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SOUTH CAROLINA COMMISSION

LEASE OF RAILROAD EQUIPMENT dated as of November 22, 1974, between THE WESTPORT BANK AND TRUST COMPANY, a Connecticut banking corporation (hereinafter called Lessor), and THE PICKENS RAILROAD COMPANY, a South Carolina corporation (hereinafter called Lessee).

Lessor promises to enter into a purchase agreement with Whittaker Corporation, Berwick Forge and Fabricating Division (hereinafter called Builder) providing for the purchase by Lessor of certain railroad cars. The purchase agreement referred to in the preceding sentence is hereinafter called the Purchase Agreement; and the railroad cars being purchased by Lessor pursuant to the Purchase Agreement (subject to exclusion, as provided in the third paragraph hereof) are described in Schedule A hereto and are hereinafter called the Equipment and each unit of which is hereinafter called a Unit.

The Purchase Agreement will be in substantially the form heretofore approved by Lessee, and therefore each Unit shall be constructed in accordance with specifications heretofore duly approved in writing by Lessee (such specifications are hereinafter, with such modifications in such Unit as may be approved in writing by the Builder, Lessor and Lessee, called the Specifications).

Lessee desires to lease from Lessor all the Units, or such lesser number as are delivered, accepted and finally settled for on or prior to December 16, 1974 for an aggregate Purchase Price (as defined in the Purchase Agreement) not in excess of \$1,255,000, at the rentals, for the terms and upon the conditions hereinafter provided.

NOW, THEREFORE, in consideration of the foregoing and of the rentals to be paid and the covenants hereinafter set forth to be kept and performed by Lessee, Lessor hereby leases the Units to Lessee upon the following terms and conditions:

SECTION 1. DELIVERY AND ACCEPTANCE OF UNITS. Lessor will cause each Unit to be tendered to Lessee at the delivery point for such Unit set forth in Schedule A hereto, or at such other point as Lessor, Lessee and the Builder may mutually agree upon. Upon such tender, Lessee will cause its authorized representative to inspect such Unit, and if found to conform to the Specifications, to accept delivery of such Unit and to execute and deliver to Lessor and to the Builder a certificate of acceptance in the form attached hereto as Exhibit I (hereinafter called the Certificate of Acceptance). Thereupon such Unit shall be deemed to have been delivered to and accepted by Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

SECTION 2. RENTALS.

§ 2.1 Basic Rent. Lessee agrees to pay to Lessor as Basic Rental for each Unit subject to this Lease sixty consecutive quarterly payments in arrears, each in an amount equal to 2.99553% of the Purchase Price of such Unit. The term Purchase Price in respect of any Unit shall mean the aggregate amount paid by Lessor to the Builder on the Closing Date (as defined in the Purchase Agreement between Lessor and the Builder) in respect of such Unit pursuant to the Purchase Agreement, which amount shall not, without the prior written consent of Lessee, exceed the amount indicated as the base price, of such Unit in Schedule A hereto except by virtue of increases pursuant to the terms of the Purchase Agreement. As further rental hereunder in respect of each Unit, Lessee shall pay to the Builder for account of Lessor, promptly upon receipt from the Builder of an invoice or invoices therefor, any increase in the base price (as defined in the Purchase Agreement) of such Unit in excess of the Purchase Price thereof. The first quarterly payment to be made by Lessee pursuant to this Section 2 shall be due and made on the day immediately preceding the first quarterly anniversary date of the Closing Date and the second through the sixtieth payment shall be due and made on the day preceding each succeeding quarter-annual and annual anniversary date (or if any such day is not a business day, on the immediately preceding business day) of the Closing Date in respect of such Unit (the Due Dates) in federal funds or its equivalent. As promptly as possible after the Closing Date, Lessor will prepare and submit to Lessee a rental payment schedule setting forth the Purchase Price of each Unit and the amount and method of calculation of the rental payments required by this Section 2. The term business day as used herein shall mean any day other than a day on which commercial banks in Philadelphia, Pennsylvania, are authorized by law to close.

§2.2 Additional Rent. Lessee agrees to pay to Lessor as Additional Rent for each Unit subject to this Lease, together with each payment of Basic Rent, an amount equal to the Additional Interest, if any, required to be paid by Lessor under the Finance Agreement dated even herewith between Lessor and First Pennsylvania Bank N.A. Lessor will cause notice to be delivered to Lessee of the amount of such Additional Rent, if any, at least twenty days in advance of the Due Date of each rental payment hereunder.

§2.3 Rent Upon Default

After the occurrence of an event of default as defined in Section 11 hereof and so long as such event of default shall continue and this Lease shall not have been terminated, in addition to the rental for each Unit payable pursuant to the preceding paragraphs 2.1 and 2.2 hereof, the Lessee shall pay to the Lessor a further rental per quarter-annual period for each Unit in an amount equal to the excess, if any, of the aggregate of all amounts, including mileage, receivable by the Lessee for each Unit from others in respect of such period over the rental payable for each Unit pursuant to such preceding paragraphs for such period, payable on the same dates as the latter.

§2.4 Place of Rent Payment. All payments provided for in this Lease to be made to Lessor shall be made to Lessor care of First Piedmont Bank and Trust Company, Greenville, South Carolina, or such other place as Lessor shall specify in writing.

§2.5 Net Lease. This Lease is a net lease, and Lessee shall not be entitled to any abatement of rent, reduction thereof or set-off against rent, including, but not limited to, abatements, reductions or set-offs due or alleged to be due to, or by reason of, any past, present or future claims of Lessee against Lessor under or with respect to this Lease or otherwise or against the Builder or against any person or any entity having or claiming to have a beneficial interest in any Unit; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of Lessor or Lessee be otherwise affected, by reason of any defect or alleged defect in or damage or alleged damage to or loss or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, the prohibition of, or other restriction against, Lessee's use of all or any of the Units, the interference with such use by any private person or entity, the invalidity, illegality or unenforceability or lack of due authorization of this Lease, or lack of right, power or authority of Lessor to enter into and/or perform this Lease, or by reason of any failure by Lessor to perform any of its obligations herein contained, 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 rents and other amounts payable to Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

§2.6 Rental Escrow Account. As security for the payment of all rent due and to become due hereunder and the due observance of all Lessee's covenant and agreement to be performed hereunder, Lessee shall cause to be established with First Piedmont Bank and Trust Company ("First Piedmont") a Rental Escrow Account, designated "First Pennsylvania Escrow Account", in which Lessee shall cause to be deposited an amount equal to two quarterly rental payments under Section 2.1 hereof (the "Agreed Amount"). In the event Lessee shall perform and observe all of its agreements and covenants hereunder, the Rental Escrow Account shall be applied against the last quarter-annual installment hereunder and the balance, if any, returned to Lessee.

Lessee shall have no access to the Rental Escrow Account except that with the prior written consent of Lessor, Lessee may from time to time invest such amounts as may be on deposit in the Rental Escrow Account (1) to build or purchase, new, unequipped boxcars for general service as described in 49 C.F.R. 1036.1 as amended from time to time, provided that all such railroad cars and equipment shall become security for rental payment hereunder, the income derived from such railroad cars and equipment shall be placed in the Rental Escrow Account if necessary to maintain the Agreed Deposit and Lessee shall have delivered to Lessor an opinion of

counsel to the affect set forth in Section 14(c) and (f) hereof, and (2) make short term investments in bonds, debentures, certificates of deposit or other evidences of indebtedness, provided, in such event, the security shall remain in the possession of the bank wherein the Rental Escrow Account is maintained and shall be collateral security of Lessor. The amount of any investment approved by Lessor shall thereafter be credited to the Agreed Deposit.

§2.7 Letters of Credit. As additional security for the payment of rent due and to become due hereunder and the due observance of all Lessee's covenants and agreements to be performed hereunder, Lessee shall deliver, or cause to be delivered, to Lessor prior to the execution hereof together with the letter agreement in substantially the form attached hereto as Exhibit 2, two irrevocable letters of credit (hereafter collectively "Letters of Credit" and individual "Credit Letter One" and "Credit Letter Two") issued by First Piedmont or any other bank acceptable to Lessor or Lessor's assign in favor of Lessor or Lessor's assigns each in the amount of \$75,000 and otherwise as follows:

(1) Credit Letter One shall be irrevocable for the Term of this Lease and shall provide Lessor or Lessor's assigns with the right to draw upon such Letter by draft accompanied by a statement signed by Lessor or Lessor's assigns that the amount drawn is needed to cover a deficiency on a quarterly rental payment hereunder. Credit Letter One shall be revolving to the extent that any amount of funds advanced by First Piedmont or any other bank under such Letter and reimbursed to First Piedmont or any other bank by Lessee shall again become a part of the available credit. If Credit Letter One as issued by First Piedmont or any other bank acceptable to Lessor and Lessor's assign shall be irrevocable for a term less than the full term of this Lease, such Credit Letter One shall also provide that, notwithstanding anything therein to the contrary, Lessor or Lessor's assign may draw upon such Letter at any time within ninety (90) days prior to conclusion of the term of such Letter by draft in the full amount of \$75,000 or such lesser amount as may be available accompanied only by statement signed by Lessor or Lessor's assign that such party has not been notified that such Letter has been renewed or extended and no substitute has been issued by another bank suitable to Lessor or Lessor's assign as of the date of such statement.

(2) Credit Letter Two shall be irrevocable until such time as the Agreed Amount has been deposited in the First Pennsylvania Escrow Account and shall otherwise conform to the terms of Credit Letter One. If Credit Letter Two as issued shall by its terms expire prior to such time that the Agreed Amount has been deposited in the First Pennsylvania Escrow Account, then such Letter shall also contain the provisions set forth in the third sentence of subsection (1) of this section 2.7.

§2.8 Second Account. Whenever Lessor or Lessor's assign shall by draft draw upon either Letter of Credit pursuant to the provisions of the third sentence of subsection (1) of section 2.7, Lessor or Lessor's assign shall cause all amounts paid on such draft to be deposited in an escrow account ("Second Account") in the name of Lessor or Lessor's assign to which Lessee shall have no access during the term of this Lease without the prior written consent of Lessor and Lessor's assign. In the event Lessee shall perform and observe all of its agreements and covenants hereunder, the Second Account shall be applied against the last quarter-annual installment, or the second to last such installment if the Agreed Deposit has been made pursuant to section 2.6, and the balance, if any, returned to Lessee.

SECTION 3. TERM OF LEASE. The term of this Lease as to each Unit shall begin on the date of delivery to and acceptance by Lessee of such Unit and, subject to the provisions of Sections 6, 9 and 11 hereof, shall terminate on the fifteenth anniversary of the Closing Date in respect to such Unit.

SECTION 4. IDENTIFICATION MARKS. Lessee will cause each Unit to be kept numbered with its identifying number as set forth in Schedule A hereto 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 following words: "THE WESTPORT BANK AND TRUST COMPANY, OWNER; FIRST PENNSYLVANIA BANK N.A., MORTGAGEE." or other appropriate words designated by Lessor, with appropriate changes thereof and additions thereof as from time to time may be required by law in order to protect the title of Lessor to such Unit and the rights of Lessor under this Lease and the rights of the holders of any security interest in such Unit heretofore or hereafter created by Lessor. Lessee will not place any such Unit 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 hereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. Lessee will not change the identifying number of any Unit except with the written consent of Lessor and in accordance with a written statement of new identifying numbers to be substituted therefor, which consent and statement previously shall have been filed with Lessor by Lessee and filed, recorded or deposited in all public offices in which this Lease will have been filed, recorded or deposited;

provided, however, that, in addition to such identifying number, Lessee may cause to be placed on each Unit such position as not to be confused with the identifying number thereon a reporting number identifying such Unit for reporting and operating purposes, which reporting number may be changed by Lessee from time to time without the consent of Lessor or the filing, recording or depositing of any instrument.

Except as above provided, Lessee will not allow the name of any person, association, corporation or other entity to be placed on the Units as a designation that might be interpreted as a claim of ownership or right to possession or use thereof; provided, however, that Lessee may cause the Units to be lettered with the names, initials or other insignia customarily used by 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 Lessee to use the Units under this Lease. The Lessee shall indemnify the Lessor and any assignee 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. TAXES, ETC. Lessee agrees that, in addition to the other payments provided herein, it will promptly pay, or promptly reimburse Lessor should payment be made by it for, all taxes imposed by any foreign or domestic governmental authority, fees, charges, assessments or licenses (excluding federal income taxes payable by Lessor in consequence of the receipt of payments to Lessor provided herein and excluding also state or local income taxes or franchise taxes measured by net income based on such receipts, up to the amount of any such taxes which would be payable to the state in which Lessor has its principal place of business without apportionment to any other state, except any such tax which is in substitution for or relieves Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided, but including, without limitation, sales, use, franchise [except as hereinabove limited], property, gross receipts and occupation taxes) (all the foregoing not so excluded being hereinafter collectively called Impositions), (i) levied or imposed upon, measured by or exacted because of the Purchase Agreement or any sale, use, payment, shipment, delivery or transfer of title under the terms thereof, except sales taxes included in the Purchase Price of the Equipment, (ii) levied or imposed upon the Units or the interest of Lessee or Lessor in the Units or any thereof or exacted because of the ownership, use, operation or leasing thereof or upon the rentals or earnings arising therefrom, or (iii) levied or assessed against Lessor on account of its acquisition or ownership of the Units or any thereof or on account of the use, operation or leasing thereof or on account of the rentals or earnings arising therefrom. Lessee agrees that, during the continuance of this Lease, in addition to the payments herein provided and payment or reimbursement of Impositions as provided in this Section 5, it will promptly pay or reimburse Lessor an amount which, after deduction of all taxes required to be paid by Lessor in respect of the receipt thereof, shall be equal to any interest or penalties resultant from any delay in paying any Imposition which Lessee has herein agreed to pay or reimburse or for its failure to withhold or collect and pay over. Notwithstanding the foregoing, Lessee shall not be required to

pay or reimburse any Imposition or any such interest or penalties so long as it shall in good faith and by appropriate legal or administrative proceedings contest the validity or amount thereof unless thereby, in the judgment of Lessor, either the rights or interests of Lessor will be materially endangered or as a result thereof an Event of Default shall exist.

In the event any reports with respect to Impositions are required to be made on the basis of identifiable Units, Lessee will either make such reports in such manner as to show the interests of Lessor in such Units or will notify Lessor of such requirement and will make such reports in such manner as shall be satisfactory to Lessor.

In the event that, during the continuance of this Lease, Lessee becomes liable for the payment or reimbursement of any Impositions, interest or penalties pursuant to this Section 5, such liability shall continue, notwithstanding the expiration of the term of this Lease, until all such Impositions, interest and penalties are paid or reimbursed by Lessee plus, if paid by Lessor, 13% per annum from the date such Impositions, interest and penalties were paid by Lessor to the date of reimbursement by Lessee.

SECTION 6. PAYMENT FOR CASUALTY OCCURRENCES AND INSURANCE.

§6.1 In the event that any Unit shall be or become lost, stolen, destroyed, or in the opinion of the Lessee irreparably damaged, or, in the opinion of both the Lessor and the Lessee obsolete or economically unserviceable from any cause whatsoever, or shall be requisitioned or taken over by any governmental authority under the power of eminent domain, or otherwise, which shall effect a transfer of title (such occurrences being hereinafter called Casualty Occurrences) during the term of this Lease, Lessee shall promptly (after it has knowledge of such Casualty Occurrence) and fully inform Lessor in regard thereto. When the aggregate Casualty Value (as hereinafter defined) of Units having suffered a Casualty Occurrence (exclusive of Units having suffered a Casualty Occurrence in respect to which a payment shall have theretofore been made to Lessor pursuant to this Section 6) shall exceed \$25,000, Lessee shall, on the next succeeding rental payment date, pay to Lessor, in addition to the accrued Basic and Additional Rental for every such Unit to the date of such payment, a sum equal to the Casualty Value of every such Unit as of the date of such payment, in accordance with the schedule below. On the date of the last rental payment date during the original term hereof in respect to the Units, Lessee shall pay to Lessor, in addition to the Basic and Additional Rental accrued thereon (if any), a sum equal to the Casualty Value of every Unit which shall have suffered a Casualty Occurrence and in respect of which a payment shall not have theretofore been made pursuant to this Section 6. Upon making such payment in respect of every such Unit, all rental hereunder for such Units shall cease to accrue as of the date of such payment, the term of this Lease as to such Units shall terminate and Lessor shall be entitled to recover possession of such Unit or its remains unless title has been taken by eminent domain.

The Casualty Value of each Unit as of any rental payment date shall be an amount equal to that amount which constitutes that percentage of the Purchase Price of such Unit as is set forth opposite the number of such rental payment date in the Schedule of Casualty Values attached hereto as Schedule B.

Except as hereinabove in this Section 6 provided, Lessee shall not be released from its obligation hereunder in the event of any Casualty Occurrence to any Unit after delivery to and acceptance thereof by Lessee hereunder.

§6.2 Lessee will procure, maintain, and pay for bodily injury and third party property damage insurance and all-risk physical loss and damage insurance as follows: (a) bodily injury and third party property damage in the amount of \$ 3,000,000 per accident; and (b) all-risk physical loss and damage in an amount equal at all times to the Casualty Loss Value of the Equipment. Lessee warrants that the foregoing insurance coverage shall be in effect at the execution of this Lease. All policies shall name as additional assureds (as their interests may appear), and (in the case of all-risk physical loss and damage insurance) as the sole loss payees, the Lessor or any holder of a security interest in the Leased Property, and shall provide that they cannot be cancelled with respect to either except on at least thirty (30) days prior written notice to Lessor and any holder of a security interest in the Leased Property. All policies or certificates thereof and endorsements, and all renewals thereof, shall be delivered promptly to Lessor.

SECTION 7. ANNUAL REPORTS. At any time within 30 days of the receipt of the request of the Lessor, and at least once in each year on or before May 1 commencing with the year 1975, Lessee will furnish to Lessor an accurate statement, as of the date thereof (a) showing the amount, description and numbers of the Units then leased hereunder, the amount, description and numbers of all Units that may have suffered a Casualty Occurrence, and such other information regarding the condition and state of repair of the Units as Lessor may reasonably request, and (b) stating that, in the case of all Units repainted during the period covered by such statement, the markings required by Section 4 hereof shall have been preserved or replaced.

Lessor shall have the right, by its authorized representatives, at Lessee's sole cost and expense, to inspect the Units and Lessee's records with respect thereto, at such times as shall be reasonably necessary to confirm to Lessor the existence and proper maintenance thereof during the continuance of this Lease.

Lessee will furnish Lessor and Lessor's assign, unaudited quarterly financial statements of Lessee within sixty (60) days after the end of each quarter, certified to be true and correct by its chief financial officer, and will also furnish, within one hundred twenty (120) days after the close of each fiscal year of Lessee, a consolidated Balance Sheet and Profit and Loss Statement as of the end of such year, certified by the independent public accountants of Lessee.

SECTION 8. COMPLIANCE WITH LAWS AND RULES; MAINTENANCE; INDEMNIFICATION. Lessor makes no warranty or representation, either express or implied, as to the design or condition of, or as to the quality of the material, equipment or workmanship in, the Units delivered to Lessee hereunder, and LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE or as to its title to the Units or any component thereof (except that Lessor warrants that the Units are, and during the term of this Lease will be, free and clear of all claims, liens and encumbrances by or in favor of any person claiming by, through or under Lessor, except claims, liens and encumbrances by or in favor of Lessee pursuant to this Lease and First Pennsylvania Bank N.A., as Mortgagee and its successors, pursuant to the Chattel Mortgage dated as of the date hereof from Lessor to said Mortgagee), it being agreed that all such risks, as between Lessor and Lessee, are to be borne by Lessee. Lessor hereby irrevocably appoints and constitutes Lessee its agent and attorney-in-fact during the continuance of this Lease to assert and enforce from time to time, in the name of and for account of Lessor and/or Lessee, as their interests may appear, whatever claims and rights Lessor may have, as vendee, under the provisions of Sections 5 and 6 of the Purchase Agreement.

Lessee agrees, for the benefit of Lessor, to comply with all governmental laws, regulations, requirements and rules (including the rules of the Interstate Commerce Commission and the Interchange Rules of the Mechanical Division, Association of American Railroads) with respect to the possession, use, maintenance and operation of each Unit subject to this Lease. In case any equipment or appliance on any such Unit 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 Unit, in order to comply with such laws, regulations, requirements and rules, Lessee agrees to make such changes, replacements and additions at its own expense, and Lessee agrees, at its own expense, to use, maintain and operate such Unit in full compliance with such laws, regulations, requirements and rules so long as it is subject to this Lease.

Notwithstanding anything to the contrary in the Code of Car Hire Rules and interpretations thereunder, Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good order and repair, ordinary wear and tear excepted.

Any parts installed or replacements made by Lessee upon any Unit shall be considered accessions to such Unit (except such as are not required pursuant to the second paragraph of this Section 8 and may be removed without in any way affecting or impairing either the originally intended function or the use of such Unit), and, without cost or expense to Lessor, there shall be immediately vested in Lessor the same interest in and title to such parts as the interest of Lessor in, and title of Lessor to, such Unit.

Lessee agrees to indemnify and save harmless Lessor, to the extent that Lessor is not otherwise indemnified and held harmless by Builder pursuant to the Purchase Agreement, against any charge or claim made against Lessor, and against any expense, loss or liability (including but not limited to counsel fees and expenses, patent liabilities, penalties and interest) which Lessor may incur in any manner, by reason of its entering into or the performance of the Purchase Agreement or this Lease or its ownership of, or which may arise in any manner out of or as the result of the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of, any Unit prior to the delivery thereof under, or while it is subject to, this Lease (whether during the term hereof or thereafter), and to indemnify and save harmless Lessor against any charge, claim, expense, loss or liability on account of any accident in connection with the operation, use, condition or possession of such Unit resulting in damage to property or injury or loss of life of any person or entity. The indemnities contained in this paragraph shall survive payment of all other obligations under this Lease or the termination of this Lease.

Lessee agrees to prepare and deliver to Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of Lessor) any and all reports to be filed by Lessor, with any federal, state or other regulatory authority by reason of the ownership by Lessor of the Units or the leasing of the Units to Lessee.

SECTION 9. RENEWAL AND PURCHASE OPTIONS.

§9.1 Provided that the Lessee is not in default, Lessee shall have the following option to purchase:

(a) The Lessee shall have the right to purchase all but not less than all of the Equipment then leased hereunder at the expiration of the original or any extended term at a price equal to the "fair market value" (as defined). The Lessee shall give the Lessor written notice 180 Days prior to the end of the original or any extended term of its election to exercise the purchase option provided for in this Section. Payment of the option price shall be made at the place of payment specified in Section 2 hereof in funds there current against delivery of a bill of sale transferring and assigning to the Lessee all right, title and interest in the Lessor in and to the Equipment and containing a warranty against liens or claims of persons claiming by, through or under the Lessor except liens and claims which the Lessee assumed or is obligated to discharge under the terms of the Lease. The Lessor shall not be required to make any representation or warranty as to the condition of the Equipment or any other matters.

(b) The "fair market value" shall be an amount mutually agreed upon by the Lessor and the Lessee; provided that if the Lessor and the Lessee are unable to agree upon the fair market value of the Equipment within 30 days after receipt by the Lessor of the notice of the Lessee's election to exercise the purchase option, the fair market value shall be determined by an appraiser selected by mutual agreement of the Lessor and the Lessee. If the Lessor and the Lessee are not able to agree upon an appraiser, or if the fair market value is not so determined within 90 days after receipt by the Lessor of the Lessee's election to purchase, the same shall be determined by American Appraisal Company. The fair market value as finally determined shall bear interest for the period, if any, from the date of expiration of this Lease to the date of payment at the rate of 13% per annum, except that Lessor may terminate Lessee's option to buy hereunder if such amount is not determined and paid as promptly as practicable.

(c) Unless the Lessee has given the Lessor 180 days' notice as required in connection with exercise of the foregoing option, all the Equipment then leased hereunder shall be returned to the Lessor in accordance with Section 10 hereof.

§9.2 Election to Purchase. Notwithstanding any election of the Lessee to Purchase, the Provisions of Section 6 hereof shall continue in full force and effect until the date of purchase and the passage of ownership of the Equipment purchased by the Lessee upon the date of purchase unless the purchase price has been agreed upon by the parties pursuant to this Section 9, in which event such purchase price shall govern.

§9.3 Option to Renew. As an alternative to the foregoing option to purchase, the Lessee shall have the option to extend the terms of the Lease as to all but not less than all Equipment then under lease hereunder from year to year for ten additional one year periods, (the rent continuing to be payable quarterannually in arrears). If the Lessee chooses this alternative he shall give the same notices as provided in Section 9.1(a) before the end of the then current term. The rentals shall be the "fair rental value". The fair rental value shall be determined by appraisal under the procedure referred to in Section 9.1(b).

SECTION 10. RETURN OF THE UNITS UPON EXPIRATION OF TERM. Within 180 days after the expiration of the term of this Lease with respect to any Unit (other than a Unit which shall have been taken as to title by eminent domain or lost or stolen or completely destroyed by a Casualty Occurrence), Lessee will, at its own cost and expense, at the request of Lessor, deliver possession of such Unit (in good order and repair, ordinary wear and tear excepted, and in compliance with all governmental laws,

regulations, requirements and rules including the rules of the Interstate Commerce Commission and the Interchange Rules of the Mechanical Division, Association of American Railroads, except that this clause shall not apply as to any Unit which shall have been destroyed or irreparably damaged) to Lessor upon such storage tracks of Lessee as Lessor may designate, or, in the absence of such designation, as Lessee may select, and permit Lessor to store such Unit on such tracks for a period not exceeding 100 days and transport the same at Lessee's cost and expense, at any time within such period, to any reasonable place on the lines of railroad operated by Lessee or to any connecting carrier for shipment, all as directed by Lessor; the storage of such Units to be at the expense of Lessee and at the risk of Lessor. Prior to such delivery of each Unit by Lessee, Lessee agrees to pay Lessor for each undelivered Unit the Basic Rent provided for herein. During any such storage period Lessee will permit Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same. The assembling, delivery, storage and transporting of Units as provided in this Section 10 and Section 12 are of the essence of this Lease, and upon application to any court having jurisdiction, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so as to assemble, deliver, store and transport the Units. If Lessor shall elect to abandon any Unit, it may deliver written notice to such effect to Lessee and Lessee shall thereupon assume all, and hold Lessor harmless from all liability arising in respect of any, responsibilities of ownership thereof from and after receipt of such notice.

SECTION 11. DEFAULT. If, during continuance of this Lease, one or more of the following events (hereinafter sometimes called Events of Default) shall occur:

A. default shall be made in the payment of any part of the rental provided in Section 2 or Section 9 hereof and such default shall continue for five days;

B. Lessee shall make or permit any unauthorized assignment or transfer of its leasehold interest under this Lease or of possession of the Units, or any thereof;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of Lessee contained herein and such default shall continue for 30 days after written notice from Lessor to Lessee specifying the default and demanding the same to be remedied;

D. a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against Lessee, and all the obligations of Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings or otherwise given a status comparable to the obligations incurred by such a trustee or trustees within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier;

E. any other proceedings shall be commenced by or against Lessee 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 obligations of Lessee hereunder), and all the obligations of 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 by Lessee or for the property of 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 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

F. if payment of any part of the rental provided in Section 2 or 9 hereof is made either (1) by draft upon the Letters of Credit issued by First Piedmont or any other bank; or (2) by Lessor or Lessor's assign from the amounts maintained pursuant to Sections 2.6 and 2.8 hereof.

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

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

(b) by notice in writing to Lessee terminate this Lease, whereupon all right of Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but Lessee shall remain liable as hereinafter provided;

and thereupon, Lessor may by its agents enter upon the premises of Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of Lessee, or its successors or assigns, to use the Units for any purposes whatever; but Lessor shall, nevertheless, have a right to recover from 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 (and the rental for any number of days less than a full rental period shall be determined by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Unit, which represents the excess of the present worth, at the time of such termination, of all rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over the then present worth of the then fair rental value of such Unit for such period computed by discounting to the date of such termination rentals which Lessor reasonably estimates to be obtainable for the use of the Unit during such period, such present worth to be computed in each case on a basis of 8.68% per annum discount, compounded quarterly 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 attorneys' fees, in addition thereto which Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental, including, without limitation, an amount which, after deduction of all taxes required to be paid by Lessor in respect of the receipt thereof under the laws of the United States or any political subdivision thereof, shall be equal to any portion of the investment credit allowed by Section 38 of the Internal Revenue Code of 1954, as amended, lost by Lessor as a result of the sale or other disposition of any Unit by Lessor after repossession or return thereof to Lessor upon the occurrence of an Event of Default.

The remedies in this Lease provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law. Lessee hereby waives any and all existing or future claims to any offset against the rental payments regardless of any offset or claim which may be asserted by Lessee or on its behalf.

The failure of 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 12. RETURN OF UNITS UPON DEFAULT. If this Lease shall terminate pursuant to Section 11 hereof, Lessee shall forthwith deliver possession of the Units to Lessor. For the purpose of delivering possession of any Unit or Units to Lessor as above required, Lessee shall at its own cost, expense and risk:

A. forthwith place such Units upon such storage tracks of Lessee as Lessor may designate or, in the absence of such designation, as Lessee may select,

B. permit Lessor to store such Units on such tracks for a period not exceeding six months at the risk of Lessee, and

C. transport the same, at any time within such six months' period, to any place on the lines of railroad operated by it or to any connecting carrier for shipment, all as directed by Lessor.

Without in any way limiting the obligation of Lessee under the foregoing provisions of this Section 12, Lessee hereby irrevocably appoints Lessor as the agent and attorney of Lessee, with full power and authority, at any time while Lessee is obligated to deliver possession of any Unit to Lessor, to demand and take possession of such Unit in the name and on behalf of Lessee from whosoever shall be at the time in possession of such Unit.

The assembling, delivery, storage and transporting 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 of 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.

SECTION 13. ASSIGNMENT; POSSESSION AND USE. This Lease shall be assignable in whole or in part by Lessor without the consent of Lessee, but Lessee shall be under no obligation to any assignee of Lessor unless it shall have received written notice of such assignment.

So long as Lessee shall not be in default under this Lease, Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease, but, without the prior written consent of Lessor, Lessee shall not assign, transfer or encumber its leasehold interest under this Lease in the Units or any of them (except to the extent that the provisions of any existing mortgage on any of the lines of railroad of Lessee may subject such leasehold interest to the lien thereof).

In addition, Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge or other encumbrance (other than an encumbrance resulting from claims against Lessor not related to the ownership of the Units or from any security interest created by Lessor) which may at any time be imposed on or with respect to any Unit or the interest of Lessor or Lessee therein. Lessee shall not, without the prior written consent of Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the next succeeding paragraph hereof.

Lessee, so long as it shall not be in default under this Lease, shall be entitled to the possession of the Units and the use thereof upon the lines of railroad owned or operated by it either alone or jointly with another and whether under lease or otherwise, and upon the lines of railroad owned or operated by any railroad company controlled by, or under common control with, Lessee, or over which Lessee has trackage rights, and the Units may be used also upon connecting and other carriers in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease.

Lessee will not assign any Unit to service involving the regular operation and maintenance thereof in Canada or Mexico and any use of any Unit in Canada or Mexico will be incidental and temporary.

Lessee will permit representations of Lessor or Lessor's assign during normal business hours to inspect and audit use reports and such other records and documents of Lessee relating to the use the equipment and the income attributed thereto as Lessor may require.

Nothing in this Section 13 shall be deemed to restrict the right of Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation (which shall have duly assumed the obligations hereunder of Lessee) into or with which Lessee shall have become merged or consolidated or which shall have acquired the property of Lessee as an entirety or substantially as an entirety so long as such corporation shall be a railroad entitled to receive incentive per diem under 49 C.F.R. 1036.1 and the obligations hereunder of Lessee shall be binding upon any such corporation whether or not it shall expressly assume such obligations.

SECTION 14. OPINION OF COUNSEL. Concurrently with the execution and delivery of this Lease, Lessee has delivered to Lessor the written opinion of counsel for Lessee, in scope and substance satisfactory to Lessor and its counsel, to the effect that:

A. Lessee is a corporation legally incorporated and validly existing, in good standing, under the laws of the State of South Carolina, with adequate corporate power to enter into this Lease;

B. this Lease has been duly authorized, executed and delivered by Lessee and constitutes the valid, legal and binding obligation of Lessee, enforceable in accordance with its terms and does not conflict with any provision of Lessee's Articles of Incorporation or By-Laws;

C. this Lease, when filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act, will protect Lessor's title and interest in and to the Units in the United States of America and no filing, recording or deposit (or giving of notice) with any other federal, state or local government is necessary in the United States of America to protect the title and interest of Lessor in and to the Units in the United States of America;

D. no approval is required from any public regulatory body with respect to the entering into or performance of this Lease; and

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

F. the Units are box cars within the scope of 49 C.F.R. 1036.1 and Lessee is qualified to receive and has taken all action necessary to qualify the Units to receive, after appropriate use, the incentive per diem collectible thereunder.

In addition, Lessee will furnish the opinions of its counsel and other documents to be furnished by it pursuant to the Finance Agreement referred to in the Purchase Agreement, at the time so required to be furnished.

SECTION 15. RECORDING. Prior to the delivery and acceptance of any of the Units, Lessee will cause this Lease to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and pay all costs and fees incident thereto. Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by Lessor, for the purpose of proper protection, to the satisfaction of Lessor, of its title to the Units, or for the purpose of carrying out the intention of this Lease.

SECTION 16. INTEREST ON OVERDUE RENTALS. Anything to the contrary herein notwithstanding, any nonpayment of rentals due hereunder shall result in the obligation on the part of Lessee to pay also an amount equal to 13% (or the lawful rate, whichever is less) of the overdue rentals for the period of time which they are overdue.

SECTION 17. FEDERAL INCOME TAXES, INVESTMENT CREDIT AND DEPRECIATION.

§17.1 The Lessor, as the owner of the Units, shall be entitled to such deductions, credits and other benefits as are provided by the Internal Revenue Code of 1954, as amended to the date hereof (hereinafter called the Code), to an owner of property, including, without limitation, an allowance for the Investment Credit as allowed by Section 38 and related Sections of the Code of 1954, as now in effect, and the Asset Depreciation Range (hereinafter "ADR") Deduction provided in Section 167(m) of the Code, with respect to the Units.

Lessee agrees that neither it nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take any action or file any return or other documents inconsistent with the foregoing and that each of such corporations will file such returns, take such action and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent hereof. Lessee agrees to keep and make available for inspection and copying by Lessor such records as are reasonably retained in the normal course of business sufficient to enable Lessor to determine whether it is entitled to the full benefit of the Investment Credit and the Depreciation Deduction with respect to the Units.

The Lessee represents and warrants that (i) none of the Units constitute property the construction, reconstruction or erection of which was begun before April 1, 1971; (ii) at the time the Lessor becomes the owner of the Units, the Units will constitute "new section 38 property" within the meaning of Section 48(b) of the Code and at the time the Lessor becomes the owner of the Units, the Units will not have been used by any person so as to preclude "the original use of such property" within the meaning of Section 48(b) and 167(c)(2) of the Code from commencing with the Lessor; (iii) at all times during the term of this Lease, each Unit will constitute "Section 38 property" within the meaning of Section 48(a) of the Code, will not be used predominately outside the United States within the meaning of said Section 48(a) (or any exception thereto) and will be used by railroad companies; and (iv) the Lessee will maintain sufficient records to verify such use.

If the Lessor shall lose or shall, in the opinion of independent tax counsel for the Lessor, not have the right to claim, or if there shall be disallowed with respect to the Lessor any portion of the full Investment Credit provided for in Sections 38-50 of the Internal Revenue Code of 1954, as amended (or in any successor provision thereto), with respect to any of the Units as a result of any amendment or modification of the Internal Revenue

Code of 1954, as amended, or of any rules or regulations promulgated thereunder which shall occur or have occurred prior to the delivery date of the last of the Units to be delivered to Lessee, or as a result of any act or failure to act of Lessee including without limitation the inaccuracy in law or in fact of the representations and warranties set forth in the next preceding paragraph, the Basic Rental rate for Units set forth in Section 2 hereof shall, on the next succeeding rental payment date after written notice to the Lessee by Lessor of such fact, be increased to such amount as shall, by the end of the lease term, in the reasonable opinion of Lessor, result in an aggregate net return equivalent to that which would have been realized by the Lessor if the Lessor had been entitled to utilize such Investment Credit, and the Lessee shall forthwith pay to the Lessor as supplemental rental an amount which, after deduction of all taxes required to be paid by Lessor in respect of the receipt thereof shall be equal to the amount of any interest and penalty which may be assessed by the United States against the Lessor attributable to the loss of any portion of such Investment Credit.

The Lessee understands that the rental rate provided herein has been calculated on the basis of depreciation deduction using as estimated useful life for this Equipment of 12 years, which Equipment falls within Asset Guideline No. 00.25 of the ADR System as provided in Section 167(m) of the Code and is depreciated on one of the accelerated methods of depreciation provided in Section 167(b) of the Code. If for any taxable year of Lessor (or portion thereof) during which this Lease is in effect, Lessor shall lose in whole or in part the benefit of a depreciation deduction with respect to the entire cost of the Units or any of them computed on the basis of an accelerated method of depreciation provided in Section 167(b) of the Internal Revenue Code of 1954, as amended, and the asset depreciation range system of Section 167(m), using asset guideline Class No. 00.25 by reason of any change in the Internal Revenue Code of 1954, as amended, or any regulations or rulings promulgated thereunder which shall occur or have occurred prior to the Delivery Date of the last of the Units to be delivered to Lessee under the terms of this Lease or as a result of any act or failure to act of Lessee, including without limitation the inaccuracy in law or in fact of the representations and warranties set forth in the second preceding paragraph, then the Lessee shall pay to Lessor an indemnity with respect to such loss, on the next succeeding rental payment date after written notice to the Lessee by the Lessor of such fact, such an amount as shall, by the end of the lease term, result in an aggregate net return equivalent to that which would have been realized by the Lessor if the Lessor had been entitled to utilize such asset guideline Class No. 00.25 of the ADR System and such accelerated depreciation, and the Lessee shall forthwith pay to the Lessor as supplemental rental, an amount which, after deduction of all taxes required to be paid by Lessor in respect of the receipt thereof, shall be equal to the amount of any interest and penalty that may be assessed by the United States against the Lessor attributable to the loss of the benefit of such depreciation.

§17.2 Continuation of Indemnities and Assumptions. The indemnities and assumptions of liability in this Section 17 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 Units of Equipment, whether by expiration of time, by operation of law or otherwise; provided, however, that such indemnities and assumption of liability shall not apply in respect of any matters referred to in subsection (a) of clause (i) or (ii) of subsection (b) of Section 17.1 hereof, occurring after the termination of this Lease, except for any such matters occurring after the termination arising in connection with the Lessee's assembling, delivering, storing or transporting of the Units. The foregoing does not guaranty a residual value. The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of such claim or liability.

SECTION 18. NOTICES. Any notice required or permitted to be given by either party to the other shall be deemed to have been given when deposited in the United States certified mails, first-class postage prepaid, addressed as follows:

If to Lessor:

The Westport Bank and
Trust Company
87 East State Street
Westport, Connecticut 06880

If to Lessee:

The Pickens Railroad Company
402 Cedar Rock Street
Pickens, South Carolina

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

SECTION 19. SEVERABILITY. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 20. 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 together shall constitute but one and the same instrument.

SECTION 21. LAW GOVERNING. This Lease shall be construed in accordance with the laws of the State of South Carolina, including the Uniform Commercial Code; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

IN WITNESS WHEREOF, Lessor and Lessee, pursuant to due corporate authority, have caused this instrument to be signed in their corporate names by duly authorized officers and their corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

THE WESTPORT BANK AND TRUST COMPANY

By: *[Signature]*

[CORPORATE SEAL]

Attest:

[Signature]
V.P. & Secy

THE PICKENS RAILROAD COMPANY

By: *[Signature]*
Exec Vice Pres

[CORPORATE SEAL]

Attest:

[Signature]
Secy

SCHEDULE A

DESCRIPTION OF EQUIPMENT: 50 50ft., 6 inch 70 ton single sheathed box cars, with 10 ft. Hennessy Door Openers road numbers 54000 to 54049, both inclusive

PURCHASE PRICE: \$25,100 per unit, for a total of \$1,255,000

SPECIFICATIONS: Letter of Intent of June 3, 1974 and Acknowledgement dated August 2, 1974 plus parts listing all attached to Transfer of Rights, Specification No. C-73-1008-2 and Drawing No. 41 SK 1008-2

OUTSIDE DELIVERY DATE: December 16, 1974

DELIVER TO: The Pickens Railroad Company
F.O.B.
Berwick, Pennsylvania

RENT PERIOD: Fifteen (15) years, payable quarter-annually in arrears

Lessee: The Pickens Railroad Company
Owner: The Westport Bank and Trust Company
Lender: First Pennsylvania Bank N.A.

SCHEDULE B

SCHEDULE OF CASUALTY VALUES

% of Acquisition Costs

<u>Prior to Periodic Rental Payment Date:</u>	<u>%</u>	<u>Prior to Periodic Rental Payment Date:</u>	<u>%</u>
1	108.5129%	31	88.0641%
2	109.5191%	32	87.7583%
3	109.6063%	33	87.4251%
4	109.9764%	34	86.5927%
5	110.2139%	35	85.7313%
6	110.3849%	36	84.8399%
7	110.4837%	37	83.9176%
8	110.5237%	38	81.8089%
9	110.5032%	39	79.6673%
10	110.4388%	40	77.4919%
11	110.3057%	41	75.2815%
12	110.1151%	42	72.6858%
13	105.2478%	43	70.0528%
14	104.7653%	44	67.3816%
15	104.1879%	45	64.6708%
16	103.5278%	46	61.7330%
17	102.7826%	47	58.7531%
18	101.9688%	48	55.7299%
19	101.0662%	49	52.6621%
20	100.0834%	50	49.3385%
21	94.1690%	51	45.9675%
22	93.0339%	52	42.5475%
23	91.8167%	53	39.0770%
24	91.6295%	54	35.3185%
25	92.3930%	55	31.5063%
26	92.6911%	56	27.6389%
27	92.9664%	57	23.7145%
28	93.2183%	58	20.9457%
29	88.5971%	59	18.1164%
30	88.3434%	60	15.0000%
		Thereafter	15.0000%

EXHIBIT I

CERTIFICATE OF DELIVERY
AND ACCEPTANCE

UNDER EQUIPMENT LEASE AND PURCHASE
AGREEMENT BOTH DATED AS OF NOVEMBER 22, 1974

The Undersigned, being the duly authorized representative of THE WESTPORT BANK AND TRUST COMPANY (the "Owner") and THE PICKENS RAILROAD COMPANY (the "Lessee"), hereby certifies that the following units of railroad equipment, referred to in the Purchase Agreement (the "Purchase Agreement") between the Owner and Whittaker Corporation and in the Equipment Lease (the "Lease") between the Owner and the Lessee, each dated November 22, 1974:

Description:

<u>Total No. of Items</u>	<u>Lessee's Identifying Nos.</u>	<u>Date</u>
50	54000 to 54090 inclusive	

have been duly delivered in good order by the Builder and duly inspected and accepted by the Undersigned on the respective dates shown above on behalf of the Owner and in turn have been duly delivered by the Owner to the Lessee and have been duly inspected and accepted by the Undersigned on said dates on behalf of the Lessee as conforming in all respects to the requirements and provisions of the Purchase Agreement and the Lease.

The Undersigned further certifies that at the time of its delivery to the Owner and the Lessee 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.

Dated: , 1974

Duly authorized representative of
The Westport Bank and Trust Company

Duly authorized representative of
The Pickens Railroad Company

November 22, 1974

First Piedmont Bank and Trust Company
Greenville, South Carolina 29603

First Pennsylvania Bank N.A.
1500 Chestnut Street
Philadelphia, Pennsylvania 19101

The Westport Bank & Trust Company
87 East State Street
Westport, Connecticut

Re: Lease of Railroad Equipment dated as of
November 22, 1974 between The Westport
Bank & Trust Company, Lessor, and The
Pickens Railroad Company, Lessee

Gentlemen:

Pursuant to the provisions of the Lease of Railroad Equipment dated as of November 22, 1974 (the "Lease") between The Westport Bank & Trust Company, Lessor, and ourselves as Lessee, which Lessor has assigned to First Pennsylvania Bank N.A. ("First Pennsylvania") pursuant to the Assignment of Lease and Agreement ("Assignment") dated as of November 22, 1974 which Assignment we have consented to, we have requested and The First Piedmont Bank and Trust Company ("First Piedmont") has agreed to issue in favor of and deliver this day to First Pennsylvania two letters of credit ("Letters of Credit"), each in the amount of \$75,000 and otherwise as provided for in Section 2.7 of the Lease. Furthermore, pursuant to the Lease, we agree to establish with First Piedmont an account entitled "First Pennsylvania Escrow Account" to which we shall not have access except with the written consent of First Pennsylvania. Upon notice to First Piedmont by First Pennsylvania of a default under the Lease, we understand First Piedmont shall dispose of the balance in such account as First Pennsylvania shall direct.

We request and we understand First Piedmont agrees that First Piedmont shall be made the recipient during the term of the Lease of all per diem and mileage payments made by railroads on cars covered by the Lease. First Piedmont further agrees to hold for the benefit of Lessor and First Pennsylvania without lien or other right of set off the First Pennsylvania Escrow Account. We understand that First Pennsylvania shall notify First Piedmont and us within twenty days prior to each quarterly payment due under the lease and specify (1) the total amount of such payment due on the quarterly rental payment date, (2) the amount First Piedmont should

wire transfer to First Pennsylvania, (3) the amount First Piedmont should wire transfer to Lessor, (4) the amount, if any, First Piedmont should transfer to the First Pennsylvania Escrow Account or any Second Account, and (5) the amount, if any, First Piedmont should pay to itself for any credit due to First Piedmont under the Letters of Credit.

Promptly upon the receipt of such notice from First Pennsylvania setting forth the total amount of the payment due on the next quarterly rental payment date, First Piedmont shall confirm to First Pennsylvania and us that the per diem payments held by First Piedmont are sufficient for First Piedmont to make the payments directed by First Pennsylvania in items (2), (3), (4) and (5) above, or, if a deficiency exists, First Piedmont shall specify the extent of such deficiency.

Within three (3) days prior to the due date of the rental payment under the Lease, we shall provide current funds on deposit with First Piedmont in the full amount of the quarterly payment plus such additional amounts as may be required by items (4) and (5) above.

On the quarterly rental payment date First Piedmont shall make payments by wire transfer in accordance with the earlier instructions of First Pennsylvania unless First Piedmont shall have received notice of any default under the Lease from First Pennsylvania, in which event First Piedmont shall collect, hold and apply all per diem payments including mileage without lien or right of set off for the account of First Pennsylvania. If we shall have failed to pay the full amount of the quarterly payment or any amount specified in terms (4) and (5) First Piedmont shall advise First Pennsylvania and First Pennsylvania may draw for any deficiency pursuant to the irrevocable Letters of Credit and/or exercise its rights pursuant to the Mortgage and Assignment.

We agree that the obligations of First Piedmont under this Agreement may upon the request of First Piedmont be assumed by some other bank selected by Lessor and First Pennsylvania. Until such time as the obligations hereunder are assumed by some other bank, First Piedmont shall comply with the terms of this letter agreement. Upon a request to find a successor bank, Lessor and First Pennsylvania

agree to use their best efforts to obtain a successor.

Please indicate your agreement to the terms of this letter by signing this letter as indicated.

Very truly yours,

THE PICKENS RAILROAD COMPANY

By: _____

We agree to the foregoing:

FIRST PENNSYLVANIA BANK N.A.

By: _____

THE FIRST PIEDMONT BANK AND
TRUST COMPANY

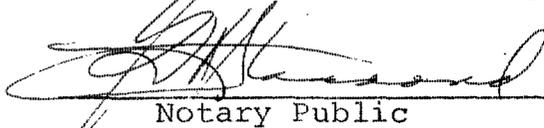
By: _____

THE WESTPORT BANK & TRUST
COMPANY

By: _____

STATE OF CONNECTICUT :
COUNTY OF *Meriden* : SS.

On this *24th* day of *September*, 1974, before me personally appeared *Donald V. Gorman*, to me personally known, who being by me duly sworn, says that he is a *Senior Vice President* of THE WESTPORT BANK AND TRUST COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

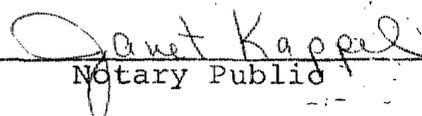

Notary Public

My Commission Expires:

MY COMMISSION EXPIRES APRIL 1st, 1979

Commonwealth of Pennsylvania
~~STATE OF SOUTH CAROLINA~~ :
COUNTY OF *Philadelphia* : SS.

On this *27th* day of *December*, 1974, before me personally appeared *John H. Rees*, to me personally known, who being by me duly sworn, says that he is the *Executive Vice President* of THE PICKENS RAILROAD COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

My Commission Expires:

JANET KAPPEL, Notary Public
PHILA., PHILA. COUNTY, PA.
MY COMMISSION EXPIRES JUNE 12, 1978