

**FIRST AMENDMENT TO PAYMENT IN LIEU
OF TAX AGREEMENT**

THIS FIRST AMENDMENT is entered into as of this 11th day of May, 1994, by and between ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY, a New York public benefit corporation ("Agency") and SYRACUSE, BINGHAMTON AND NEW YORK RAILROAD CORPORATION, a New York corporation ("Company").

RECITALS

A. In connection with a Project undertaken by the Agency, the Agency and the Company entered into a Payment in Lieu of Tax Agreement dated as of April 1, 1993 ("PILOT Agreement").

B. Section 3(b) of the PILOT Agreement provides that if the level of the Company's operations are less than the Minimum Service Levels for Operating Years 1994 through 1997, the Company is required to pay to the Agency additional payments in lieu of taxes.

C. Because of delays in New York State's Special Rail and Aviation Transportation Program, the Company has been unable to construct the passenger platforms necessary to conduct its operations and, in fact, as of the date of this First Amendment, operations have not yet commenced.

D. The parties wish to amend the PILOT Agreement to provide that the Company's obligation to make additional payments in lieu of taxes will begin in the 1995 Operating Year, rather than the 1994 Operating Year, and will extend through and including the 1998 Operating Year.

NOW, THEREFORE, the parties, intending to be legally bound, hereby agree as follows:

1. Definitions. All capitalized terms used in this First Amendment which are not otherwise defined herein shall have the meanings set forth in the PILOT Agreement.

2. Amendment to PILOT Agreement. Section 3(b) of the PILOT Agreement shall be amended to define Deficiency Year as the 1995, 1996, 1997 and 1998 Operating Years.

3. No Further Amendments. Except as specifically amended in this First Amendment, all the terms and conditions of the PILOT Agreement shall remain unmodified and continue in full force and effect.

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first above written.

ONONDAGA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: James B. Schneider
Title: Chairman

SYRACUSE, BINGHAMTON AND NEW YORK
RAILROAD CORPORATION

By: [Signature]
Title: President

Approved:
[Signature]
General Counsel