

BAREBOAT CHARTER

IT IS HEREBY MUTUALLY AGREED between George P. Baker, Richard C. Bond, Jervis Langdon, Jr. and Willard Wirtz, Trustees of the property of Penn Central Transportation Company, Debtor, hereinafter referred to as the "Owners", with general offices at Six Penn Center Plaza, Philadelphia, Pennsylvania, owners of the diesel tugs Transfer No. 23, Official No. 265688 and Transfer No. 24, Official No. 266145, each of about 206 gross tons, and Brooklyn Eastern District Terminal Railroad, a New York corporation, with offices at 86 Kent Avenue, Brooklyn, New York, hereinafter referred to as the "Charterer", as follows:

1. The Owners let and the Charterer hereby hires, on a bareboat basis, the aforesaid diesel tugs Transfer No. 23 and Transfer No. 24, hereinafter referred to as the "Vessels" on a month-to-month basis, commencing at time of delivery at Jersey City, New Jersey, and terminating upon redelivery at Jersey City, New Jersey, it being understood that the Charterer must redeliver the Vessels to the Owner not more than five (5) days after receipt of written demand for such redelivery, and the Charterer must give at least five (5) days written notice of its intention to redeliver the Vessels in the absence of a

demand by the Owners for redelivery. The Vessels shall be redelivered in the same condition as when received, less ordinary wear and tear.

2. Charterer shall pay to the Owners, upon receipt of proper billing, monthly hire at the rate of \$4,873 per calendar month for each and every calendar month, and a pro-rata monthly hire for each fraction of a calendar month, the Vessels are in the possession of Charterer.

3. Charterer agrees to provide, at its expense, the crew, fuel and oil supplies during the period of Vessels are in Charterer's possession. Charterer shall make all running repairs at its expense during such period. The diesel fuel and lubricating oil used shall be of a kind and quality designated by the Owners.

4. It is agreed that a joint inspection will be made by the parties hereto prior to delivery of the Vessel to the Charterer in order to determine the Vessel's condition, and a similar joint inspection shall be made upon redelivery of the Vessel to Owners. It is understood and agreed that said joint inspection shall be made at the Marine Facility of the Owners at Jersey City, New Jersey. Any expense incurred at the time of the joint inspection, including drydocking if

required, incident to the delivery of the Vessels to the Charterer shall be assumed by the Charterer; any additional expense that may be incurred by reason of the joint inspection, including drydocking if required, upon return of the Vessels to the Owners shall be paid for by the Owners. During such joint inspections a check shall be made also of supplies, such as, but not limited to, diesel fuel and lubricating oil in order that a record may be kept of such supplies used by Charterer in its service, for which Charterer hereby agrees to reimburse Owners.

5. Any change in radio frequency that may be necessary or required instant to Charterer's use of the Vessel shall be made by Charterer at its expense; and, at the end of the period of hire of the Vessel, the Owners' radio frequency shall be restored at Charterer's expense.

6. Except as to latent defects, or other conditions not ascertainable by due diligence, Charterer hereby acknowledges that upon delivery at the inception of this Charter the Vessel is in all respects light, staunch, strong, well and sufficiently tackled, apparelled, furnished and equipped, and in every respect, seaworthy, both as to hull and machinery, and in good running order, condition and repair. Upon redelivery of the

Vessel to Owners, at the termination of this Charter, the Vessel shall be redelivered in like order and condition, less ordinary wear and tear.

7. Charterer hereby assumes full responsibility for legal and surveyor's fees, together with the required reports, investigations, statements or correspondence to the United States Coast Guard or other governmental agencies or individuals and companies whenever accidents or damages occur to the Vessel or its equipment, and copies of same shall be furnished to the Superintendent of the Marine Department of Owners in any such instance.

8. Charterer agrees to limit the use of the Vessel to the waters of the New York Harbor.

9. Charterer hereby agrees to release, indemnify, protect and save harmless the Owners from and against any and all loss of life or property (including the Vessel and its appurtenances), or injury or damage to person or property of any person, firm or corporation (including the parties hereto and their respective officers, agents and employees), and from and against any and all claims, demands or actions for such loss, injury or damage, and any cost of expense in connection therewith, caused by or growing out of the use of the

Vessel hereunder, whether caused in whole or in part by the fault, failure or negligence of Owners, their officers, agents or employees, or otherwise.

10. Charterer shall insure the liability which it has assumed under the provisions of Article Ninth by Protection and Indemnity insurance, satisfactory to the Owners, in an amount not less than \$2,000,000.

Charterer shall furnish the Owners with a signed or certified copy of its policy endorsed to cover the liability assumed under Article 9.

In the event of loss or destruction of, or irreparable damage to the Vessel from any cause whatsoever during the continuance of this agreement, the Charterer shall pay to the Owners a sum equal to the value of the Vessel at the time of such loss, destruction or damage, it being agreed that for the purposes of this agreement the valuation of the diesel tug Transfer No. 23 shall be the sum of \$123,000, and the valuation of the diesel tug Transfer No. 24 shall be the sum of \$95,900.

Charterer hereby agrees that during period this agreement is in effect to provide for hull and machinery insurance, satisfactory to the Owners, in the amount of \$219,000, the agreed valuation of the diesel tugs Transfer No. 23 and

Transfer No. 24, endorsed to Owners, which insurance shall cover any or all loss or damage to the Vessels.

Charterer shall furnish the Owners with a signed copy of such policy.

11. Charterer, in its use and operation of the Vessel, shall abide by and comply with all applicable laws and government rules and regulations and shall not use or operate the Vessel or permit use or operation of the Vessel except in full compliance with all such laws, rules and regulations, and shall indemnify Owners against any loss, claim, liability, damage or expense on account of any such violation of laws, rules or regulations.

12. During the term of this Charter the Charterer shall maintain on the Vessels the marking "Penn Central" and the Names, "Transfer No. 23" or "Transfer No. 24" as the case may be, will keep the Owners' documents, including this Charter, among the ship's papers carried aboard the Vessels and will not do any act which would give rise to any appearance or claim of ownership of the Vessels by the Charterer.

13. Any tax applicable to this Charter shall be for the account of the Charterer.

14. If the Charterer should elect at any time to purchase the vessels, and the Owners should agree to sell the

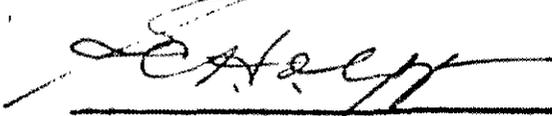
vessels to the Charterer, the purchase price shall be an amount equal to the monthly hire under this Charter multiplied by sixty (60) and the monthly hire paid hereunder shall be applied toward such purchase price.

If the parties have agreed upon the purchase of the vessels by the Charterer and the Owners are not able to complete the documentation necessary to effectuate such transaction within one year from the date of this agreement, then the monthly rental under this Charter shall be reduced by 50% until the documentation is completed. Upon the completion of the documentation, the Charterer shall pay to the Owners the amount by which the rental has been reduced. In the event that the parties have agreed upon the purchase of the vessels by the Charterer and the Charterer has paid the Owners a total rental of \$292,000 under this Charter, then the monthly rental payments under this Charter shall be reduced to the sum of \$1 per month until the documentation is completed and title to the tugs transferred to the Charterer. At that time the Charterer will pay the Owners the balance due under this Charter.

IN WITNESS WHEREOF, the parties hereto have caused
this Charter to be executed in triplicate on the 5th
day of October, 1971.

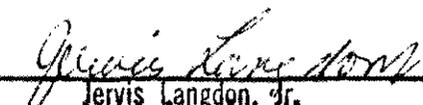
George P. Baker, Richard C. Bond,
Jervis Langdon, Jr. and Willard
Wirtz, Trustees of the Property
of Penn Central Transportation
Company, Debtor

Witness:



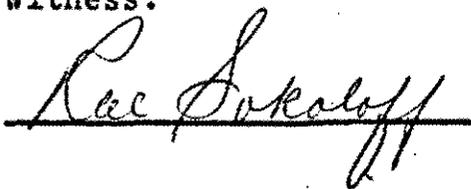
ASSISTANT SECRETARY

By



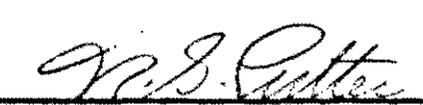
Jervis Langdon, Jr.

Witness:



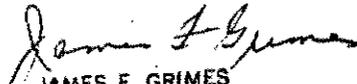
BROOKLYN EASTERN DISTRICT TERMINAL
RAILROAD

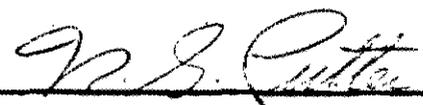
By



STATE OF NY)
COUNTY OF KINGS) SS:

On this 12 day of Oct, 1971, before me personally appeared N. J. Cutter, to me personally known, who, being by me duly sworn, said that he is a President and General Manager of Brooklyn Eastern District Terminal Railroad that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on this day 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.


JAMES F. GRIMES
NOTARY PUBLIC, STATE OF NEW YORK
No. 41-6674485
Qualified in Kings County
Commission Expires March 30, 1972



COMMONWEALTH OF PENNSYLVANIA)
COUNTY OF PHILADELPHIA) SS:

On this 5th day of October, 1971, before me personally appeared Jervis Langdon, Jr., to me personally known, who, being by me duly sworn, said that he is one of the Trustees of the property of PENN CENTRAL TRANSPORTATION COMPANY, Debtor, that the foregoing instrument was signed by him on this day on behalf of and by authority of the Trustees of the property of Penn Central Transportation Company, Debtor, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Trustees.


WILLIAM J. O'NEILE
Notary Public, Philadelphia, Philadelphia Co.
My Commission Expires June 26, 1972