute a railroad car of the same series in lieu of paying the Casualty Value for such Car.

2. Casualty Value after December 31, 1996. The Casualty Value of any Car after December 31, 1996 shall be under the following table:

<u>Date</u>	<u>Ending \$'s</u>	<u>CLV% of Total Cost</u>
01/01/97		100 00%
02/01/97		99.83%
03/01/97		99.67%
04/01/97		99.50%
05/01/97		99.33%
06/01/97		99.15%
07/01/97		98.98%
08/01/97		98.81%
09/01/97		98.63%
10/01/97		98 45%
11/01/97		98.27%
12/01/97		98.09%
01/01/98		97 91%
02/01/98		97.72%
03/01/98		97 53%
04/01/98		97 35%
05/01/98		97.16%
06/01/98		96 96%
07/01/98		96.77%
08/01/98		96.57%
09/01/98		96.38%
10/01/98		96.18%
11/01/98		95.98%
12/01/98		95.78%
01/01/99		95.57%
02/01/99		95 37%
03/01/99		95.16%
04/01/99		94.95%
05/01/99		94.74%
06/01/99		94.52%
07/01/99		94 31%

08/01/99	94.09%
09/01/99	93.87%
10/01/99	93.65%
11/01/99	93.42%
12/01/99	93.20%
01/01/00	92.86%
02/01/00	92.52%
03/01/00	92.17%
04/01/00	91.82%
05/01/00	91.47%
06/01/00	91.11%
07/01/00	90.76%
08/01/00	90.39%
09/01/00	90.03%
10/01/00	89.66%
11/01/00	89.29%
12/01/00	88.91%
01/01/01	88.54%
02/01/01	88.15%
03/01/01	87.77%
04/01/01	87.38%
05/01/01	86.99%
06/01/01	86.59%
07/01/01	86.19%
08/01/01	85.79%
09/01/01	85.38%
10/01/01	84.97%
11/01/01	84.56%
12/01/01	84.14%
01/01/02	83.72%
02/01/02	83.29%
03/01/02	82.86%
04/01/02	82.43%
05/01/02	81.99%
06/01/02	81.55%
07/01/02	81.11%
08/01/02	80.66%
09/01/02	80.20%
10/01/02	79.75%
11/01/02	79.29%
12/01/02	78.82%
01/01/03	78.35%
02/01/03	77.88%
03/01/03	77.40%
04/01/03	76.92%
05/01/03	76.43%
06/01/03	75.94%

07/01/03	75.44%
08/01/03	74.94%
09/01/03	74.44%
10/01/03	73.93%
11/01/03	73.41%
12/01/03	72.89%
01/01/04	72.37%
02/01/04	71.84%
03/01/04	71.31%
04/01/04	70.77%
05/01/04	70.23%
06/01/04	69.68%
07/01/04	69.13%
08/01/04	68.57%
09/01/04	68.01%
10/01/04	67.44%
11/01/04	66.87%
12/01/04	66.29%
01/01/05	65.70%
02/01/05	65.11%
03/01/05	64.52%
04/01/05	63.92%
05/01/05	63.32%
06/01/05	62.71%
07/01/05	62.09%
08/01/05	61.47%
09/01/05	60.84%
10/01/05	60.21%
11/01/05	59.57%
12/01/05	58.93%
01/01/06	58.28%
02/01/06	57.62%
03/01/06	56.96%
04/01/06	56.29%
05/01/06	55.62%
06/01/06	54.94%
07/01/06	54.25%
08/01/06	53.56%
09/01/06	52.86%
10/01/06	52.15%
11/01/06	51.44%
12/01/06	50.72%
01/01/07	50.00%