

LAW OFFICES
REA, CROSS & AUCHINCLOSS
SUITE 420

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DONALD E CROSS (1923-1986)

THOMAS M AUCHINCLOSS, JR
LEO C FRANEY
JOHN D HEFFNER
KEITH G O'BRIEN
BRYCE REA, JR
BRIAN L TROLANO
ROBERT A WIMBISH

RECORDATION NO 20540 -B FILED

APR 29 '97

11-45 AM

BY HAND

April 29, 1997

Ms. Janice Fort
Equipment Recordation Office
Surface Transportation Board
1925 "K" Street, N.W. - Room 704
Washington, D.C. 20423

RE: Notice and Acknowledgment
Creditanstalt Equipment Leasing, Inc. - Assignee
National Railway Equipment Company - Assignor
Northern Vermont Railroad Company - Lessee

Dear Ms. Fort:

Enclosed for recordation pursuant to the provisions of
49 U.S.C. Section 11303(a) is the following document:

An executed original copy of a Notice and
Acknowledgment dated April 30, 1997, a secondary document as
defined in the Surface Transportation Board's Rules for
Recordation of Documents under 49 CFR §1177. The names and
addresses of the parties to the subject Lien are as follows:

Assignee: Creditanstalt Equipment Leasing, Inc.
2 Greenwich Plaza
Greenwich, CT 06830

Assignor: National Railway Equipment Company
14400 S. Robey Street - P.O. Box 2270
Dixmoor, IL 60426

Lessee: Northern Vermont Railroad Company
Northern Maine Junction Park, RR#2
Box 45
Bangor, Maine 04401-9602

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BOARD

Client's file - R.C. 20540

Ms. Janice Fort
April 29, 1997
Page Two

A description of the railroad equipment covered by this Release is provided in Schedule 1 of the original equipment lease agreement (see file). The equipment which is the subject of this Notice and Acknowledgment is the subject of an Equipment Lease Agreement filed with the Board under Recordation Number 20540, with National Railway Equipment Company as lessor and Northern Vermont Railroad Company as Lessee.

As stated above, the subject Equipment Lease, to which this Notice and Acknowledgment serves as a supplement, has been previously filed with the Surface Transportation Board as follows:

Recordation Number 20540

The attached Notice and Acknowledgment should be recorded under Recordation Number 20540-B.

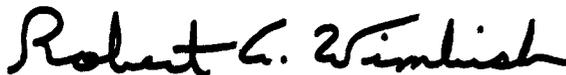
A short summary of the enclosed document to appear in the Commission's index is:

Notice and Acknowledgment dated April 30, 1997, between National Railway Equipment Company (assignor), Creditanstalt Equipment Leasing (assignee) and Northern Vermont Railroad Company (lessee) covering 19 GP35 railroad locomotives identified in schedule 1 to the original equipment lease agreement recorded under Recordation Number 20540.

A recordation fee of \$24.00 is enclosed.

Please let me know if you need anything else.

Sincerely Yours,



Robert A. Wimbish

Counsel for National Railway
Equipment Company

Enclosure

cc: Jerry Massie
Adrienne Alexander, Esq.
Gloria Pinza, Esq.

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

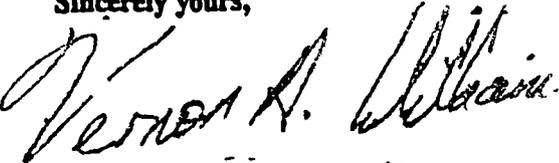
4/29/97

Robert A. Wimbish
Rea, Cross & Auchincloss
1920 N Street, NW., Ste. 420
Washington, DC., 20036

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 4/29/97 at 11:45AM, and assigned recordation number(s). 17636-I, 19632-C, 20540-B, 20659.

Sincerely yours,


Vernon A. Williams
Secretary

Enclosure(s)

\$ 96.00 The amount indicated at the left has been received in payment of a fee in connection with 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 opportunity to examine your document.

Signature



April 30, 1997

APR 29 '97

11-45AM

Northern Vermont Railroad Company
Northern Maine Junction Park, RR#2
Box 45
Bangor, Maine 04401-9602

Re: Notice and Acknowledgment

Gentlemen:

This Notice and Acknowledgment is made among Creditanstalt Equipment Leasing, Inc. ("Lender"), as lender under that certain Term Loan Agreement dated as of April 16, 1997 (the "Loan Agreement") between Lender and National Railway Equipment Company ("Lessor"), (ii) Lessor and (iii) Northern Vermont Railroad Company ("Lessee"), concerning that certain Equipment Lease, dated as of January 16, 1997 between Lessor and Lessee (as amended by First Amendment dated as of January 16, 1997 (the "First Amendment") and as hereafter amended, modified and supplemented, the "Lease"). Capitalized terms used but not defined herein shall have the same meaning as defined in the Lease.

NOTICE

1. Lessor hereby notifies Lessee that Lessor has assigned to Lender, pursuant to a non-recourse Note and Security Agreement, dated as of April 30, 1997 and April 16, 1997, respectively, between Lessor and Lender, all of Lessor's rights, but none of its obligations, under and pursuant to the Lease, commencing with the Rent which is due on the first Rent Payment Date on which Basic Rent is due (the "Rent Assignment Date"). All Rent which is due prior to such date shall be payable to Lessor.
2. Lessor hereby directs Lessee, and Lessee agrees that, until further notice to the contrary from Lender to Lessee, Lessee shall pay all Rent, taxes, insurance, and any casualty, default or stipulated loss value payments, as applicable, due under the Lease on and after the Rent Assignment Date directly to Lender at the following address:

Creditanstalt Equipment Leasing, Inc.
2 Greenwich Plaza
Greenwich, Connecticut 06830
Attention: Mr. Roy Gosse

without abatement, reduction, counterclaim or offset of any kind whatsoever.

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LESSEE ACKNOWLEDGMENT

1. Lessee acknowledges that: (a) as of and including the Rent Assignment Date, in addition to the amount of interest payable in advance under the Lease on the Rent Assignment Date, 60 consecutive monthly payments will become due and payable under the Base Lease Term of the Lease, ending with the payment due on April 30, 2002; (b) each such payment is due in the amount of \$76,862.98, exclusive of applicable taxes, and is payable in arrears on the last day of each month during the term of the Lease; (c) the Lease is in full force and effect; and (d) Lessee has executed only three consecutively numbered counterparts of the Lease and only three consecutively numbered counterparts of the First Amendment.
2. Lessee represents: (a) that it has received no prior notice of a sale, transfer, assignment, hypothecation or pledge of the Lease or of the rents or of the Equipment leased pursuant to the Lease and (b) that Lessee is not in default under the Lease and no event has occurred and is continuing which with the giving of notice or lapse of time or both would constitute an Event of Default under the Lease.
3. Lessee agrees to make no change or modification to the Lease without the Lender's consent, and to pay all Rent, taxes, insurance, and any casualty, default or stipulated loss value amounts as directed, above.
4. Lessee agrees that so long as any obligations with respect to the Base Lease Term under the Lease shall remain due and payable or to be performed under the Lease, Lessee shall furnish to the Lender:
 - (a) as soon as available and, in any event within 90 days after the end of each of the first three quarters of each fiscal year of the Lessee, a consolidated balance sheet of the Lessee and its consolidated subsidiaries as of the end of such fiscal quarter and consolidated statements of income and retained earnings of the Lessee and its consolidated subsidiaries as of the end of such fiscal quarter and for the period commencing at the end of such previous fiscal year and ending with the end of such fiscal quarter, all in reasonable detail prepared in accordance with GAAP applied on a basis consistently maintained throughout the period involved and certified by a financial officer of the Lessee (subject, in the case of interim financial statements, to normal year-end audit adjustments);

(b) as soon as available and in any event within 120 days after the end of each fiscal year of the Lessee, a consolidated balance sheet of the Lessee and its consolidated subsidiaries for such year as at the end of such fiscal year and consolidated statements of income and retained earnings of the Lessee and its consolidated subsidiaries for such fiscal year, all in reasonable detail, prepared in accordance with GAAP applied on a basis consistently maintained throughout such fiscal year and certified by independent public accountants of recognized standing selected by the Lessee and acceptable to the Lender in its reasonable judgment; and

(c) concurrently with the delivery of the financial statements referred to in clauses (a) and (b) of this paragraph 4, a certificate of a financial officer of the Lessee certifying that nothing came to his/her attention that indicated that during the applicable fiscal year a Default or Event of Default had occurred and had been continuing (or, if a Default or Event of Default shall have occurred and be continuing, describing all such Defaults or Events of Default of which they have knowledge).

5. Lessee agrees that so long as any obligations with respect to the Base Lease Term shall remain due and payable or to be performed under the Lease, Lessee shall maintain its current principal ownership and organizational structure.
6. Lessee agrees to provide to Lender a copy of any notice given by Lessee to Lessor pursuant to the Lease.
7. Lessee acknowledges that any violation of the provisions contained in paragraphs 3 through 6 above shall constitute an Event of Default under the Lease and shall entitle the Lender to exercise any one or more of the remedies provided for in Section 14.2 of the Lease.
8. Lessee acknowledges that Lender is relying upon this Notice and Acknowledgment and all other documents executed or furnished by Lessee in connection with the Lease.
9. (a) The Lessee agrees to pay, or reimburse the Lender for, all reasonable costs and expenses (including counsel fees and disbursements and appraisal costs) incurred by the Lender in connection with the preparation, execution, enforcement (or the preservation of any rights hereunder) and any modification of or supplement to any Operative Document and the Loan Agreement. The Lessee also agrees to pay, and to save the Lender harmless from, any and all liabilities with respect to, or resulting from any delay in

paying documentary, excise, recording, filing, stamp or similar taxes, fees and other governmental charges (including interest and penalties), if any, that may be payable or determined to be payable in respect of the execution, delivery or recording of the Loan Agreement, this Notice and Acknowledgment, the Note or the Security Agreement, or any modification of any thereof or any waiver or consent under or in respect of any thereof. The obligations of the Lessee under this Section 9 shall survive the termination of the Lease.

(b) Any and all costs and expenses incurred with respect to operation, maintenance, appraisals, inspections, taxes (other than transfer taxes incurred by the Lender in connection with the transfer of the Note when no Event of Default shall have occurred and be continuing), and insurance and other related costs and expenses with respect to the Collateral and the transactions contemplated by the Loan Agreement and the Operative Documents shall be for the account of, and paid by, the Lessee, and the Lender shall have no responsibility for any thereof.

LENDER ACKNOWLEDGMENT

Lender covenants with Lessee that, so long as no Default or Event of Default exists under the Lease, Lender shall not interfere with Lessee's right to quiet possession of the Equipment and its unrestricted use of the Equipment under the terms of the Lease.

THE PARTIES HAVE CAUSED THIS NOTICE AND ACKNOWLEDGMENT TO BE EXECUTED BY THEIR DULY AUTHORIZED OFFICERS AS OF THE DATE FIRST WRITTEN ABOVE.

NATIONAL RAILWAY EQUIPMENT
COMPANY

CREDITANSTALT EQUIPMENT LEASING
INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

NORTHERN VERMONT RAILROAD COMPANY

By: _____

Name: _____

Title: _____

paying documentary, excise, recording, filing, stamp or similar taxes, fees and other governmental charges (including interest and penalties), if any, that may be payable or determined to be payable in respect of the execution, delivery or recording of the Loan Agreement, this Notice and Acknowledgment, the Note or the Security Agreement, or any modification of any thereof or any waiver or consent under or in respect of any thereof. The obligations of the Lessee under this Section 9 shall survive the termination of the Lease.

(b) Any and all costs and expenses incurred with respect to operation, maintenance, appraisals, inspections, taxes (other than transfer taxes incurred by the Lender in connection with the transfer of the Note when no Event of Default shall have occurred and be continuing), and insurance and other related costs and expenses with respect to the Collateral and the transactions contemplated by the Loan Agreement and the Operative Documents shall be for the account of, and paid by, the Lessee, and the Lender shall have no responsibility for any thereof.

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NATIONAL RAILWAY EQUIPMENT
COMPANY

CREDITANSTALT EQUIPMENT LEASING
INC.

By: 

By: _____

Name: Patrick C. Frangella

Name: _____

Title: Vice President

Title: _____

NORTHERN VERMONT RAILROAD COMPANY

By: 

Name: ROBERT T SCHMIDT

Title: PRESIDENT & CEO

paying documentary, excise, recording, filing, stamp or similar taxes, fees and other governmental charges (including interest and penalties), if any, that may be payable or determined to be payable in respect of the execution, delivery or recording of the Loan Agreement, this Notice and Acknowledgment, the Note or the Security Agreement, or any modification of any thereof or any waiver or consent under or in respect of any thereof. The obligations of the Lessee under this Section 9 shall survive the termination of the Lease.

(b) Any and all costs and expenses incurred with respect to operation, maintenance, appraisals, inspections, taxes (other than transfer taxes incurred by the Lender in connection with the transfer of the Note when no Event of Default shall have occurred and be continuing), and insurance and other related costs and expenses with respect to the Collateral and the transactions contemplated by the Loan Agreement and the Operative Documents shall be for the account of, and paid by, the Lessee, and the Lender shall have no responsibility for any thereof.

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NATIONAL RAILWAY EQUIPMENT COMPANY

CREDITANSTALT EQUIPMENT LEASING INC.

By: _____

By: M. Roy Gossé Lynn M. Sussan

Name: _____

Name: M. Roy Gossé LYNN M. SUSSAN

Title: _____

Title: Vice President VICE PRESIDENT

NORTHERN VERMONT RAILROAD COMPANY

By: _____

Name: _____

Title: _____

