

NOTICE OF ASSIGNMENT

This is to advise that, effective April 1, 1976,
12:01 a.m., the Financing Agreement described below has
been assigned to the Consolidated Rail Corporation by the
Trustees of: Penn Central Transportation Company
Six Penn Center Plaza
Philadelphia, PA 19104

The Financing Agreement is a Lease Agreement
, dated 5/21/71
bearing the ICC recordation number 6147
The payee's name and address is:

Pullman Incorporated
200 South Michigan Avenue
Chicago, Illinois 60604

This Notice of Assignment has been placed in the
file of the ICC recordation number listed above and the entire
assignment is contained in the ICC recordation file stamped
in the margin of this assignment. A copy hereof will be
promptly mailed to the payee listed above for distribution
to the beneficial holder(s) of the Financing Agreement described
in this Notice of Assignment.

Consolidated Rail Corporation

6147

RECORDATION NO. _____ Filed & Recorded

MAY 13 1971 - 2 12 PM

INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT

DATED AS OF APRIL 21, 1971

FROM

PULLMAN INCORPORATED

Lessor

TO

GEORGE P. BAKER, RICHARD C. BOND,
JERVIS LANGDON, JR. AND WILLARD WIRTZ,

Trustees of the Property of
PENN CENTRAL TRANSPORTATION COMPANY, Debtor,
Lessees

1,251 COVERED HOPPER CARS

THIS LEASE OF RAILROAD EQUIPMENT, dated as of April 21, 1971, between PULLMAN INCORPORATED, a corporation of the State of Delaware, (hereinafter called "Lessor"), and GEORGE P. BAKER, RICHARD C. BOND, JERVIS LANGDON, JR. and WILLARD WIRTZ, as Trustees of the property of PENN CENTRAL TRANSPORTATION COMPANY, Debtor, (hereinafter called the "Railroad"), and the successors of said Trustees, or of any of them, (hereinafter called "Lessee"),

WITNESSETH:

WHEREAS, PULLMAN INCORPORATED (Pullman-Standard division), a corporation of the State of Delaware, (hereinafter called "Manufacturer"), has agreed to manufacture, sell and deliver and Lessor has agreed to purchase and pay for 1,251 covered hopper cars, (hereinafter called the "Cars") which are identified in Exhibit A attached hereto; and

WHEREAS, the Cars 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 Lessees' agreement to lease the Cars from Lessor, has agreed by a Warranty Agreement and Guarantee as to Lessor dated as of the date hereof (the Warranty Agreement) to be obligated to Lessees by certain covenants and warranties of Manufacturer and to guarantee to Lessees the performance in full by Lessor, its successors and assigns, of all of Lessor's duties and obligations hereunder; 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 Cars; and

WHEREAS, the aforesaid George P. Baker, Richard C. Bond, Jervis Langdon, Jr. and Willard Wirtz have been duly appointed Trustees of the property of the Railroad by an order of the United States District Court for the Eastern District of Pennsylvania (the Court) in a proceeding under Section 77 of the Bankruptcy Act entitled "In the Matter of Penn Central Transportation Company, Debtor, No. 70-347", and said appointment has been duly ratified by an order of the Interstate Commerce Commission, and said Trustees have duly qualified as such and are 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 April 8, 1971, 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 Cars to Lessees and Lessees hereby hire the Cars from the Lessor upon the following terms and conditions:

SECTION 1. DELIVERY AND ACCEPTANCE OF CARS. During the manufacture of each Car the Lessees will cause the materials and other components which are to be incorporated in, and the construction of, such Car to be inspected by their authorized representative at Manufacturer's Butler, Pennsylvania plant. Promptly after completion of manufacture thereof Lessor will require the Manufacturer to cause such Car to be tendered to Lessor and, on behalf of Lessor, to Lessees at said plant. Upon such tender Lessees will forthwith cause such Car to be further inspected by the authorized representative referred to

above and, if such Car complies fully with the Specifications and is in good order and ready for service, Lessees will cause such representative to execute and deliver to Lessor and to the Manufacturer a Certificate of Inspection and Acceptance, substantially in the form hereto attached as Exhibit B, whereupon such Car shall be deemed to have been delivered to and accepted by Lessees, and shall be subject thereafter to all the terms and conditions of this Lease.

In the event that less than all of the Cars are delivered and accepted under the terms of this Lease, then concurrently with the delivery and acceptance of the last Car so delivered and accepted, Lessees will cause to be executed and delivered to Lessor a supplement to this Lease, in substantially the form attached as Exhibit C hereto.

At all times during the continuance of this Lease title to the Cars shall be vested in Lessor to the exclusion of Lessee, and any rights of Lessee in respect of the Cars shall constitute a leasehold interest only.

The Cars are to be delivered by the Manufacturer to the Lessor on or before April 1, 1972 subject to rescheduling of shop space and delays due to strikes, differences with workmen, labor troubles, acts of God, Governmental acts and regulations, war or war conditions, riots or civil commotion, sabotage, fires, floods, explosions or other accidents, or to delays of carriers or of subcontractors or in receipt of materials, or to delays occasioned by or arising in connection with the construction of other cars or products for Manufacturer's other customers, or to any other cause or causes (whether or not of the same general character as those herein specifically enumerated) beyond Manufacturer's reasonable control. This Lease shall not be effective as to any cars not delivered and accepted on or before April 1, 1972 (the cutoff date) unless and to the extent such delivery and acceptance is delayed for the reasons above stated. The Manufacturer has reserved the right to schedule construction of the Cars before or after orders received for cars from other customers before or after the date of this Lease, but will schedule the Cars for construction so that under normal business conditions the Cars would be completed by April 1, 1972. Delays above mentioned occurring before or during such construction period will excuse delivery by such date and extend the cutoff date.

SECTION 2. TERM OF THE LEASE. The initial term of this Lease, (hereinafter called the "Initial Term"), as to each Car shall commence on the date of delivery to Lessees specified in the Certificate of Inspection and Acceptance for such Car and, subject to the provisions of Sections 9 and 11 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 11 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 9 hereof, the term of this Lease with respect to the Cars then subject to this Lease for an additional period of five (5) years, (hereinafter called the "First 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 "First Extended Term Terminal Day"), preceding the twentieth anniversary of the Average Date of Acceptance, as hereinafter defined in this Section 2.

Unless an Event of Default under Section 11 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 First Extended Term Terminal Day, to further extend, subject to the provisions of Section 9 hereof, the term of this Lease with respect to the Cars then subject to this Lease for an additional period of five (5) years, (hereinafter called the "Second Extended Term"), commencing on the twentieth anniversary of the Average Date of Acceptance, as hereinafter defined in this Section 2, and ending on the day, (hereinafter called the "Second Extended Term Terminal Day"), preceding the twenty-fifth anniversary of the Average Date of Acceptance, as hereinafter defined in this Section 2.

In the event that Lessees exercise either or both of such rights and options to extend the term of this Lease, the provisions of Sections 7, 8, 9, 10, 11 and 15 hereof shall be applicable during the Initial Term and such extended term of this Lease.

From and after the date of execution hereof until the expiration or termination of the Initial Term or any extension thereof, as to any Car as set forth in this Section, this Lease shall not be subject to termination by Lessor except pursuant to Section 11 hereof upon the occurrence of an Event of Default, or by Lessees except pursuant to Section 9 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 Cars 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 Car accepted; the products so obtained shall be added together and divided by the total number of Cars accepted on or prior to the last date on or prior to the cutoff date as extended on which any of the Cars 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 Car 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 Cars subject to this Lease at the monthly rate specified for such type of Car on Exhibit A hereof. Such rental shall begin to accrue on the date on which such Car 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 Car pursuant to Section 9 or Section 11 hereof.

In the event that Lessees exercise their first right and option to extend the term of this Lease, Lessees agree to pay to Lessor, in cash, during the First Extended Term rental for each of the Cars then subject to this Lease at the monthly rate specified for such type of Car on Exhibit A hereof beginning on the fifteenth anniversary of the Average Date of Acceptance and ending on the earlier of (i) the First Extended Term Terminal Day or (ii) the date, if any, on which this Lease shall terminate with respect to such Car pursuant to Section 9 or Section 11 hereof.

In the event that Lessees exercise their second right and option to further extend the term of this Lease, Lessees agree to pay to Lessor, in cash, during the Second Extended Term rental for each of the Cars then subject to this Lease equal to the Fair Rental Value, as hereinafter defined in this Section 3, of such Car on the twentieth anniversary of the Average Date of Acceptance beginning on such twentieth anniversary and ending on the earlier of (i) the Second Extended Term Terminal Day or (ii) the date, if any, on which this Lease shall terminate with respect to such Car pursuant to Section 9 or Section 11 hereof.

If on or before two months prior to the expiration of the First Extended Term of this Lease, Lessor and Lessees are unable to agree upon a determination of the Fair Rental Value of such Cars, the Fair Rental Value shall be determined by an independent appraiser mutually agreed upon by Lessor and Lessees, or failing such agreement, a panel of three independent appraisers, one of whom shall be selected by Lessor, the second by Lessees and the third designated by the first two so selected. The appraiser or appraisers shall be instructed to make such determination within a period of thirty days following appointment and shall promptly communicate such determination in writing to Lessor and Lessees. The determination so made shall be conclusively binding upon both Lessor and Lessees. The expenses and fees of the appraiser or appraisers shall be borne by Lessees.

Fair Rental 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 arm's-length

transaction between an informed and willing lessee-user (other than a lessee-user currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

Lessees agree to pay such rental to Lessor as follows: For the calendar month during which a Car is delivered and accepted a daily pro rata rental rate for such Car 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 next succeeding the calendar month in which the rental accrued.

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 200 South Michigan Avenue, Chicago, Illinois, 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 Car becomes subject to this Lease, Lessor will be the true and lawful owner thereof and that such Car 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 Manufacturer or the Lessor on such Cars (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, George P. Baker, Richard B. Bond, Jervis Langdon, Jr. and Willard Wirtz, 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 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 Cars 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 Cars hereunder, for the rentals and on the other terms and

conditions herein provided; or, if any such authorizations are required, they have been obtained and, if any such shall hereafter 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 Robert W. Blanchette, Esq., Counsel for Lessees, or an attorney designated by him, satisfactory to Lessor, to the effect that (i) Lessees, George P. Baker, Richard C. Bond, Jervis Langdon, Jr. and Willard Wirtz (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 Cars 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 OF CARS; NUMBERING. Upon or before the delivery to Lessees of each of the Cars, Manufacturer has agreed to cause to be plainly, distinctly, permanently and conspicuously placed or fastened upon each side of such Car a legend bearing the following words in letters not less than one inch in height:

PULLMAN INCORPORATED
OWNER, LESSOR

In case, during the continuance of this Lease, any such legend shall at any time be painted over or otherwise made inconspicuous, removed, defaced or destroyed on any Car, 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 Cars 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 Cars 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 Cars under this Lease.

On or prior to the time of delivery of each Car to Lessees, Manufacturer has agreed to cause to be placed on each

side of such Car the identifying reporting mark PCB and the Railroad's Road Number, such numbers to commence with 888749 and to run consecutively upwards. At all time thereafter, during the continuance of this Lease, Lessees will cause each Car to bear the numbers and reporting marks so assigned to it, and Lessees will not change or permit to be changed the numbers of any Car except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with Lessor by the Lessees and filed, recorded or deposited in all public offices where this Lease will have been filed, recorded or deposited.

SECTION 7. 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 Cars 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 Cars or may become a claim entitled to priority over any of the rights of Lessor in and to the Cars, 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 Cars 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 Cars by the Manufacturer to Lessor or the leasing of the Cars 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 Cars to any lien or encumbrance. In the event any tax reports are required to be made on the basis of individual Cars, Lessees will either make such reports in such manner as to show the ownership of such Cars by Lessor or will notify Lessor of such requirement and will make such report in such manner as shall be satisfactory to Lessor.

In the event Federal legislation is enacted within one year from the date of this Lease granting an investment tax credit which is applicable to the Cars and Lessor earns, obtains and retains in a permanently nonrefundable manner a benefit from such investment credit attributable to the Cars which it would not otherwise have enjoyed and retained had it not consummated this Lease, Lessor will pass on to Lessees in a mutually acceptable form such benefit derived by Lessor provided Lessees are not in default hereunder.

SECTION 8. MAINTENANCE, LIENS AND INSURANCE.

(a) Lessor makes no warranty or representation, either expressed or implied, in respect of the Cars, 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 Cars 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 Cars in first class condition and repair and in good and efficient working order, reasonable wear and tear excepted, and acceptable for use in unrestricted interchange.

(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 Cars.

(d) Any parts installed or replacements made by Lessees upon any Car shall be considered accessions to such Car and title thereto shall be immediately vested in Lessor, without cost or expense to Lessor except that this shall not apply to special equipment installed in any Car by Lessees with the consent of Lessor provided that such equipment is removed by Lessees before the Cars are returned to Lessor and all damage resulting from such installation and removal is repaired by Lessees and further provided that removal of such equipment does not affect the Cars' serviceability or use in unrestricted interchange.

(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 Cars or entitled to priority over any of the rights of Lessor in and to the Cars, 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 Cars.

(f) Lessees shall, at their own cost and expense, insure each Car from the time of delivery and acceptance thereof and at all times thereafter until Lessees' obligations under this lease with respect to such Car 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 Car, to be in an amount satisfactory to Lessor, except that such coverage may be limited so that no loss (1) amounting to not less than \$1,000 per Car or (2) amounting to more than \$100,000 per occurrence, shall be payable. All such insurance shall be taken for the benefit of Lessor and Lessees, as their respective interests 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 Cars and shall provide that the proceeds of such insurance shall be payable to Lessor. All insurance proceeds received by Lessor with respect to any Car shall

(i) be paid to Lessees, in the case of repairable damage to such Car or Cars, upon receipt by Lessor from Lessees of proof in duplicate satisfactory to Lessor of the proper repair of such damage; or

(ii) be applied by Lessor, in the case of the loss, destruction or damage beyond repair of such Car or Cars, towards the satisfaction of Lessees' obligation to make the payment required by Section 9 hereof.

(g) All such policies required above shall contain a provision to the effect that the insurer will give Lessor thirty (30) days prior written notice before cancellation or modification of any such policy is effective.

(h) In the event Lessees are notified that Lessor has assigned this Lease and/or the rentals payable hereunder, Lessees shall provide insurance containing loss payable clauses satisfactory to both Lessor and Lessor's assignee. The Lessees shall furnish Lessor or Lessor's assignee with certificates or other satisfactory evidence of the maintenance of the insurance required hereunder.

(i) Except as provided in paragraph (j) of this Section 8, the proceeds of any insurance received by Lessor on account of or for any loss or casualty shall be released to Lessees upon a written application signed by one of Lessees or by a person designated by Lessees for the payment of, or to reimburse Lessees for, the cost of repairing the Cars which have been damaged. Such application shall be accompanied by satisfactory evidence of the cost and satisfactory completion of such repair. If an Event of Default has occurred and is continuing hereunder, such proceeds may be applied at Lessor's option, against any liability of Lessees to Lessor hereunder.

(j) The proceeds of any insurance received by Lessor on account of a lost, stolen, destroyed or damaged Car in respect of which Lessees shall have made payment to Lessor pursuant to Section 9 hereof, shall be released to Lessees upon a written application signed by one of Lessees or a person duly authorized by the Lessees, provided, however, that if an Event of Default has occurred and is continuing hereunder, such proceeds may be applied by Lessor against any liability of Lessees to Lessor hereunder.

SECTION 9. LOSS, THEFT OR DESTRUCTION OF CAR. In the event any Car is lost or stolen or is destroyed or damaged beyond economic repair from any cause whatsoever during the term of this Lease, 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 Car, except for accrued rent and such claims as arise or exist under Sections 7 and 8 hereof (a) if such Car is destroyed or damaged beyond economic repair on a line of railroad other than that of Lessees the higher of:

(i) the present worth, as hereinafter defined, of the total remaining rental for such Car plus the Net Scrap Value, as hereinafter defined, for such Car; or

(ii) a sum determined in accordance with the then current Code of Rules Governing the Settlement for Destroyed or Damaged Cars adopted by the Association of American Railroads.

or (b) if such Car is destroyed or damaged beyond repair on a railroad line of Lessees, the present worth, as hereinafter defined, of the total remaining rental for such Car plus the Net Scrap Value, as hereinafter defined, for such Car.

The present worth of the total remaining rental for such Car as used in paragraph (i) of this Section 9 shall mean an amount equal to such rental discounted on a 9% 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 Car 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 26.

This Lease shall continue in full force and effect irrespective of the cause, place or extent of any damage, loss or destruction of any of the Cars, the risk of which shall be borne by Lessees; provided, however, that this Lease shall terminate with respect to any Car which is lost, stolen, destroyed or damaged beyond repair on the date Lessor shall receive payment of the amount required to be paid to it on account of such Car under this Section 9.

SECTION 10. 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 Cars 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 Cars, to the extent that such laws and rules affect the operation, maintenance or use of the Cars. In the event such laws or rules require the alteration of the Cars, 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 Cars 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 Cars if Lessees are not in default under this Lease.

SECTION 11. 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 Cars or any of them 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 Car or Cars within thirty (30) days after written notice from Lessor to Lessees demanding such cancellation and recovery of possession;

(c) any Car is 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, and in which event, Lessor shall be entitled to the full amount of any award or recovery from such occurrence and Lessees hereby expressly waive any right or claim to any part of such award or recovery as damages or otherwise;

(d) 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;

(e) 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;

(f) the order dated April 8, 1971 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 any 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;

(g) 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;

(h) 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

(i) 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 Cars 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 Cars to Lessor in accordance with Section 15 hereof unless such delivery is impossible because the Cars or any portion of thereof were requisitioned, taken over or nationalized as described in paragraph (c) of this Section 11 and Lessor may by its agents enter upon the premises of Lessees or other premises where any of the Cars may be and take possession of all or any of such Cars (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 Cars 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 Cars (including rentals accruing on the Cars 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 Cars whose 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 Cars 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 Cars 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 9% 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 Cars, all costs, expenses, losses and damages incurred or sustained by Lessor by reason of such default, and interest at the rate of 10% per annum on each of the foregoing items in this subparagraph (ii) and on all other sums not paid when due under this Lease.

If on the date of such termination or repossession, any Car is damaged, lost, stolen or destroyed 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 9 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 12. POSSESSION AND USE OF THE CARS, PER DIEM AND OTHER CHARGES.

(a) POSSESSION AND USE OF THE CARS. Unless an Event of Default shall have occurred and be continuing, Lessees shall be entitled to the possession and use of the Cars 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 Cars, except that Lessees may permit the use thereof or any part thereof by other railroad companies in the usual interchange of traffic.

(b) PER DIEM AND OTHER CHARGES. All per diem payments, sublease rentals and other charges payable for the use of the Cars while being used by others and proceeds payable for lost, destroyed or damaged Cars under the then current Code of Rules Governing the Settlement for Destroyed or Damaged Cars adopted by the Association of American Railroads shall be paid to Lessor's agent, care of Lessor, who prior to default and until a successor is designated by Lessor may be one of the Lessees. Lessees shall cause appropriate instructions as to such payments to be published in each issue of the Official Railway Equipment Register. Prior to the occurrence of an Event of Default the amounts so paid shall be remitted by such agent to Lessees; provided, however, that if an Event of Default shall occur, no such payments, rentals or other charges shall be paid to Lessees from and after the occurrence of said Event of Default, and Lessees hereby release any claim thereto, and all such payments, rentals and other charges shall be

remitted to the Lessor and may be applied by Lessor against any liability of Lessees to Lessor hereunder or any expense incurred by Lessor because of such default.

SECTION 13. 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 Cars, with or without notice to Lessee. In the event of any such assignment, pledge, mortgage, transfer or other disposition, this Lease and all of Lessees' 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 Cars 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 cars. Any assignment or transfer of Lessees' leasehold interest hereunder in the Cars and possession thereof permitted by this Section 13 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 13 (a). At the request of Lessor or any chattel mortgagee, assignee, trustee or other holder of the legal title to the Cars, the Cars may be lettered or marked to identify the legal owner of the Cars 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 Cars or sublet any of the Cars, except that Lessees may assign and transfer their leasehold interest hereunder in the Cars 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 13 shall be void.

(c) Nothing in this Section 13 shall be deemed to limit the right of Lessees to assign and transfer Lessees' leasehold interest hereunder in the Cars and the possession thereof to a Reorganized Company (as hereinafter defined), or to a governmental agency empowered 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 Cars and the possession thereof as above permitted nothing in this Section 13 shall be deemed to limit the right of the Reorganized Company (as hereinafter defined) as successor to Lessees, at any time further to assign and transfer their leasehold interest hereunder in the Cars and the possession thereof to any successor which shall have assumed all of the obligations hereunder of Lessees and into or with which such Reorganized Company shall have merged or consolidated or which shall have acquired all or substantially all of the property of such Reorganized Company; nor shall anything in this Section 13 be deemed to limit such successive assignments and transfers.

(e) The term "Reorganized Company" shall mean any corporation (which may be the Railroad) or governmental agency which acquires the greater portion of the lines of railroad comprised in the Railroad's estate upon termination of the

trusteeship of the property of the Railroad, and thereafter shall include any successor which shall have become such in compliance with paragraph (d) of this Section 13.

(f) The term "Lessees" whenever used in this Lease means George P. Baker, Richard C. Bond, Jervis Langdon, Jr. and Willard Wirtz, Trustees of the property of the Railroad, as well as any successor or additional trustees of such property, before any assignment and transfer of Lessees' leasehold interest hereunder in the Cars and the possession thereof to a Reorganized Company or governmental agency as hereinbefore provided in this Section 13 and thereafter shall mean any Reorganized Company or governmental agency.

(g) The liabilities and obligations of said Trustees, George P. Baker, Richard D. Bond, Jervis Langdon, Jr. and Willard Wirtz, as well as of any such successor or additional trustees, under and in respect of this Lease, are the liabilities of such Trustees, or any or all of them, solely as trustees of the property of the Railroad, and not individually. Said Trustees and any successor or additional trustees shall not be relieved of their liabilities or obligations as such Trustees under or in respect of this Lease, except upon any assignment and transfer of Lessees' leasehold interest hereunder in the Cars and the possession thereof to a Reorganized Company or governmental agency as hereinbefore provided in this Section 13.

SECTION 14. REPORTS; RIGHT TO INSPECT THE CARS.

(a) During the continuance of this Lease, Lessees will immediately report to Lessor each accident which causes any damage to the Cars, including but not limited to any accident arising out of the alleged or apparent manufacturing, functioning or operation of any of the Cars. Such report shall contain the time, place and nature of the accident and the damage suffered, the names and addresses of parties involved, persons injured, if any, witnesses and owners of property damaged, if any, and such other information as may be known, and promptly advise Lessor of all correspondence, papers, notices and documents whatsoever received by Lessees in connection with any claim or demand involving or relating to such

accident or charging Lessor with liability. Lessees agree that they and their agents, employees and representatives will cooperate with Lessor in the investigation and defense of all such claims and that they will aid in the recovery of damages from any third parties responsible therefor.

(b) During the continuance of this Lease, Lessees will, as soon after the close of each fiscal year of Lessees as practicable, furnish to Lessor in duplicate copies of Lessees' most recent financial reports, including Lessees' most recent annual report and/or balance sheet and profit and loss statement, certified by either a recognized firm of Certified Public Accountants, or by the chief financial officer designated by Lessees. Interim statements, so certified, will be furnished by Lessees as requested by Lessor.

(c) During the term hereof, Lessees will furnish to Lessor, on or before April 1 in each year (commencing with the year 1973) and on such other dates as Lessor may from time to time reasonably request, an accurate report certified by a duly authorized agent of Lessees or officer of the Railroad stating as of a recent date (but, in the case of each annual statement, not earlier than the preceding December 31 and in the case of any other such statement, not earlier than a date ninety (90) days preceding the date of such statement): (a) (i) Lessees' car numbers of the Cars then subject to this Lease, (ii) Lessees' car numbers of all Cars that have become worn out, lost, destroyed, irreparably damaged or rendered permanently unfit for use since the date of the previous report (or since the date hereof in the case of the first such report), (iii) Lessees' car numbers of all Cars being repaired or awaiting repairs, and (iv) Lessees' car numbers of all Cars that have been requisitioned, taken over or nationalized by any governmental authority since the date of the previous report (or since the date hereof in the case of the first such report); (b) that all Cars then subject to the Lease have been maintained in accordance with Subsection 8 (b) hereof or, if such be the case, are then being repaired in accordance with Section 8 hereof, and that the legend placed on the Cars as required by Section 6 hereof has been preserved or repainted on each side of each Car and that Lessees' identifying reporting mark and the appropriate car number have been preserved or repainted on each side of each Car as required by Section 6 hereof;

and (c) such other information regarding the location, condition and state of repair of the Cars as Lessor may reasonably request.

(d) Lessor and/or its assignee shall have the right, at its sole cost and expense, by its authorized agents, employees and/or representatives, to inspect the Cars and Lessees' records with respect thereto, at such times and from time to time during the continuance of this Lease as may be reasonably necessary to confirm to the satisfaction of Lessor and/or its assignee the existence and proper maintenance of the Cars; provided, however, that notwithstanding any contrary provision hereof, Lessees do not assume liability for injury to, or the death of, any agents, employees and/or representatives of Lessor or other persons while exercising any right of Lessor and/or its assignee under this Subsection 14 (d).

SECTION 15. RETURN OF CARS. Upon the expiration of the term of this Lease, or if Lessor shall rightfully demand possession of the Cars pursuant to this Lease or otherwise, Lessees shall forthwith remove or cause any lettering of the names or initials or other insignia customarily used by Lessees to be removed from the Cars at their cost and expense and deliver the possession of the Cars to Lessor. For such purpose Lessees shall at their own cost and expense forthwith assemble the Cars and place them upon such storage tracks of Lessees as Lessor may designate, or, in the absence of such designation, as Lessees may select, and Lessees shall permit Lessor to store said Cars on such tracks for a period not exceeding one hundred (100) days from the date that all Cars are so assembled at the risk of Lessor, 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 Manufacturer's plant at Butler, Pennsylvania or 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 Cars 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 against Lessees so as to assemble, deliver, store and transport the Cars.

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 Car to Lessor, to demand and take possession of such Car in the name and behalf of Lessees from whomsoever shall be at the time in possession of such Car.

Except as otherwise provided in Section 9 hereof, in the event that any Car or Cars 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 Car or Cars shall remain in full force and effect until such Car or Cars are redelivered to Lessor.

SECTION 16. 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 First Extended Term or the Second Extended Term of this Lease, elect to purchase all of the Cars 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 Cars as of the end of such term or extension.

If on or before four months prior to the extension 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 Cars, the Fair Market Value shall be determined by an appraiser or appraisers under the same procedures as are set forth in Section 2 hereof.

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 arm's-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 17. 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 Cars. 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 18. 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 19. 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 20. 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 21. 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:

Pullman Incorporated
200 South Michigan Avenue
Chicago, Illinois 60604

If to the Lessees:

Trustees of the Property of
Penn Central Transportation Company, Debtor
Room 1334, Six Penn Center Plaza
Philadelphia, Pennsylvania 19104

Attention: Treasurer

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

SECTION 22. 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 State of

SECTION 23. SURVIVAL OF COVENANTS. Any other provisions contained in this Lease to the contrary notwithstanding, it is hereby agreed that the provisions of Sections 7, 10, 11, 13 and 15 hereof shall survive the expiration or termination hereof.

SECTION 24. SUCCESSORS AND ASSIGNS. Subject to the provisions of Section 13, 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 25. 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 26. RECORDING. Lessees, without expense to Lessor, will cause this Lease and the Loan Agreement 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 Cars.

SECTION 27. 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 or other tangible personal property, (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.

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 on their behalf by one of the Lessees thereunto duly authorized, all as of the day and year first above written.

ATTEST:

William O. Edridge
ASSISTANT Secretary

PULLMAN INCORPORATED

By J. F. Kelley
TREASURER

WITNESS:

W. Paulson
Assistant Secretary

GEORGE P. BAKER, RICHARD C. BOND,
JERVIS LANGDON, JR., AND WILLARD WIRTZ,
TRUSTEES OF THE PROPERTY OF PENN CENTRAL
TRANSPORTATION COMPANY, DEBTOR

By Jervis Langdon
One of the Trustees

Approved this 11th day of

May

, 1971, per Order No. 225.

John P. Fullam
JOHN P. FULLAM
District Judge.

STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

On this 5th day of April, 1971, before me personally appeared _____, to me personally known, who, being by me duly sworn, said that he is a Director of Pullman Incorporated, 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.

William J. O'Neill
Notary Public

My commission expires June 17, 1972 ~~February 24, 1974~~

COMMONWEALTH OF PENNSYLVANIA)
) SS:
CITY AND COUNTY OF PHILADELPHIA)

On this 28th day of April, 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 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'Neill
WILLIAM J. O'NEILL

Notary Public, Philadelphia, Philadelphia Co.

My Commission Expires June 26, 1972

EXHIBIT A

<u>Group</u>	<u>Description of Cars</u>	<u>Number of Cars</u>	<u>Specifications</u>	<u>Base Price Per Car</u>	<u>Initial Term Monthly Rental</u>	<u>First Extended Term Monthly Rental</u>
1.	4785 cubic foot, 100-ton capacity, covered hopper cars, without center sill, with gravity gate unloading and lined	1,000 Numbered PCB 888749 through 889748, both inclusive	Manufacturer's Specifications	\$17,925.00	\$181.81	\$45.46
2.	4785 cubic foot, 100-ton capacity, covered hopper cars, without center sill, with gravity gate unloading and unlined	200 Numbered PCB 889749 through 889948, both inclusive	Manufacturer's Specifications	17,250.00	174.98	43.75
3.	4785 cubic foot, 100-ton capacity, covered hopper cars, without center sill, with pneumatic unloading and lined	51 Numbered PCB 889949 through 889999, both inclusive	Manufacturer's Specifications	18,400.00	186.65	46.67

EXHIBIT B

CERTIFICATE OF INSPECTION AND ACCEPTANCE

The undersigned, the duly authorized representative of Pullman Incorporated, (Lessor), and of George P. Baker, Richard C. Bond, Jervis Langdon, Jr. and Willard Wirtz, as Trustees of the property of Penn Central Transportation Company, Debtor, (Lessees), hereby certifies with respect to covered hopper cars, manufactured by Pullman Incorporated (Pullman-Standard division) (Manufacturer), bearing the identifying reporting mark and car numbers of Lessees as follows:

pursuant to the Lease of Railroad Equipment, dated as of April 21, 1971, between Lessor and Lessees (the Lease):

1. that during the manufacture of said cars by the Manufacturer he, either personally or through qualified inspectors working under his supervision, inspected, in accordance with inspection and testing practices and methods which in his opinion are adequate for the protection of Lessor and Lessees, the materials and other components which were incorporated in, and the construction of, said cars;

2. that the materials and other components incorporated in, and the construction of, said cars comply fully with, and said cars have been completed in full accordance with, the Specifications referred to in the Lease;

3. that said cars have been delivered in good order and ready for service by the Manufacturer to the Lessor and, on behalf of Lessor, to Lessees, at Butler, Pennsylvania, and were

accepted by the undersigned on this date on behalf of Lessor and Lessees, in accordance with the provisions of the Lease; and

4. that there was plainly, distinctly, and conspicuously placed upon each side of each such cars at the time of its delivery and acceptance a legend bearing the following words in letters not less than one inch in height:

Dated , 1971

Duly Authorized Representative of
Pullman Incorporated

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

EXHIBIT C

SUPPLEMENT DATED April , 1971 to LEASE OF RAILROAD EQUIPMENT DATED AS OF APRIL 21, 1971 from PULLMAN INCORPORATED, Lessor, to GEORGE P. BAKER, RICHARD C. BOND, JERVIS LANGDON, JR. AND WILLARD WIRTZ, TRUSTEES OF THE PROPERTY OF PENN CENTRAL TRANSPORTATION COMPANY, DEBTOR, Lessees.

Lessor and Lessees agree that the Cars, as defined below, are the only cars subject to the Lease and that all other cars described in the Lease are hereby deleted therefrom.

Lessor and Lessees hereby confirm that the below described covered hopper cars (the Cars) manufactured by Pullman Incorporated (Pullman-Standard division) (Manufacturer) for sale to Lessor were delivered to Lessees on or before the date hereof:

Lessor and Lessees confirm that the Cars were inspected by duly appointed and authorized representatives of Lessor and Lessees in accordance with Section 1 of the aforesaid Lease of Railroad Equipment. Such inspection showed (a) that the Cars have been constructed in accordance with the Specifications, 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 upon each side of each Car a legend on which plainly and conspicuously appear the following words in letters not less than one inch in height:

and that each side of each Car was plainly and distinctly marked with the Railroad's Road Number set forth above with respect thereto.

Lessor and Lessees confirm that on the aforesaid dates of delivery the Cars were duly accepted by a representative of Lessor and Lessees in accordance with Section 1 of the Lease of Railroad Equipment, and Lessees acknowledge that the Cars are now held by Lessees subject to the terms and conditions of the aforesaid Lease of Railroad Equipment, including the payment of the rentals provided for therein with respect to the Cars to Lessor.

IN WITNESS WHEREOF, Lessor has caused this Supplement 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 Supplement to be executed on their behalf by one of the Lessees thereunto duly authorized, the day and year first above written.

ATTEST:

PULLMAN INCORPORATED

Assistant Secretary

By _____

WITNESS:

GEORGE P. BAKER, RICHARD C. BOND,
JERVIS LANGDON, JR., AND WILLARD WIRTZ,
TRUSTEES OF THE PROPERTY OF PENN CENTRAL
TRANSPORTATION COMPANY, DEBTOR

Assistant Secretary

By _____
One of the Trustees