

CONDITIONAL SALE AGREEMENT dated as of June 1, 1971 between GENERAL LEASING AND MANAGEMENT COMPANY, a Pennsylvania corporation (hereinafter called the Vendor) and Sigfried Weis and Robert F. Weis, of Sunbury, Pa., as tenants in common and trading as S & R RAILROAD (hereinafter sometimes called the Company).

WHEREAS the Vendor has agreed to sell and deliver to the Company, and the Company has agreed to purchase, the railroad equipment described in Annex A hereto (hereinafter called the Equipment);

WHEREAS the Company is executing a lease of the Equipment as of the date hereof to PENNSYLVANIA POWER & LIGHT COMPANY, as lessee (hereinafter called the Lessee) in substantially the form annexed hereto as Annex B (hereinafter called the Lease);

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. *Purchase and Sale.* Pursuant to this Agreement, the Vendor will sell and deliver the Equipment to the Company and the Company will purchase and accept delivery of and pay for the Equipment, each unit of which will be constructed in accordance with the specifications referred to in Annex A hereto and in accordance with such modifications thereof as may have been agreed upon in writing by the Vendor, the Company and the Lessee (which specifications and modifications, if any, are hereinafter called the Specifications).

ARTICLE 2. *Delivery.* The Vendor will deliver the various units of the Equipment to the Company at the point specified in, and in accordance with, the delivery schedule set forth in Annex A hereto.

Any Equipment not delivered, accepted and settled for pursuant to Article 3 hereof on or before June 30, 1971, shall be excluded from this Agreement and not included in the term "Equipment".

The Equipment shall be subject to inspection and approval prior to delivery by an inspector or other authorized representative of the Company. Prior to delivery of each unit of the Equipment, such inspector or representative shall execute and deliver to the Vendor a certificate of acceptance stating that such unit has been inspected and accepted on behalf of the Company, conforms to the Specifications and is marked in accordance with the provisions of Article 9, hereof; *provided, however,* that the delivery by the Lessee to the Vendor of a Certificate of Acceptance called for by Section 1 of the Lease (hereinafter called Certificate of Acceptance) shall be deemed to fully satisfy the foregoing requirement.

Filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act on _____ at _____, Recordation No. _____.

On delivery of each of the units of Equipment hereunder and acceptance thereof on behalf of the Company as aforesaid, the Company assumes with respect thereto the responsibility and risk of loss.

ARTICLE 3. *Purchase Price and Payment.* The "Purchase Price" per unit of the Equipment is set forth in Annex A hereto (hereinafter called the Purchase Price).

Settlement for the Equipment shall be held on such date as shall be mutually agreed upon by the Lessee and the Vendor as provided herein, and shall consist of all the Equipment. The Lessee shall give notice to the Vendor and the Company of the date so fixed for settlement for Equipment (herein called the Closing Date), not less than five business days prior to the Closing Date designated therein.

The Company hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay in cash to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

(a) On the Closing Date an amount equal to \$521,501.14; and

(b) In consecutive instalments, as hereinafter provided, an amount equal to the balance of the Purchase Price.

The aggregate Purchase Price payable pursuant to subparagraph (b) of the preceding paragraph is herein called the Conditional Sale Indebtedness and the principal amount thereof and interest thereon shall be payable in quarterly instalments as set forth in Annex C attached hereto.

The Company will pay interest at the rate of 8¼% per annum (to the extent legally enforceable) upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof, anything herein to the contrary notwithstanding.

All payments provided for in this Agreement shall be made in such coin and currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. The Company shall not have the privilege of prepaying the Conditional Sale Indebtedness prior to the dates it becomes due.

ARTICLE 4. *Title to the Equipment.* The Vendor shall and hereby does retain the full legal title to and property and a security interest in the Equipment until the Company shall have made all the payments hereunder and shall have kept and performed all its agreements herein contained, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Company or the Lessee as herein provided. All additions to the Equipment, and any and all replacements of the Equipment and of parts thereof shall constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

Except as otherwise specifically provided in Article 5 hereof, when and only when the Vendor shall have been paid the full amount of the Purchase Price of all the Equipment, together with interest and all other payments as herein provided, and all

the Company's obligations herein contained shall have been performed, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Company without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Company, will execute appropriate instruments confirming such passage of title free of all liens, security interests and other encumbrances created or retained hereby and deliver such instruments to the Company and will execute in the same manner and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instruments as may be necessary or appropriate in order then to make clear upon the public records the title of the Company to the Equipment. The Vendor will also at such time pay to the Company any money paid to the Vendor pursuant to Article 5 hereof and not theretofore applied as therein provided.

The Company hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such instruments or to file such certificates within a reasonable time after written demand of the Company.

ARTICLE 5. *Casualty Occurrences and Obsolescence Retirement.* In the event that the Company shall receive a payment in respect of a Casualty Occurrence or an Obsolescence Retirement under Section 11.2 of the Lease, the Company shall concurrently pay to the Vendor a sum equal to the Casualty Value or the Retirement Value (as hereinafter subsequently defined), as appropriate, of such unit suffering a Casualty Occurrence or the units subject to Obsolescence Retirement as of the date of such payment and shall file with the Vendor a certificate setting forth the Casualty Value or the Retirement Value, as appropriate, of such unit or units. Any money paid to the Vendor pursuant to this paragraph shall be applied to the prepayment of Conditional Sale Indebtedness on the date of such payment.

Upon payment by the Company to the Vendor of the Casualty Value or Retirement Value of any unit or units of the Equipment having suffered a Casualty Occurrence or having become subject to Obsolescence Retirement, absolute right to the possession of, title to and property in such unit shall pass to and vest in the Company, without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Company, will execute and deliver to the Company, at the expense of the Company, an appropriate instrument confirming such passage to the Company of title to and property in such unit, in recordable form, in order that the Company may make clear upon the public records the title of the Company to such unit.

The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be the amount set forth opposite the date on which a payment on account of Casualty Occurrence is made, as set forth in Annex D hereto.

The Retirement Value of each unit of the Equipment subject to Obsolescence Retirement shall be the amount set forth for the date on which the payment on account of Obsolescence Retirement is made, as set forth in Annex E hereto.

In the event that any Item of Substitute Equipment (as defined in subsection 11.9 of the Lease) becomes subject to the Lease, it shall, without more, become a unit of

Equipment subject to all of the provisions of this Agreement. The parties hereto shall contemporaneously execute an amendment to this Agreement substituting in Annex A hereto the Items of Substitute Equipment for those units of Equipment which suffered a Casualty Occurrence and in respect of which payment of the Casualty Value would otherwise be payable.

ARTICLE 6. *Expenses for Substitute Equipment Recording.* Subject to reimbursement by the Lessee, the Company shall, at its expense, record any amendments hereto in conformity with the requirements of Article 21 hereof.

ARTICLE 7. *Maintenance and Repairs.* The Company agrees that, at its own cost and expense, it will maintain and keep each unit of the Equipment in good order and repair, reasonable wear and tear excepted. The Company will not assign or permit the assignment of any unit of the Equipment to service involving the regular operation and maintenance thereof outside the United States of America and any use of any unit of the Equipment outside the United States of America will be limited to incidental and temporary use.

ARTICLE 8. *Reports and Inspections.* On or before April 1 in each year, commencing with the year 1972, the Company will cause to be furnished to the Vendor an accurate statement as of the preceding January 1, (a) showing the amount, description and numbers of the Equipment then covered hereby, the amount, description and numbers of all units of the Equipment that may have suffered a Casualty Occurrence during the preceding 12 months (or since the date of delivery hereunder of the Equipment, in the case of the first such statement), and such other information regarding the condition and state of repair of the Equipment as the Vendor may reasonably request, and (b) stating that, in the case of all units of the Equipment repainted or repaired during the period covered by such statement, the markings required by Article 9 hereof have been preserved or replaced.

ARTICLE 9. *Identification Marks.* The Company will cause each accepted unit of the Equipment to be kept numbered with its identifying number as set forth in Annex A and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of such unit, in letters not less than one inch in height, the words, "OWNED BY S & R RAILROAD, AND SUBJECT TO A SECURITY INTEREST OF PROVIDENT NATIONAL BANK, AGENT, RECORDED WITH THE ICC," or other appropriate words designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Vendor to such unit and the rights of the Vendor under this Agreement. The Company will not permit any such unit to be placed in operation or exercise any control or dominion over the same until such names and word or words shall have been so marked on both sides thereof and will replace or cause to be replaced promptly any such names and word or words which may be removed, defaced or destroyed. The Company will not permit the identifying number of any unit of Equipment to be changed except with the consent of the Vendor.

Except as above provided, the Company will not allow the name of any person,

association or corporation to be placed on any units comprising the Equipment as a designation that might be interpreted as a claim of ownership; *provided, however*, that the Company may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Company or the Lessee or its affiliates on railroad equipment used by it of the same or a similar type for convenience of identification of the interests of the Company and the Lessee therein.

ARTICLE 10. *Taxes.* All payments to be made by the Company hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any local, state or federal taxes (other than net income taxes), license fees, charges, fines or penalties of any kind (hereinafter called "impositions") hereafter levied or imposed upon, or in connection with, or measured by, this Agreement or any sale, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which impositions the Company assumes and agrees to pay on demand in addition to the Purchase Price of the Equipment. The Company will also pay promptly all impositions which may be imposed upon the Equipment or for the use or operation thereof or upon the earnings arising therefrom or upon the Vendor solely by reason of its ownership thereof and will keep at all times all and every part of the Equipment free and clear of all impositions which might in any way affect the title of the Vendor or result in a lien upon any unit of the Equipment; *provided, however*, that the Company shall be under no obligation to pay any impositions so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor hereunder. If any such impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, the Company shall reimburse the Vendor on presentation of invoices therefor.

ARTICLE 11. *Compliance with Laws and Rules.* During the term of this Agreement, the Company will comply, and will cause any lessee of the Equipment to comply, in all respects with all laws of the jurisdictions in which operations involving the Equipment may extend, and with all lawful rules of any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the operation or use of the Equipment; and in the event that such laws or rules require the alteration of the Equipment, the Company will conform therewith, at its expense, and will maintain the same in proper condition for operation under such laws and rules; *provided, however*, that the Company may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor hereunder.

ARTICLE 12. *Possession and Use.* The Company, so long as it shall not be in default under this Agreement, shall be entitled, from and after delivery of the Equipment by the Vendor to the Company, to the possession of the Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement.

The Company may lease the Equipment to the Lessee or its assigns as permitted by, and for use as provided in, the Lease; *provided, however*, that if and only if the Lessee shall be in default under the Lease, the rights of the Lessee and its permitted assigns under the Lease shall be subordinated and junior in rank to the rights, and shall be subject to the remedies of, the Vendor under this Agreement. The Company hereby agrees that it will not exercise any of the remedies provided in the case of an Event of Default under and as defined in the Lease unless it shall notify the Vendor in writing of its intended exercise thereof, and hereby further agrees to furnish to the Vendor copies of all summonses, writs, processes and other documents served by it upon the Lessee or served by the Lessee upon it in connection therewith.

So long as no event of default shall have occurred and be continuing hereunder, the Company shall be entitled to the possession and use of the Equipment and the Equipment may be used upon lines of railroad over which railroad equipment of the Lessee has trackage or other operation rights or over which railroad equipment of the Lessee is regularly operated pursuant to contract, trackage or other operating rights, and the Equipment may be used upon other railroads in the usual interchange of traffic (if such interchange is customary at the time), but only upon and subject to all the terms and conditions of this Agreement. The Company may also lease the Equipment to any other railroad company with the prior written consent of the Vendor, provided that the rights of such lessee are made expressly subordinate to the rights and remedies of the Vendor under this Agreement.

ARTICLE 13. *Prohibition Against Liens.* The Company will pay or satisfy and discharge any and all sums claimed by any party by, through or under the Company or its successors or assigns which, if unpaid, might become a lien, charge or security interest upon the Equipment, or any unit thereof, equal or superior to the title of the Vendor thereto, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor hereunder.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

ARTICLE 14. *Indemnities.* The Company agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including reasonable counsel fees, arising out of retention by the Vendor of title to the Equipment, or out of the use and operation thereof during the period when title thereto remains in the Vendor. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Purchase Price and the conveyance of the Equipment, as provided in Article 4 hereof, or the termination of this Agreement in any manner whatsoever.

The Company will bear the risk of, and shall not be released from its obligations

hereunder in the event of, any damage to or the destruction or loss of any unit of or all the Equipment.

ARTICLE 15. *Patent Indemnities.* The Company will indemnify, protect and hold harmless the Vendor from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendor because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design, article or material which infringes or is claimed to infringe on any patent or other similar right. The Vendor agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, transfer, assign, set over and deliver to the Company every claim, right and cause of action which the Vendor has or hereafter shall have against the originator of any design or against the seller or sellers of any designs or articles or materials purchased or otherwise acquired by the Vendor for use in or about the construction or operation of the Equipment, or any unit thereof, on the ground that any such designs, article or material or operations thereof infringes or is claimed to infringe on any patent or other right and the Vendor further agrees to execute and deliver to the Company all and every such further assurance as may reasonably be requested by the Company more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action. The Vendor will give notice to the Company of any claim known to the Vendor from which liability may be charged against the Company hereunder and the Company will give notice to the Vendor of any claim known to it from which liability may be charged against the Vendor hereunder.

ARTICLE 16. *Assignments.* The Company will not assign or transfer its rights under this Agreement or, except as provided in Article 12 hereof, transfer the right to possession of any unit of the Equipment unless such assignment or transfer is made expressly subject in all respects to the rights and remedies of the Vendor hereunder. Any such assignment or transfer can be made by the Company without the assignee or transferee assuming any of the obligations of the Company hereunder, but subject to the rights and remedies of the Vendor hereunder.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Company, may be assigned by the Vendor and reassigned by its assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve the Vendor from, any of the obligations of the Vendor to deliver the Equipment in accordance herewith, or relieve the Company of its obligations to the Vendor contained or referred to in this agreement or any other obligation which, according to its terms and context, is intended to survive an assignment.

Upon any such assignment either the assignor or the assignee shall give written notice to the Company and the Lessee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the Vendor's right, title and interest in and to the Equipment, or in and to a portion thereof, as the case may be,

subject only to such reservations as may be contained in such assignment. From and after the receipt by the Company of the notification of any such assignment, all payments thereafter to be made by the Company hereunder shall, to the extent so assigned, be made to the assignee at the address of the assignee specified in the aforesaid notice.

The Company recognizes that it is the custom of railroad equipment sellers to assign agreements of this character and understand that the assignment of this Agreement, or of some of or all the rights of the Vendor hereunder, is contemplated. The Company expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder, and for the purpose of inducing such acquisition, that in the event of such assignment by the Vendor as hereinbefore provided the rights of such assignee to the entire unpaid Purchase Price of the Equipment or such part thereof as may be assigned, together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of the Vendor with respect to the Equipment or the delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Company by the Vendor. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Company against and only against the Vendor.

In the event of any such assignment or successive assignments by the Vendor of title to the Equipment and of the Vendor's rights hereunder with respect thereto, the Company will, whenever requested by such assignee, change the names and word or words to be marked on each side of each unit of the Equipment, so as to indicate the title of such assignee to the Equipment with such names and word or words as shall be specified by such assignee, subject to the requirements of the laws of the jurisdictions in which the Equipment shall be operated relating to such names and word or words for use on railroad equipment covered by conditional sale agreements. The cost of marking such names and word or words with respect to the first assignee of this Agreement (or to a successor agent or trustee in case the first assignee is an agent or trustee) shall be borne by the Vendor. The cost of marking such names and word or words in connection with any subsequent assignment (other than to a successor agent or trustee if the first assignee is an agent or trustee) shall be borne by the subsequent assignee.

The Company will, in connection with settlement for the Equipment, deliver to the Assignee, at the time of delivery by the Company of notice fixing the Closing Date with respect to the Equipment, all documents required by the terms of the Assignment to be delivered to the Assignee in connection with such settlement, in such number of counterparts as may reasonably be requested, except for any opinion of counsel for the Assignee.

ARTICLE 17. *Defaults.* In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) The Company shall fail to pay in full any sum payable by the Company when payment thereof shall be due hereunder and such default shall continue for ten days after the Company shall have received written notice that such payment has not been received; or

(b) The Company shall, for more than 30 days after the Vendor shall have demanded in writing performance thereof, fail or refuse to comply with any covenant, agreement, term or provision of this Agreement to be kept and performed or to make provision satisfactory to the Vendor for such compliance; or

(c) Any proceedings shall be commenced by or against the Company 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 the Company under this Agreement shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Company or for the property of the Company in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

(d) The Company shall make or suffer any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Company and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) subject to the rights of the Lessee referred to in Article 12 hereof, cause the Lease immediately upon such notice to terminate (and the Company acknowledges the right of the Vendor to terminate the Lease) and/or (ii) declare (hereinafter called a Declaration of Default) the entire unpaid Purchase Price of the Equipment, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such Purchase Price and such interest shall bear interest from the date of such declaration at the rate of 8 $\frac{3}{4}$ % per annum and the Vendor shall thereupon be entitled to recover judgment for the entire unpaid balance of the Purchase Price of the Equipment so payable, with interest as aforesaid, and to collect such judgment out of any property of the Company wherever situated.

The Vendor may waive any such event of default and its consequences and rescind any Declaration of Default or notice of termination of the Lease by notice to the Company in writing to that effect, and thereupon the respective rights of the parties

shall be as they would have been if no such default had existed and no Declaration of Default or notice of termination of the Lease had been made. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Company that time is of the essence of this Agreement and that no such waiver or rescission shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 18. *Remedies.* Subject to the rights of the Lessee under the Lease referred to in Article 12 hereof (i) at any time during a Declaration of Default, the Vendor may, upon such further notice, if any, as may be required for compliance with any mandatory requirements of law then in force and applicable to the action to be taken by the Vendor take or cause to be taken by its agent or agents immediate possession of the Equipment, or any unit thereof, without liability to return to the Company any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 18 expressly provided, and may remove the same from possession and use of the Company or anyone having such possession and use and for such purpose may enter upon the premises of the Company or wherever the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Company with or without process of law.

(ii) In case the Vendor shall demand possession of the Equipment in pursuance of this Agreement and shall reasonably designate a point or points upon lines designated by Vendor for the delivery of the Equipment to the Vendor, the Company shall, at its own expense, forthwith and in the usual manner, cause the Equipment to be moved to such point or points as shall reasonably be designated by the Vendor and shall there deliver the Equipment or cause it to be delivered to the Vendor provided such point is not more than 100 miles from where the Company received possession of the Equipment. This agreement to deliver the Equipment as hereinbefore provided is of the essence of this Agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree against the Company requiring specific performance hereof. The Company hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

(iii) At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 18 provided) may at its election and upon such notice as hereinafter set forth retain the Equipment in satisfaction of the entire indebtedness in respect of the Purchase Price of the Equipment and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Company by telegram or registered mail, addressed as provided in Article 23 hereof, and to any other persons to whom the law may require notice, within 30 days after the entire indebtedness in respect of the Purchase Price of the Equipment shall have been declared immediately due and payable. In the event that the Vendor should elect to retain the Equipment, and no objection is made thereto within the 30-day period

described in the second proviso below all rights of the Company in the Equipment will thereupon terminate and all payments made by the Company may be retained by the Vendor as compensation for the use of the Equipment; *provided, however*, that if the Company, before the expiration of the 30-day period described in the proviso below should pay or cause to be paid to the Vendor the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Company; and *provided, further*, that if the Company or any other person notified under the terms of this paragraph shall object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law.

(iv) The Vendor with or without the retaking of possession thereof at its election and upon reasonable notice to the Company and to any other persons to whom the law may require notice of the time and place, may sell the Equipment, or any unit thereof, free from any and all claims of the Company, or of any other party claiming by, through or under the Company, at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; *provided, however*, that if prior to such sale or prior to the making of a contract for such sale, the Company should tender full payment of the entire indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking, holding and preparing the Equipment for disposition and arrangement for the sale and the Vendor's reasonable attorneys' fees, then in such event absolute right to the possession of, title and property in the Equipment shall pass to and vest in the Company. The proceeds of such sale, or of any lease or other disposition of the Equipment as provided hereunder, less the attorneys' fees and any other expenses incurred by the Vendor in taking possession of, removing, storing and so disposing of the Equipment, shall be credited against the amount due to the Vendor under the provisions of this Agreement.

(v) Any sale hereunder may be held or conducted at such place or places and at such time or times as the Vendor may specify, in one lot and as an entirety, or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine; *provided, however*, that the Company shall be given written notice of such sale as provided hereinabove. If such sale shall be a private sale, it shall be subject to the right of the Company to purchase or provide a purchaser within ten days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. The Vendor may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale without accountability to the Company (except to the extent of surplus money received as hereinafter provided in this Article 18), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all sums due to the Vendor from the Company hereunder.

(vi) Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay, except where time limits are expressly herein provided, or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein.

(vii) All sums of money realized by the Vendor under the remedies herein provided shall be applied, *first* to the payment of the expenses and liabilities of the Vendor herein undertaken to be paid, *second* to the payment of interest on the unpaid Purchase Price of the Equipment accrued and unpaid and *third* to the payment of the unpaid Purchase Price of the Equipment. If, after applying as aforesaid all sums of money realized by the Vendor, there shall remain any amount due to it under the provisions of this Agreement, the Company shall pay the amount of such deficiency to the Vendor upon demand, and, if the Company shall fail to pay the full deficiency, the Vendor may bring suit therefor and shall be entitled to recover a judgment therefor against the Company. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Company.

(viii) The Company will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including attorneys' fees, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Article 18 are subject in all respects to all mandatory requirements of law at the time in force and applicable thereto.

ARTICLE 19. *Applicable State Law.* Any provision of this Agreement prohibited by any applicable law of any state shall as to such state be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any applicable state law may be waived, they are hereby waived by the Company to the full extent permitted by law, to the end that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Company, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell the Equipment, or any unit thereof, and any other requirements as to the time, place and terms of sale thereof, any other requirements with respect to the enforcement of the Vendor's rights hereunder and any and all rights of redemption.

ARTICLE 20. *Extension not a Waiver.* Any extension of time for payment hereunder or other indulgence duly granted to the Company shall not otherwise alter or affect the Vendor's rights or the obligations of the Company hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Company's obligations or the Vendor's rights hereunder with respect to any subsequent payments or defaults therein.

ARTICLE 21. *Recording.* Prior to the delivery and acceptance of any unit of the Equipment, the Company will cause this Agreement, any assignments hereof and any supplements hereto and thereto, in each case, to be filed with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Company will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of the Vendor and its counsel, of its title to the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement and any assignment hereof. The Company will promptly furnish to the Vendor evidences of such filing.

ARTICLE 22. *Payment of Expenses.* The Vendor will pay all reasonable costs and expenses incident to the preparation and execution of this Agreement and the first assignment of this Agreement (including the fees and expenses of an agent or trustee, if the first assignee is an agent or trustee), or any instrument supplemental thereto, including all fees and expenses of special counsel for the first assignee of this Agreement and for any party acquiring interests in such first assignment.

ARTICLE 23. *Notice.* Any notice hereunder to any party designated below shall be deemed to be properly served if delivered or mailed to it at its chief place of business at the following specified addresses:

(a) the Vendor: 3522 Rhoads Avenue
Newtown Square, Pa. 19073
Attention: Mr. Nicholas Schlufer, President

(b) the Company: c/o Lybrand, Ross Bros. & Montgomery
Packard Building
Philadelphia, Pa. 19102

(c) any assignee of the Vendor, or of the Company: such address as may have been furnished in writing to the Company, or the Vendor, as the case may be, by such assignee;

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE 24. *Immunities.* No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against (i) any incorporator, stockholder, director or officer, past, present or future, of the Vendor, and (ii) any assets of the individuals who are the Company other than the assets which they have contributed to the assets of the Company, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of incorporators, stockholders, directors or officers, or as to such assets of such individuals, being forever released as a condition of and as consideration for the execution of this Agreement.

ARTICLE 25. *Effect and Modification of Agreement.* This Agreement and the Annexes annexed hereto exclusively and completely state the rights and agreements of the Vendor and the Company with respect to the Equipment and supersede all other agreements, oral or written, with respect to the Equipment. No variation of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and duly executed on behalf of the Vendor and the Company.

ARTICLE 26. *Law Governing.* The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the Commonwealth of Pennsylvania; *provided, however,* that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording, registering or depositing hereof and of any assignment hereof and out of the marking on the Equipment as shall be conferred by the laws of the several jurisdictions in which the Equipment may be located and in which this Agreement or any assignment hereof shall be filed, recorded, registered or deposited.

ARTICLE 27. *Definitions.* The term "Vendor", whenever used in this Agreement, means, before any assignment of any of its rights hereunder, General Leasing and Management Company, a Pennsylvania corporation, and any successor or successors for the time being to its properties and business, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor or assignors as regards any rights hereunder that are retained or excluded from any assignment.

ARTICLE 28. *Execution.* This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Although this Agreement is dated as of June 1, 1971, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have caused this instrument to be executed as of the date first above written.



Sigfried Weis



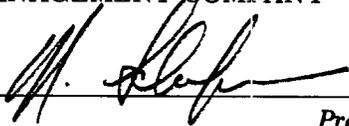
Robert F. Weis

by 

Their Attorney-In-Fact
Sidney Apfelbaum

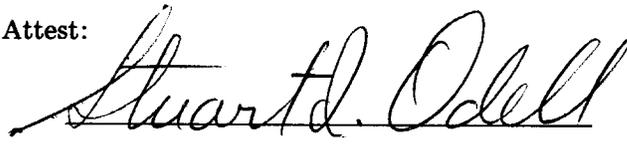
GENERAL LEASING AND
MANAGEMENT COMPANY

[CORPORATE SEAL]

by 

President.

Attest:



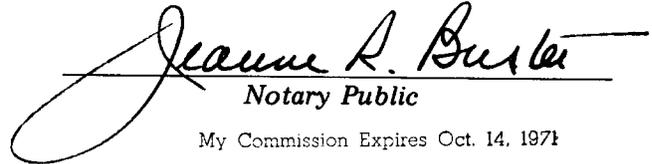
Secretary.

DISTRICT OF COLUMBIA

SS.:

On this 14th day of June, 1971, before me personally appeared Sidney Apfelbaum, who being by me duly sworn, says that he is the duly constituted Attorney-In-Fact for Sigfried Weis and Robert F. Weis and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Sigfried Weis and Robert F. Weis.

[NOTARIAL SEAL]


Notary Public
My Commission Expires Oct. 14, 1971

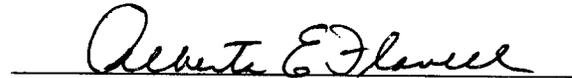
COMMONWEALTH OF PENNSYLVANIA

SS.:

COUNTY OF PHILADELPHIA

On this 14 day of June, 1971, before me personally appeared H. Schuffler, to me personally known, who, being by me duly sworn, says that he is President of GENERAL LEASING AND MANAGEMENT COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of the 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.

[NOTARIAL SEAL]


Notary Public
ALBERTA E. FLAVELL
Notary Public, Philadelphia, Philadelphia Co.
My Commission Expires June 26, 1972

ANNEX A

All units of the Equipment will be delivered c/o Penn Central Transportation Company, at Johnstown, Pennsylvania.

<u>Description</u>	<u>Quantity</u>	<u>Numbered (Inclusive)</u>	<u>Unit Purchase Price</u>	<u>Total Purchase Price</u>
One-hundred ton hopper cars in accordance with Bethlehem Steel Corporation Specification 3400-247, Revision B, dated March 12, 1971.	133	PPLX 520-650 PPLX 238, PPLX 298	\$17,351.91	\$2,307,803.82

LEASE OF RAILROAD EQUIPMENT

THIS LEASE OF RAILROAD EQUIPMENT dated as of June 1, 1971 between Sigfried Weis and Robert F. Weis, of Sunbury, Pennsylvania, as tenants in common and trading as S&R RAILROAD (the "Lessor"), and PENNSYLVANIA POWER & LIGHT COMPANY, a Pennsylvania corporation (the "Lessee");

WITNESSETH:

WHEREAS, Lessor has purchased, pursuant to a conditional sale agreement the railroad equipment (collectively the "Equipment" and individually "Item of Equipment") described in Schedule A hereto; and

WHEREAS, the Lessee desires to lease all of the Equipment at the rentals and for the terms and upon the conditions hereinafter provided;

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 the Lessee, the Lessor hereby leases the Equipment to the Lessee upon the following terms and conditions, namely:

SECTION 1. DELIVERY AND ACCEPTANCE OF EQUIPMENT.

The Lessor will cause each Item of Equipment to be tendered to the Lessee at the point or points mutually agreed upon by the Lessor and the Lessee. Upon such tender, the Lessee will cause an authorized representative of the Lessee to inspect the same, and if such Item of Equipment is found to be in good order, to accept delivery of such Item of Equipment and to execute and deliver to the Lessor a certificate of acceptance in the form attached hereto as Exhibit 1 (hereinafter called the "Certificate of Acceptance"), whereupon such Item of Equipment shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all of the terms and conditions of this Lease.

SECTION 2. RENTALS AND RENTAL PAYMENT DATES.

2.1. Rentals for Equipment.

The Lessee agrees to pay the Lessor for the use of the Equipment eighty installments of Fixed Rental in the amounts provided for such Equipment in Schedule B hereto. The Fixed Rental for each Item of Equipment on any rental payment date shall be the amount equal to the total Fixed Rental due on that rental payment date

Filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act on _____ at _____, Recordation No. _____.

times the fraction of which the numerator is the Original Cost of such Item of Equipment as set forth on Schedule A hereto and the denominator is total Original Cost of the Equipment.

2.2. Rental Payment Dates.

The first installment of Fixed Rental for the Fixed Term hereof as provided in Section 3 hereof shall be due on September 15, 1971 and the second through the eightieth installments of Fixed Rental shall be due and payable quarterly commencing three calendar months after September 15, 1971. All installments of Fixed Rental and other payments due hereunder shall be made to the Lessor's assignee in the event that Lessor assigns this Lease pursuant to the provisions of Section 16 hereof.

2.3. Net Lease.

This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent or reduction thereof, including, but not limited to, abatements or reductions due to any present or future claim of the Lessee against the Lessor under this Lease or otherwise, or against the manufacturer of the Equipment, nor except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or failure of title of the Lessor to the Equipment or any defect in or damage to or loss or destruction of all or any of the Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of the Lessee's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rent and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11.3 hereof, or until, pursuant to Section 13 hereof, the Equipment is delivered to Lessor.

SECTION 3. TERM OF THE LEASE.

The Fixed Term of this lease as to each Item of Equipment shall begin on the date of delivery of such Item of Equipment to, and acceptance by, the Lessee and, subject to the provisions of Section 11 hereof, shall terminate on June 15, 1991.

SECTION 4. TITLE TO THE EQUIPMENT.

4.1. The Lessor shall and hereby does retain full legal title to the Equipment

notwithstanding the delivery thereof to and the possession and use thereof by Lessee.

4.2. The Lessee will cause each Item of Equipment to be kept numbered with its identifying number as set forth in Schedule A and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"OWNED BY S&R RAILROAD,
AND SUBJECT TO A SECURITY INTEREST OF
PROVIDENT NATIONAL BANK, AGENT, RECORDED WITH
THE I.C.C."

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 16 hereof. The Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly such names and word or words which may be removed, defaced or destroyed. The Lessee will not change the identifying number of any Item of Equipment except with the consent of the Lessor.

4.3. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by it of the same or a similar type for convenience of identification of the right of the Lessee to use the Equipment under this Lease.

4.4. The Lessee shall indemnify the Lessor and any assignee under Section 16 hereof against any liability, loss or expense incurred by any of them as a result of the aforesaid marking of the Equipment with such name, initials or insignia.

SECTION 5. DISCLAIMER OF WARRANTIES.

As between Lessor and Lessee, Lessor leases the Equipment, *AS-IS* without warranty or representation, either express or implied, as to (a) the fitness or merchantability of any Item or Items of Equipment or (b) the Lessor's title thereto, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and

rights the Lessor may have as owner of the Equipment against the manufacturer thereof.

SECTION 6. LESSEE'S INDEMNITY.

6.1. The Lessee shall defend, indemnify and save harmless the Lessor, its successors and assigns from and against:

(a) any and all loss or damage of or to the Equipment, usual wear and tear excepted, and

(b) any claim, cause of action, damages, injuries, liability, cost or expense (including reasonable counsel fees and costs in connection therewith) which may be incurred in any manner by or for the account of any of them (i) relating to the Equipment or any part thereof, including without limitation the construction, purchase, delivery, installation, ownership, leasing or return of the Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessor or by the Lessee), (ii) by reason or as the result of any act or omission of the Lessee for itself or as agent or attorney-in-fact for the Lessor hereunder or (iii) as a result of claims for patent infringements.

6.2. The indemnities and assumptions of liability in this Section 6 contained shall continue in full force and effect notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any one or more Items of Equipment, whether by expiration of time, by operation of law or otherwise. The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of such claim or liability.

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all Governmental laws, regulations, requirements and rules (including the rules of the Interstate Commerce Commission) with respect to the use, maintenance and operation of each Item of Equipment subject to this Lease. In case any equipment or appliance on any such Item of Equipment shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such changes, additions and replacements.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order,

condition and repair, ordinary wear and tear excepted. The Lessee shall not modify any Item of Equipment in such a way as to lessen its fair market value and without thirty (30) days prior written notice to the Lessor. In the event Lessor or any assignee of Lessor shall object in writing to such modification within fifteen days of receipt of such notice, Lessee shall not make such modification without the prior written consent of Lessor or such assignee of Lessor, which shall not be unreasonably withheld. Any parts installed or replacements made by the Lessee upon any Item of Equipment shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor, without cost or expense to the Lessor.

The Lessee will not assign or permit the assignment of any Item of Equipment to service involving the regular operation and maintenance thereof outside the United States of America.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge any and all claims against, through, or under the Lessee and its successors or assigns which, if unpaid, might become a lien or a charge upon the Equipment, and any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease, but the Lessee shall not be required to pay or discharge any such claims so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor to the Equipment. Lessee's obligations under this Section 9 shall survive termination of the Lease.

SECTION 10. FILING; PAYMENT OF FEES AND TAXES.

10.1. The Lessee will, at its sole expense, cause this Lease to be duly filed, registered or recorded in conformity with Section 20c of the Interstate Commerce Act or other applicable statutory authority, and/or in such other place or places within or without the United States as the Lessor may reasonably request for the protection of its title and will furnish the Lessor proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will re-file, re-register, or re-record whenever required) any and all further instruments required by law or reasonably requested by Lessor, for the purpose of protecting the Lessor's title to the Equipment to the satisfaction of the Lessor's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to the Lessor proof of such filings and an opinion of the Lessee's counsel that such action has been properly taken. Lessee will pay all costs, charges and expenses incident to any such filing, re-filing, registering, re-registering, recording and re-recording of any such instruments or incident to the taking of such action.

10.2. The Lessee, or the Lessor at the Lessee's expense, shall report, pay and

discharge when due all license and registration fees, assessments, sales, use and property taxes, gross receipts taxes arising out of receipts from use or operation of the Equipment, and other taxes, fees and governmental charges similar or dissimilar to the foregoing (excluding any net income tax) together with any penalties or interest thereon, imposed by any state, federal or local government upon any Item of Equipment and whether or not the same shall be assessed against or in the name of the Lessor or Lessee; provided, however, that the Lessee shall not be required to pay or discharge any such tax or assessment (i) so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of Lessor to the Equipment, however, Lessee shall reimburse Lessor for any damages or expenses resulting from such failure to pay or discharge, or (ii) as to assessments against or in the name of anyone other than Lessee, until 20 days after written notice thereof shall have been given to Lessee.

SECTION 11. PAYMENT FOR CASUALTY OCCURRENCE OR OBSOLETE EQUIPMENT

11.1. In the event that any Item of Equipment shall (i) be or become lost, stolen or destroyed, or, (ii) in the opinion of the Lessee, irreparably damaged, or (iii) at any time after September 15, 1983 in the opinion of the Lessee, obsolete or economically unserviceable for use, or (iv) shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease (any such occurrence under (i), (ii) or (iv) hereunder, except for any requisition which by its terms does not exceed the remaining term of this Lease, being hereinafter called a Casualty Occurrence, and any such occurrence under (iii) hereunder being called an Obsolescence Retirement), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence or has decided upon an Obsolescence Retirement) inform the Lessor in regard thereto.

11.2. In the event a Casualty Occurrence shall have occurred in respect of any Item or Items of Equipment, or the Lessee shall have decided upon Obsolescence Retirement of not less than all of the Equipment, the Lessee, on the next succeeding rental payment date shall pay to the Lessor a sum equal to the Casualty Value or the Retirement Value (as hereafter defined), as appropriate, of such Item or Items of Equipment as of the date of such payment. In the event the Lessee makes a payment hereunder, it shall, concurrently with such payment, file with the Lessor a certificate executed by a duly authorized officer of Lessee and stating that, in the opinion of such officer, the Equipment has become and is, as of the effective date of such Obsolescence Retirement, obsolete or economically unserviceable for use by the Lessee.

11.3. Upon (and not until) payment of the Casualty Value in respect of any Item or Items of Equipment, the obligation to pay rental for such Item or Items of

Equipment shall terminate, but the Lessee shall continue to pay rental for all other Items of Equipment. The reduction in subsequent installments of Fixed Rental shall be equal to the Fixed Rental otherwise payable pursuant to Schedule B times the fraction whose numerator is the Original Cost of all Items of Equipment listed in Schedule A with respect to which payments on account of Casualty Occurrence have been made and whose denominator is the total Original Cost of the Equipment as set forth on Schedule A. The Lessee shall pay when due all rental payments as to an Item or Items due prior to the date on which the Casualty Value thereof is payable.

11.4. The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment suffering a Casualty Occurrence as soon as it is able to do so for the best price obtainable. Any such disposition shall be on an "AS IS", "WHERE IS" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of the Lessee may retain all amounts of such price plus any insurance proceeds and damages received by the Lessee by reason of such Casualty Occurrence up to the Casualty Value attributable thereto and shall remit the excess, if any, to the Lessor. In disposing of such Item or Items of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item or Items of Equipment.

11.5. Upon (but not until) the payment of the Retirement Value of all of the Items of Equipment, this Lease shall terminate. The Lessee shall pay when due all rental payments as to the Equipment due prior to and on the date on which the Retirement Value of the Equipment is payable.

11.6 (a) The Casualty Value of each Item of Equipment described in Schedule A shall be the amount determined as of the date the Casualty Value is paid as provided in this Section 11 (and not the date of the Casualty Occurrence) set forth in the Schedule of Casualty Value attached hereto as Schedule C. (b) The Retirement Value of each Item of Equipment described in Schedule A shall be the amount determined as of the date the Retirement Value is paid as provided in this Section 11 set forth in the Schedule of Retirement Value attached hereto as Schedule D.

11.7. The Lessee shall bear the risk of and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of, any Casualty Occurrence to any Item of Equipment after the date hereof.

11.8. In the event that during the term of this Lease the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for a period which does not exceed the remaining term of this Lease, the Lessee's duty to pay rent shall continue for the duration of such requisitioning or taking. The Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession to an amount equal to the rent

paid or payable hereunder for such period, and the balance, if any, shall be payable to and retained by the Lessor as its sole property.

11.9. At Lessee's option, it may, in lieu of paying to Lessor the Casualty Value payable in respect of any Casualty Occurrence, convey to Lessor Items of Substitute Equipment (as defined below) to replace any Item of Equipment in respect of which Lessee would otherwise be obligated to pay to Lessor the Casualty Value. The replacement of such Items of Equipment shall be accomplished in the following manner:

(a) Lessee shall deliver to Lessor (i) Bill of Sale in respect of the Items of Substitute Equipment, which Bill of Sale shall warrant that at the time of such delivery Lessee had good and lawful title to the Items of Substitute Equipment and that the Items of Substitute Equipment were free of all claims, liens, security interests and other encumbrances of any nature; (ii) Certificate of Acceptance with respect to the Items of Substitute Equipment; (iii) Opinion dated as of such date of counsel for Lessee, stating that title to each Item of Substitute Equipment is validly vested in Lessor and that each Item of Substitute Equipment, at the time of acceptance thereof by Lessee from Lessor pursuant to the Certificate of Acceptance was free of all claims, liens, security interests and other encumbrances except only the rights of the Vendor under the Conditional Sale Agreement and the rights of the Lessee under this lease; and (iv) Certificate by a duly authorized officer of the Lessee that the equipment replacing Items of Equipment having suffered a Casualty Occurrence constitutes only Items of Substitute Equipment, setting forth the fair market value (as determined by an independent appraisal or, in the case of purchased equipment, the purchase price thereof) and useful life of each such Item of Substitute Equipment.

(b) Lessor and Lessee shall execute an amendment to this lease amending the description of the Equipment by deleting therefrom the Items of Equipment having suffered a Casualty Occurrence and substituting therefor the Items of Substitute Equipment. Lessee shall, at its expense, record such amended lease as provided in Section 10 hereof.

(c) Upon compliance with the provisions of subparagraphs (a) and (b) of this subsection 11.9, the Items of Substitute Equipment shall become subject to this lease and, thereafter, shall constitute Items of Equipment.

11.10. Item of Substitute Equipment shall mean an item of railroad equipment having a purpose or function substantially similar to that of an Item of Equipment which, at the time it becomes subject to this Lease, (i) has a fair market value and useful life that are not less than the fair market value and useful life which that Item of Equipment which suffered a Casualty Occurrence (and in respect of which payment of its Casualty Value would otherwise have to be made to Lessor hereunder) would have had on that date but for such Casualty Occurrence and (ii) has been numbered

and marked as specified in subsection 4.2 hereof.

SECTION 12. ANNUAL REPORTS.

12.1. On or before April 1 in each year, commencing with the year 1972, the Lessee will furnish to the Lessor or its assigns an accurate statement, as of the end of the preceding calendar year, (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition and state of repair of the Equipment as Lessor may reasonably request, and (b) stating that, in the case of all Equipment repainted or repaired during the period covered by such statement, the markings required by Section 4 hereof shall have been preserved or replaced, and that the name of no person, association or corporation appearing on any Item of Equipment may be interpreted as indicating a claim of ownership thereof by any such person, association or corporation except as contemplated pursuant to this Lease.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM; PURCHASE OPTION

13.1. Upon the expiration of the term of this Lease with respect to any Item of Equipment, the Lessee will, at its own cost and expense, at the request of Lessor, deliver possession of such Item of Equipment to the Lessor upon such storage tracks as the Lessor may designate, or in the absence of such designation as the Lessee may select, provided such place of storage shall not be more than 100 miles from the location at which Lessee received possession of the Equipment, all as directed by the Lessor upon not less than thirty days' written notice to Lessee. All movement of each such Item is to be at the risk and expense of the Lessee. During any such delivery period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same. The assembling and delivery of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment.

13.2. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may, by written notice delivered to the Lessor not less than six months prior to the end of the Fixed Term or any extension term of this Lease elect (1) to purchase all but not fewer than all the Items of Equipment then covered by this Lease at the end of the Fixed Term or such extension term hereof for a purchase price equal to the "Fair Market Value" thereof as of the end of the Fixed Term or such extension term or (2) to extend the term of this Lease for five additional periods of two years each in respect of all, but not fewer than all, of the Items of

Equipment then covered by this Lease at the end of the Fixed Term hereof at a rental equal to the "Fair Rental Value" thereof as of the end of the Fixed Term or any extension term payable in eight equal quarterly payments for each such extension term.

Fair Market Value shall be determined on the basis of, and shall be equal in amount 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 or (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. Fair Rental Value shall be determined on the basis of, and shall be equal in amount to, the rental which would obtain in an arm's length transaction between an informed and willing lessee-user (other than a lessee 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 rental.

If on or before four months prior to the expiration of the Fixed Term or any extension term hereof, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Value or Fair Rental Value of the Items of Equipment, such values shall be determined in accordance with the foregoing definition, by a qualified independent Appraiser. The term Appraiser shall mean such independent appraiser as the Lessor and the Lessee may mutually agree upon, or, failing such agreement, a panel of three independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third designated by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. The expenses and fee of the Appraiser shall be borne by the Lessee.

SECTION 14. DEFAULT.

14.1. If, during the continuance of this Lease, one or more of the following events ("Events of Default") shall occur:

(a) Default shall be made in the payment of any part of the rental provided in Section 2 hereof and such default shall continue for ten days after Lessee shall have received written notice that such rental payment has not been received;

(b) The Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of possession of the Equipment, or any portion thereof, 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 Equipment within 30 days after written notice from the Lessor to the Lessee demanding such cancellation and recovery of possession;

(c) Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein

and such default shall continue for thirty days after written notice from the Lessor to the Lessee, specifying the default and demanding the same to be remedied; or

(d) Any proceedings shall be commenced by or against the Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganization, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of the Lessee hereunder), and all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceedings or otherwise given a status comparable to obligations incurred by such a trustee or trustees or receiver or receivers, within thirty days after such appointment, if any, or sixty days after such proceedings shall have been commenced, whichever shall be earlier;

then in any such case, the Lessor, at its option may

(i) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(ii) by notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be and take possession of all or any of such Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Equipment for any purpose whatever, provided that Lessee shall not be liable or responsible for any entry by Lessor upon property of third parties; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by a fraction of which the numerator is such accrued number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Item of Equipment, which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Item over the then present worth of the then fair rental value of such Item for such period computed by discounting to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the

use of the Item during such period, such present worth to be computed in each case on a basis of a 3½% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, and (ii) any damages and expenses, including reasonable attorney's fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease, other than for the payments of rental.

14.2. The remedies in this Lease provided in favor of the 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. The Lessee hereby waives 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. The Lessee hereby waves any and all existing or future claims of any right to assert any off-set against the rental payments due hereunder, and agrees to make the rental payments regardless of any off-set or claim which may be asserted by the Lessee or on its behalf in connection with the lease of the Equipment.

14.3. The failure of the Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1. If the Lessor shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated) forthwith place such Equipment in such reasonable storage place on such lines of railroad as the Lessor may designate or, in the absence of such designation, as the Lessee may select, provided such place of storage shall not be more than 100 miles from the location at which Lessee accepted delivery of the Equipment.

15.2. The assembling, storage and delivery of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Equipment.

15.3. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Items of Equipment to the Lessor, to demand and take possession of any such Item in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Item.

SECTION 16. ASSIGNMENTS BY LESSOR.

This Lease shall be assignable in whole or in part by Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. In the event that separate assignments are executed by the Lessor in respect of this Lease and the rental and other sums due and to become due hereunder insofar as the same relate to Items of Equipment described in different schedules hereto, the Lessor and the Lessee agree that so long as such separate assignments remain in force and effect this Lease shall be deemed to be and shall be construed as a divisible and severable contract between the Lessor and the Lessee for the leasing of Equipment covered by each such separate assignment, all to the same extent and with the same force and effect as though a separate lease had been entered into by the Lessor and the Lessee in respect of such Equipment. Upon notice to the Lessee of any such assignment the rental and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to the assignee. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of any such assignee in and to the sums payable by the Lessee under any provisions of this Lease shall not be subject to any abatement whatsoever, and shall not be subject to any defence, set-off, counterclaim or recoupment whatsoever whether by reason of or defect in the Lessor's title, or any interruption from whatsoever cause (other than from a wrongful act of the assignee) in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of the assignee, the Lessee shall be unconditionally and absolutely obligated to pay the assignee all of the rents and other sums which are the subject matter of the assignment, and (ii) the assignee shall have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of the assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor.

SECTION 17. ASSIGNMENTS BY LESSEE: USE AND POSSESSION.

17.1. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession, use and quiet enjoyment of the Equipment in accordance with the terms of this Lease. Without the prior written consent of the Lessor, the Lessee shall not assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer to allow to pass out of its possession or control, any of the Equipment, except to the extent permitted by the provisions of the next succeeding paragraph hereof.

17.2. So long as the Lessee shall not be in default under this Lease, the Lessee

shall be entitled to the possession of the Equipment and to the use thereof upon lines of railroad owned or operated by it (either alone or jointly) or by any corporation a majority of whose voting stock (i.e., having ordinary voting power for the election of a majority of its Board of Directors) is owned directly or indirectly by the Lessee, or upon lines of any railroad over which the Lessee or any such corporation has trackage or other operating rights or over which equipment of the Lessee is regularly operated pursuant to contract, and also to permit the use of the Equipment upon connecting and other railroads in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease; and the Lessee may receive and retain compensation for such use from other railroads so using any of the Equipment. Lessee may also lease the Equipment to any other company without the prior written consent of the Lessor, provided that the rights of such lessee are made expressly subordinate to the rights and remedies of the Lessor hereunder. No assignment or sublease entered into by the Lessee hereunder shall relieve the Lessee of any liability or obligations hereunder which shall be and remain those of a principal and not a surety.

17.3. Nothing in this Section 17 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation (which shall have duly assumed the obligations hereunder of the Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety.

SECTION 18. OPINION OF COUNSEL.

Concurrently with the delivery and acceptance of the first Item of Equipment hereunder, the Lessee will deliver to the Lessor five counterparts of the written opinion of counsel for the Lessee addressed to the Lessor and to the assignee under the first assignment executed by the Lessor with respect to the Lease in scope and substance satisfactory to the Lessor, to the effect that:

(a) The Lessee is a corporation legally incorporated and validly existing, in good standing, under the laws of the Commonwealth of Pennsylvania with adequate corporate power to enter into this Lease;

(b) This Lease has been duly authorized, executed and delivered by the Lessee and constitutes a valid, legal and binding agreement of the Lessee enforceable in accordance with its terms except to the extent limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally;

(c) No approval is required from any public regulatory body with respect to the entering into or performance of this Lease; and

(d) The entering into and performance of this Lease will not result in any breach of, or constitute a default under, or result in the creation of any lien,

charge or encumbrance upon the Lessee's leasehold interest under this Lease in the Equipment (except to the extent that the provisions of any existing mortgage of the Lessee may require the subjection of such leasehold interest to the lien thereof) pursuant to any indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument to which the Lessee is a party or by which it may be bound.

SECTION 19. INTEREST ON OVERDUE RENTALS AND AMOUNTS PAID BY THE LESSOR.

Anything to the contrary herein contained notwithstanding, any nonpayment of rentals due hereunder, or amounts expended by the Lessor on behalf of the Lessee, shall result in the obligation on the part of the Lessee to pay also an amount equal to 8¼% per annum (or the lawful rate, whichever is less) of the overdue rentals and amounts expended for the period of time during which they are overdue or expended and not repaid.

SECTION 20. NOTICES.

Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States mails, certified mail, first class postage prepaid, addressed as follows:

If to the Lessor: Sigfried Weis & Robert F. Weis
 c/o Lybrand, Ross Bros. & Montgomery
 Packard Building
 Philadelphia, Pa. 19102

If to the Lessee: Pennsylvania Power & Light Company
 901 Hamilton Street
 Allentown, Pa. 18101
 Attention: Treasurer

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

SECTION 21. EXECUTION IN COUNTERPARTS.

This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

SECTION 22. LAW GOVERNING.

This Lease shall be construed in accordance with the laws of Pennsylvania;

provided, however, that the parties shall be entitled to all rights conferred by any applicable federal statute, rule or regulation.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed as of the day and year first above written.

S&R RAILROAD

Sigfried Weis

Robert F. Weis

By

*Their Attorney-In-Fact
Sidney Apfelbaum*

LESSOR

PENNSYLVANIA POWER & LIGHT COMPANY

By

Vice President

LESSEE

[CORPORATE SEAL]

Attest:

Secretary

ATTACHMENTS TO LEASE

- Exhibit 1 — Certificate of Acceptance
- Schedule A — Description of Equipment
- Schedule B — Rent
- Schedule C — Casualty Value
- Schedule D — Retirement Value

DISTRICT OF COLUMBIA

SS.:

On this _____ day of _____, 1971, before me personally appeared Sidney Apfelbaum, who being by me duly sworn, says that he is the duly constituted Attorney-In-Fact for Sigfried Weis and Robert F. Weis and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Sigfried Weis and Robert F. Weis.

[NOTARIAL SEAL]

Notary Public

My Commission Expires:

STATE OF PENNSYLVANIA SS
COUNTY OF PHILADELPHIA

On this _____ day of _____, 1971, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is a Vice-President of PENNSYLVANIA POWER & LIGHT COMPANY, that one of the seals 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.

[NOTARIAL SEAL]

Notary Public

My Commission Expires:

**CERTIFICATE OF DELIVERY
AND
CERTIFICATE OF ACCEPTANCE**

Under Lease of Railroad Equipment Dated as of June 1, 1971

The undersigned, being the duly authorized representatives of S&R RAILROAD (the "Company") and PENNSYLVANIA POWER & LIGHT COMPANY ("PP&L") hereby certify that the following units of railroad equipment, referred to in the Lease of Railroad Equipment (the "Lease") between the Company and PP&L dated as of June 1, 1971:

Type of Equipment:

<u>Quantity</u>	<u>PP&L's Identifying Numbers</u>	<u>Acceptance Date</u>
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have been duly delivered to the Company in good order and duly inspected and accepted by the undersigned on the date shown above on behalf of the Company and in turn have been duly delivered by the Company to PP&L as lessee under the Lease and have been duly inspected and accepted by the undersigned on said dates on behalf of PP&L as conforming in all respects to the requirements and provisions of the Lease.

The undersigned further certify that at the time of its delivery to the Company and PP&L each unit of railroad equipment covered by this Certificate was properly marked on each side thereof with the legend provided in Section 4 of the Lease.

Duly Authorized Representatives
of S&R RAILROAD and
PENNSYLVANIA POWER & LIGHT COMPANY

SCHEDULE A TO LEASE

All Items of the Equipment will be delivered c/o Penn Central Transportation Company at Johnstown, Pennsylvania.

<u>Description</u>	<u>Quantity</u>	<u>Numbered (Inclusive)</u>	<u>Item Original Cost</u>	<u>Total Original Cost</u>
One-hundred ton hopper cars in accordance with Bethlehem Steel Corporation Specification 3400-247, Revision B, dated March 12, 1971.	133	PPLX 520-650 PPLX 238, PPLX 298	\$16,935.17	\$2,252,377.67

SCHEDULE B TO LEASE

Fixed Rental Payments

\$51,395.26 on September 15, 1971 and on each succeeding December 15, March 15, June 15, and September 15, through and including June 15, 1991 reduced by an amount equal to 1/133 of such payment for any Item of Equipment as to which a payment on account of a Casualty Occurrence has been made.

SCHEDULE C TO LEASE

Casualty Value

The Casualty Value of each Item of Equipment is the amount set forth below opposite the date on which a payment on account of a Casualty Occurrence is made.

<u>Rental Payment Date</u>	<u>Rental Payment Number</u>	<u>Casualty Value</u>
September 15, 1971	1	\$17,033.37
December 15, 1971	2	16,968.88
March 15, 1972	3	16,902.98
June 15, 1972	4	16,835.64
September 15, 1972	5	16,766.83
December 15, 1972	6	16,683.41
March 15, 1973	7	16,611.63
June 15, 1973	8	16,538.27
September 15, 1973	9	16,450.42
December 15, 1973	10	16,373.90
March 15, 1974	11	16,295.70
June 15, 1974	12	16,215.79
September 15, 1974	13	16,121.56
December 15, 1974	14	16,038.20
March 15, 1975	15	15,996.30
June 15, 1975	16	15,865.96
September 15, 1975	17	15,764.77
December 15, 1975	18	15,673.97
March 15, 1976	19	15,581.17
June 15, 1976	20	15,486.34
September 15, 1976	21	15,377.57
December 15, 1976	22	15,249.25
March 15, 1977	23	15,118.75
June 15, 1977	24	14,986.05
September 15, 1977	25	14,839.62
December 15, 1977	26	14,702.45
March 15, 1978	27	14,562.93
June 15, 1978	28	14,420.99
September 15, 1978	29	14,265.57
December 15, 1978	30	14,118.78
March 15, 1979	31	13,969.41
June 15, 1979	32	13,817.43
September 15, 1979	33	13,652.21
December 15, 1979	34	13,494.93
March 15, 1980	35	13,334.85
June 15, 1980	36	13,171.91
September 15, 1980	37	12,996.03
December 15, 1980	38	12,827.33
March 15, 1981	39	12,655.57
June 15, 1981	40	12,480.71
September 15, 1981	41	12,293.20
December 15, 1981	42	12,112.06
March 15, 1982	43	11,927.59
June 15, 1982	44	11,739.72

<u>Rental Payment Date</u>	<u>Rental Payment Number</u>	<u>Casualty Value</u>
September 15, 1982	45	\$11,539.56
December 15, 1982	46	11,344.86
March 15, 1983	47	11,146.54
June 15, 1983	48	10,944.52
September 15, 1983	49	10,730.57
December 15, 1983	50	10,521.10
March 15, 1984	51	10,307.69
June 15, 1984	52	10,090.25
September 15, 1984	53	9,861.29
December 15, 1984	54	9,635.73
March 15, 1985	55	9,405.88
June 15, 1985	56	9,171.65
September 15, 1985	57	8,926.32
December 15, 1985	58	8,683.24
March 15, 1986	59	8,435.49
June 15, 1986	60	8,182.96
September 15, 1986	61	7,919.81
December 15, 1986	62	7,657.65
March 15, 1987	63	7,390.39
June 15, 1987	64	7,117.93
September 15, 1987	65	6,835.37
December 15, 1987	66	6,552.41
March 15, 1988	67	6,263.91
June 15, 1988	68	5,969.74
September 15, 1988	69	5,666.04
December 15, 1988	70	5,360.04
March 15, 1989	71	5,048.78
June 15, 1989	72	4,730.96
September 15, 1989	73	4,404.23
December 15, 1989	74	4,073.95
March 15, 1990	75	3,737.09
June 15, 1990	76	3,393.50
September 15, 1990	77	3,041.69
December 15, 1990	78	2,684.54
March 15, 1991	79	2,320.21
June 15, 1991	80	1,948.56

SCHEDULE D TO LEASE

Retirement Value

The Retirement Value of each Item of Equipment is the amount set forth below opposite the date on which the payment on account of Obsolescence Retirement is made.

<u>Rental Payment Date</u>	<u>Rental Payment Number</u>	<u>Retirement Value</u>
December 15, 1983	50	\$9,778.87
March 15, 1984	51	9,153.55
June 15, 1984	52	8,905.43
September 15, 1984	53	8,420.93
December 15, 1984	54	7,721.84
March 15, 1985	55	7,389.90
June 15, 1985	56	7,135.08
September 15, 1985	57	6,764.57
December 15, 1985	58	6,305.64
March 15, 1986	59	6,079.41
June 15, 1986	60	5,848.23
September 15, 1986	61	5,612.00
December 15, 1986	62	5,344.27
March 15, 1987	63	5,098.80
June 15, 1987	64	4,847.96
September 15, 1987	65	4,591.63
December 15, 1987	66	4,308.37
March 15, 1988	67	4,042.02
June 15, 1988	68	3,769.84
September 15, 1988	69	3,491.72
December 15, 1988	70	3,191.63
March 15, 1989	71	2,902.64
June 15, 1989	72	2,607.32
September 15, 1989	73	2,294.20
December 15, 1989	74	1,987.24
March 15, 1990	75	1,673.69
June 15, 1990	76	1,353.28
September 15, 1990	77	1,025.86
December 15, 1990	78	691.28
March 15, 1991	79	349.38
June 15, 1991	80	-0-

ANNEX C TO CONDITIONAL SALE AGREEMENT
Payments on Account of Conditional Sale Indebtedness

Each payment on account of the Conditional Sale Indebtedness shall be \$47,484.00, allocated to interest and principal as set forth below opposite each payment and shall be payable on September 15, 1971 and on each succeeding December 15, March 15, June 15 and September 15 through and including June 15, 1991, reduced by an amount equal to 1/133 of such payment for each unit of Equipment as to which a payment on account of a Casualty Occurrence has been made.

<u>Payment Date</u>	<u>Payment Number</u>	<u>Principal</u>	<u>Interest</u>
September 15, 1971	1	\$ 8,408.63	\$39,075.37
December 15, 1971	2	8,592.57	38,891.43
March 15, 1972	3	8,780.53	38,703.47
June 15, 1972	4	8,972.61	38,511.39
September 15, 1972	5	9,168.88	38,315.12
December 15, 1972	6	9,369.45	38,114.55
March 15, 1973	7	9,574.41	37,909.59
June 15, 1973	8	9,783.85	37,700.15
September 15, 1973	9	9,997.87	37,486.13
December 15, 1973	10	10,216.60	37,267.40
March 15, 1974	11	10,440.10	37,043.90
June 15, 1974	12	10,668.40	36,815.60
September 15, 1974	13	10,901.80	36,582.20
December 15, 1974	14	11,140.30	36,343.70
March 15, 1975	15	11,384.00	36,100.00
June 15, 1975	16	11,633.00	35,851.00
September 15, 1975	17	11,887.50	35,596.50
December 15, 1975	18	12,147.50	35,336.50
March 15, 1976	19	12,413.20	35,070.80
June 15, 1976	20	12,684.80	34,799.20
September 15, 1976	21	12,962.30	34,521.70
December 15, 1976	22	13,245.80	34,238.20
March 15, 1977	23	13,535.60	33,948.40
June 15, 1977	24	13,831.65	33,652.35
September 15, 1977	25	14,134.20	33,349.80
December 15, 1977	26	14,443.40	33,040.60
March 15, 1978	27	14,759.40	32,724.60
June 15, 1978	28	15,082.20	32,401.80
September 15, 1978	29	15,412.10	32,071.90
December 15, 1978	30	15,749.30	31,734.70
March 15, 1979	31	16,093.80	31,390.20
June 15, 1979	32	16,445.90	31,038.10
September 15, 1979	33	16,805.60	30,678.40
December 15, 1979	34	17,173.20	30,310.80
March 15, 1980	35	17,548.90	29,935.10
June 15, 1980	36	17,932.80	29,551.20
September 15, 1980	37	18,325.10	29,158.90
December 15, 1980	38	18,725.90	28,758.10
March 15, 1981	39	19,135.50	28,348.50

<u>Payment Date</u>	<u>Payment Number</u>	<u>Principal</u>	<u>Interest</u>
June 15, 1981	40	\$19,554.10	\$27,929.90
September 15, 1981	41	19,981.90	27,502.10
December 15, 1981	42	20,419.00	27,065.00
March 15, 1982	43	20,865.60	26,618.40
June 15, 1982	44	21,322.10	26,161.90
September 15, 1982	45	21,788.50	25,695.50
December 15, 1982	46	22,265.10	25,218.90
March 15, 1983	47	22,752.20	24,731.80
June 15, 1983	48	23,249.90	24,234.10
September 15, 1983	49	23,758.50	23,725.50
December 15, 1983	50	24,278.20	23,205.80
March 15, 1984	51	24,809.30	22,674.70
June 15, 1984	52	25,352.00	22,132.00
September 15, 1984	53	25,906.60	21,577.40
December 15, 1984	54	26,473.30	21,010.70
March 15, 1985	55	27,052.40	20,431.60
June 15, 1985	56	27,644.10	19,839.90
September 15, 1985	57	28,248.85	19,235.15
December 15, 1985	58	28,866.80	18,617.20
March 15, 1986	59	29,498.25	17,985.75
June 15, 1986	60	30,143.50	17,340.50
September 15, 1986	61	30,802.90	16,681.10
December 15, 1986	62	31,476.70	16,007.30
March 15, 1987	63	32,165.30	15,318.70
June 15, 1987	64	32,868.90	14,615.10
September 15, 1987	65	33,587.90	13,896.10
December 15, 1987	66	34,322.60	13,161.40
March 15, 1988	67	35,073.45	12,410.55
June 15, 1988	68	35,840.70	11,643.30
September 15, 1988	69	36,624.70	10,859.30
December 15, 1988	70	37,425.90	10,058.10
March 15, 1989	71	38,244.55	9,239.45
June 15, 1989	72	39,081.15	8,402.85
September 15, 1989	73	39,936.05	7,547.95
December 15, 1989	74	40,809.65	6,674.35
March 15, 1990	75	41,702.36	5,781.64
June 15, 1990	76	42,614.60	4,869.40
September 15, 1990	77	43,546.80	3,937.20
December 15, 1990	78	44,499.38	2,984.62
March 15, 1991	79	45,472.81	2,011.19
June 15, 1991	80	46,467.52	1,016.48

ANNEX D TO CONDITIONAL SALE AGREEMENT

Casualty Value

The Casualty Value of each unit of Equipment is the amount set forth below opposite the date on which a payment on account of a Casualty Occurrence is made.

<u>Payment Date</u>	<u>Payment Number</u>	<u>Casualty Value</u>
September 15, 1971	1	\$13,699.46
December 15, 1971	2	13,634.98
March 15, 1972	3	13,569.08
June 15, 1972	4	13,501.74
September 15, 1972	5	13,432.93
December 15, 1972	6	13,349.51
March 15, 1973	7	13,277.72
June 15, 1973	8	13,204.37
September 15, 1973	9	13,116.54
December 15, 1973	10	13,040.00
March 15, 1974	11	12,961.80
June 15, 1974	12	12,881.89
September 15, 1974	13	12,787.65
December 15, 1974	14	12,704.30
March 15, 1975	15	12,619.11
June 15, 1975	16	12,532.06
September 15, 1975	17	12,430.86
December 15, 1975	18	12,340.06
March 15, 1976	19	12,247.27
June 15, 1976	20	12,152.44
September 15, 1976	21	12,043.67
December 15, 1976	22	11,944.75
March 15, 1977	23	11,843.67
June 15, 1977	24	11,740.37
September 15, 1977	25	11,623.35
December 15, 1977	26	11,515.59
March 15, 1978	27	11,405.47
June 15, 1978	28	11,292.94
September 15, 1978	29	11,166.92
December 15, 1978	30	11,049.55
March 15, 1979 *	31	10,929.59
June 15, 1979	32	10,807.01
September 15, 1979	33	10,671.20
December 15, 1979	34	10,543.33
March 15, 1980	35	10,412.66
June 15, 1980	36	10,279.13
September 15, 1980	37	10,132.65
December 15, 1980	38	9,993.36
March 15, 1981	39	9,851.01
June 15, 1981	40	9,705.55
September 15, 1981	41	9,547.46
December 15, 1981	42	9,395.72
March 15, 1982	43	9,240.65
June 15, 1982	44	9,082.20
September 15, 1982	45	8,911.45

<u>Payment Date</u>	<u>Payment Number</u>	<u>Casualty Value</u>
December 15, 1982	46	\$ 8,746.15
March 15, 1983	47	8,577.24
June 15, 1983	48	8,404.63
September 15, 1983	49	8,220.09
December 15, 1983	50	8,040.03
March 15, 1984	51	7,856.03
June 15, 1984	52	7,668.00
September 15, 1984	53	7,468.44
December 15, 1984	54	7,272.29
March 15, 1985	55	7,071.85
June 15, 1985	56	6,867.02
September 15, 1985	57	6,651.11
December 15, 1985	58	6,437.43
March 15, 1986	59	6,219.09
June 15, 1986	60	5,995.97
September 15, 1986	61	5,762.22
December 15, 1986	62	5,529.47
March 15, 1987	63	5,291.62
June 15, 1987	64	5,048.57
September 15, 1987	65	4,795.42
December 15, 1987	66	4,541.86
March 15, 1988	67	4,282.77
June 15, 1988	68	4,018.01
September 15, 1988	69	3,743.72
December 15, 1988	70	3,457.15
March 15, 1989	71	3,185.28
June 15, 1989	72	2,896.86
September 15, 1989	73	2,599.54
December 15, 1989	74	2,229.87
March 15, 1990	75	1,991.22
June 15, 1990	76	1,677.04
September 15, 1990	77	1,354.63
December 15, 1990	78	1,026.89
March 15, 1991	79	691.97
June 15, 1991	80	349.73

ANNEX E TO CONDITIONAL SALE AGREEMENT

Retirement Value

The Retirement Value of each unit of Equipment is the amount set forth opposite the date on which the payment on account of Obsolescence Retirement is made.

<u>Payment Date</u>	<u>Payment Number</u>	<u>Retirement Value</u>
December 15, 1983	50	\$8,027.49
March 15, 1984	51	7,835.36
June 15, 1984	52	7,639.02
September 15, 1984	53	7,438.39
December 15, 1984	54	7,198.25
March 15, 1985	55	6,989.77
June 15, 1985	56	6,776.72
September 15, 1985	57	6,559.02
December 15, 1985	58	6,305.64
March 15, 1986	59	6,079.41
June 15, 1986	60	5,848.23
September 15, 1986	61	5,612.00
December 15, 1986	62	5,344.27
March 15, 1987	63	5,098.80
June 15, 1987	64	4,847.96
September 15, 1987	65	4,591.63
December 15, 1987	66	4,308.37
March 15, 1988	67	4,042.02
June 15, 1988	68	3,769.84
September 15, 1988	69	3,491.72
December 15, 1988	70	3,191.63
March 15, 1989	71	2,902.64
June 15, 1989	72	2,607.32
September 15, 1989	73	2,294.20
December 15, 1989	74	1,987.24
March 15, 1990	75	1,673.69
June 15, 1990	76	1,353.28
September 15, 1990	77	1,025.86
December 15, 1990	78	691.28
March 15, 1991	79	349.38
June 15, 1991	80	-0-