

BATTLE, FOWLER, JAFFIN, PIERCE & KHEEL 10268A

RECORDATION NO. 10268 Filed 1425
280 PARK AVENUE
NEW YORK, N.Y. 10017

RECORDATION NO. Filed 1425
APR 9 1979 -12 55 PM

HYMAN L. BATTLE, JR.
CHARLES BURTON
CARL B. CORDES
MARTIN L. EDELMAN
GERALD J. FIELDS
DAVID FLEISCHER
ROBERT W. GELFMAN
THOMAS V. GLYNN
DAVID D. GRIFFIN
CHARLES L. JAFFIN
MICHAEL B. JEFFERS
THEODORE W. KHEEL
THOMAS E. KRUGER
JONATHAN M. LEHR
DONALD C. MOSS
LEONARD R. OLSEN, JR.
EDWARD L. PECK
SAMUEL R. PIERCE, JR.
STEVEN A. SAIDE
MICHAEL J. SALTZER
PETER G. SCHMIDT
ERIC W. SHAW

APR 9 1979 -12 55 PM (212) 949-8300
WRITER'S DIRECT DIAL NUMBER
INTERSTATE COMMERCE COMMISSION
(212) 949-8252

INTERSTATE COMMERCE COMMISSION
GEORGE GORDON BATTLE (197-1949)
LUDLOW S. FOWLER (1924-1961)

HERRICK K. LIDSTONE
COUNSEL

CABLE ADDRESS
COUNSELLOR

TELEX 127053

TELECOPIER (212) 986-5135

10268 April 9, 1979
RECORDATION NO. Filed 1425

9-099A031
Date APR 09 1979

APR 9 1979 -12 55 PM
INTERSTATE COMMERCE COMMISSION

10268
RECORDATION NO. Filed 1425

Washington, D.C.

RECORDATION NO. Filed 1425

Secretary of the Interstate
Commerce Commission
Washington, D.C. 20423
INTERSTATE COMMERCE COMMISSION

APR 9 1979 -12 55 PM
INTERSTATE COMMERCE COMMISSION

Re: Box Cars Nos. 4050-4099

Dear Sir:

Enclosed for recordation in the order listed below pursuant to 49 U.S.C. 11303 please find the original and three counterparts of each of the following documents:

1. Letter (Purchase Order Assignment) dated as of April 6, 1979, from Rex Railways, Inc., a Delaware corporation (Rex) to McDonnell Douglas Finance Corporation (MDFC), pursuant to which Rex assigns to MDFC certain rights under a purchase order with Pullman Standard Division of Pullman, Incorporated relating to the captioned Box Cars.
2. Lease Agreement (Lease Agreement) dated as of October 12, 1978, between Rex, as lessor, and the Lamoille Valley Railroad Company, the railroad which will lease the Box Cars (Lessee).
3. Conditional Sale Agreement (Conditional Sale Agreement) dated as of April 6, 1979, between MDFC, as Vendor, and Rex, as Vendee, pursuant to which Vendee will purchase and pay for the Box Cars and MDFC will retain security title thereto.
4. Assignment of Lease (Lease Assignment) dated as of April 6, 1979, from Rex to MDFC, pursuant to which Rex assigns to MDFC all the lessor's rights under the Lease Agreement as security for the Conditional Sale Agreement indebtedness.

RECEIVED
APR 9 12 40 PM '79

Rodolfo Hernandez
Contra...

Secretary of the Interstate
Commerce Commission

April 9, 1979

5. Cross-Collateralization Agreement (Cross-Collateralization Agreement) dated as of April 6, 1979 between MDFC and Rex, pursuant to which Rex is granting MDFC a second security interest in 50 box cars, purchased previously under a certain conditional sale agreement between same parties, dated as of March 9, 1979 and recorded with the Interstate Commerce Commission on March 12, 1979 (Recordation No. 10192-C).

Also enclosed is a check for \$210.00 payable to Interstate Commerce Commission in payment of the fee for recording of the Lease Agreement (\$50.00), the Conditional Sale Agreement (\$50.00), Purchase Order Assignment (\$50.00), Assignment of Lease (\$10.00) and Cross-Collateralization Agreement (\$50.00).

The names and addresses of the parties to the enclosed Agreements are as follows:

Rex Railways, Inc.
616 Palisade Avenue
Englewood Cliffs, New Jersey 07632

McDonnell Douglas Finance Corporation
3855 Lakewood Boulevard
Long Beach, California 90846

Lamoille Valley Railroad Company
RFD #1
Stafford Avenue
Morrisville, New Jersey 05661

Rex-Noreco, Inc., the parent of Rex Railways, Inc., proposed to enter into a guaranty agreement pursuant to which it will guarantee the performance by Rex of its obligations under the Conditional Sale Agreement. The address of Rex-Noreco, Inc. is 616 Palisade Avenue, Englewood Cliffs, New Jersey 07632.

The equipment covered by the enclosed Agreements consists of 50 70-ton 50' 6" XM box cars, having A.A.R. mechanical designation "XM" and lessee identifying marks of LVRC 4050 through and including 4099. The cars will be further marked with a legend stating "Title to this Car Subject to Documents Recorded with the Interstate Commerce

Secretary of the Interstate
Commerce Commission

April 9, 1979

Commission."

Please return stamped copies of the enclosed documents to the undersigned.

Very truly yours,



David D. Griffin

DDG/ds
Enclosures
cc: Howard Meyers, Esq.

APR 9 1979 - 12 55 PM

CROSS-COLLATERALIZATION AGREEMENT INTERSTATE COMMERCE COMMISSION

This Agreement dated as of April 6, 1979, between Rex Railways, Inc., a New Jersey corporation ("Vendee") and McDonnell Douglas Finance Corporation, a Delaware corporation ("Vendor").

Whereas, pursuant to a Conditional Sale Agreement, dated as of March 9, 1979, between Vendee and Vendor, recorded with the Interstate Commerce Commission ("ICC") on March 12, 1979 (Recordation No. 10192-C) in accordance with 49 U.S.C. 11303 (the "Act"), Vendor sold to Vendee 50 general purpose box cars more fully described in Schedule I hereto (the "B&M Cars"), subject to retention by Vendor of Security Title (as defined in such Conditional Sale Agreement) to such cars as security for the Note dated March 16, 1979 in the original principal amount of \$1,488,222.50 (the "B&M Note") issued by Vendee to Vendor and any and all other indebtedness, liabilities and obligations of Vendee incurred under such Conditional Sale Agreement; such Conditional Sale Agreement is hereinafter called the "B&M Agreement" and the indebtedness, liabilities and obligations of Vendee under the B&M Note and the B&M Agreement are hereinafter sometimes called the "B&M Obligations";

Whereas, pursuant to a Conditional Sale Agreement, dated as of April 6, 1979, between Vendee and Vendor, recorded with the ICC on April 9, 1979, Vendor sold to Vendee 50 general purpose box cars more fully described in Schedule

II hereto (the "Lamoille Cars"), subject of Security Title (as defined in such Conditional Sale Agreement) to such Cars as security for a Note in the original principal amount not to exceed \$1,684,275 (the "Lamoille Note") issued or to be issued by Vendee to Vendor and any and all other indebtedness, liabilities and obligations of Vendee incurred under the Conditional Sale Agreement; such Conditional Sale Agreement is hereinafter called the "Lamoille Agreement" and the indebtedness, liabilities and obligations of Vendee under the Lamoille Note and the Lamoille Agreement are hereinafter sometimes called the "Lamoille Obligations";

Whereas, Vendee leased the B&M Cars to the Trustees of the Property of Boston and Maine Corporation, a Delaware corporation ("B&M"), as lessee, under a Lease Agreement dated as of November 30, 1978 (the "B&M Lease"), recorded with the ICC on March 12, 1979 (Recordation No. 10192-A) in accordance with the Act, and simultaneously therewith assigned to Vendor all Vendee's rights, as lessor, under the B&M Lease as collateral security for the B&M Obligations, pursuant to a Lease Agreement Assignment, dated as of March 9, 1979 (the "B&M Assignment"), recorded with the ICC on March 12, 1979 (Recordation No. 10192-B) in accordance with the Act;

Whereas, Vendee leased the Lamoille Cars to Lamoille Valley Railroad Company, a Vermont corporation ("Lamoille"), as lessee, under a Lease Agreement dated as of October 12, 1978 (the "Lamoille Lease"), recorded on

April 9, 1979 with the ICC in accordance with the Act, and simultaneously therewith assigned to Vendor Vendee's rights, as lessor, under the Lamoille Lease as collateral security for the Lamoille Obligations, pursuant to a Lease Agreement Assignment dated as of the date hereof (the "Lamoille Assignment"), recorded with the ICC on April 9, 1979 in accordance with the Act;

Whereas Vendor has agreed, and this Agreement confirms such agreement, to cross-collateralize the B&M Obligations and the Lamoille Obligations by granting second liens on the B&M Cars and the B&M Lease, and the Lamoille Cars and the Lamoille Lease, all as more fully set forth below;

NOW THEREFORE, THIS AGREEMENT WITNESSETH, that as additional collateral security for the due and punctual payment and performance of all the obligations, liabilities, indebtedness and covenants of Vendee to Vendor under the B&M Note and the B&M Agreement, Vendee has sold, conveyed, assigned, transferred to Vendor and granted to Vendor a security interest in, and by this Agreement Vendee hereby sells, conveys, assigns, transfers to Vendor and grants to Vendor a security interest in:

(a) The Lamoille Cars, including any and all additions to the Cars and any and all parts installed on and additions and replacements made to any such Cars which shall constitute accessions thereto and shall be subjected to the provisions of the Lamoille Agreement as provided in Article 6 thereof, and all proceeds and profits arising therefrom; and

(b) The Lamoille Lease, and all of the lessor's estate, right, title, interests, claim and demand in, to and under the Lamoille Lease, together with all

rights, privileges, options and other benefits of the lessor under the Lamoille Lease, and all proceeds and profits arising therefrom; and

THIS AGREEMENT FURTHER WITNESSETH, that as additional collateral security for the due and punctual payment and performance of all obligations, liabilities, indebtedness and covenants of Vendee to Vendor under the Lamoille Note and the Lamoille Agreement, Vendee has sold, conveyed, assigned, transferred to Vendor and granted to Vendor a security interest in, and by this Agreement Vendee hereby sells, conveys, assigns, transfers to Vendor and grants to Vendor a security interest in:

(a) the B&M Cars, including any and all additions to the Cars and any and all parts installed on and additions and replacements made to any such Cars which shall constitute accessions thereto and shall be subjected to the provisions of the B&M Agreement as provided in Article 6 thereof, and all proceeds and profits arising therefrom; and

(b) the B&M Lease, and all of the lessor's estate, right, title, interest, claim and demand in, to and under the B&M Lease, together with all rights, privileges, options and other benefits of the lessor under the B&M Lease, and all proceeds and profits arising therefrom.

IT IS HEREBY AGREED by the parties hereto that the Collateral is to be held and used subject to the further terms herein set forth.

1. For purposes of this Agreement the term "Collateral" shall mean the B&M Cars, the Lamoille Cars, the B&M Lease, the Lamoille Lease and the other properties, rights and collateral described in clauses (a) and clauses (b) above; the term "Agreements" shall mean the B&M Agreement and the Lamoille "Assignments" shall mean the B&M Assignment and the Lamoille As-

signment, as from time to time amended and in effect; the term Leases shall mean the B&M Lease and the Lamoille Lease, as from time to time amended and in effect; and the term "Obligations" shall mean the B&M Obligations and the Lamoille Obligations.

2. Notwithstanding anything herein to the contrary, the security interest and title of the Vendor in and to the Collateral granted and conveyed to the Vendor hereby is and shall be subordinated and subject to the Security Title held by the Vendor under the B&M Agreement and the Lamoille Agreement, respectively, and the rights of the Vendor as Assignee under the B&M Assignment and the Lamoille Assignment, respectively.

3. Vendee represents, warrants and agrees that the Collateral is now and at all times shall remain free and clear of all liens, encumbrances and security interests except for the Agreements, the Assignments, the Leases, and such other liens, encumbrances and security interests as are expressly permitted by the terms of the Agreements.

4. Upon the occurrence and continuance of any Event of Default under and as defined in either of the Agreements, then Vendor may exercise all or any of the rights, powers and remedies granted to Vendor under either or both of the Agreements and Assignments and, notwithstanding the provisions of Article 18 of the Agreements, any sums which shall be realized by Vendor as a result of the exercise of any of such rights, powers or remedies including the proceeds of any disposition of any Collateral shall be applied by Vendor to the payment of any and all of the unpaid Obligations in such order and

with such priority and in such manner as Vendor may determine, and no payment of any such sums arising under either of such Agreements or Assignments shall be made to Vendee unless and until all the Obligations shall have been paid and discharged in full.

4. Vendor's rights under the assignment made hereby of lessor's rights under the B&M Lease shall be subject to the limitations set forth in paragraph 11 of the B&M Assignment and Vendor's rights under the assignment made hereby of lessor's rights under the Lamoille Lease shall be subject to the limitations set forth in paragraphs 11 and 12 of the Lamoille Assignment.

5. If Vendee shall pay or prepay either the B&M Note or the Lamoille Note in full or shall acquire either such Note under Article 28 of the Agreement under which such Note was issued, and shall have paid and discharged all Obligations under such Agreement, then, if no default or Event of Default under either Agreement shall have occurred and be continuing, the rights, liens and security interests in and to the Collateral granted and conveyed to Vendor hereunder shall terminate and Vendor shall execute and deliver to Vendee, at Vendee's expense, such instruments, in recordable form, as shall be reasonably requested by Vendee sufficient to confirm the termination of all Vendor's liens and security interests created hereby in and to the Collateral.

6. The parties hereby ratify and confirm the Agreements and the Assignments, which shall continue in full force and effect without change except as expressly provided herein. Vendor expressly consents to the execution, delivery, performance and recordation hereof by Vendee and to the encumbrances on the Collateral created hereby and agrees that none of the foregoing shall give rise to any default of Event of Default under the Agreements or the Assignments.

7. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered personally or mailed by first class mail, postage prepaid to it at the following specified address (or at such other address as such party shall hereafter specify by written notice to the other party):

a) to the Vendee,

Rex Railways, Inc.
616 Palisade Avenue
Englewood Cliffs, New Jersey 07632
Attention: Mark A. Salitan

b) to the Vendor,

McDonnell Douglas Finance Corporation
3855 Lakewood Boulevard
Long Beach, California 90846
Attn: Commercial & Industrial
Finance Department

8. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the

State of New Jersey; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. 11303.

9. In the event that any provision of this Agreement is invalid or unenforceable, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute, or rule or law. Any provision hereof which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

10. This Agreement may be executed in any number of counterparts, but the counterpart delivered to the Interstate Commerce Commission for recordation and subsequently redelivered to the Vendor shall be deemed the original counterpart and all other counterparts shall be deemed duplicates thereof.

11. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor and the Vendee.

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

REX RAILWAYS, INC., Vendee

Witness:

By: Robert W. Gruber, Pres.
Title

MCDONNELL DOUGLAS FINANCE CORPORATION, Vendor

Witness:

By: Jessie B. Shaw
Title VP

STATE OF NEW YORK)
 : SS:
COUNTY OF NEW YORK)

On this 6th day of April, 1979, before me personally appeared Robert W. Gruber, to me personally known, who being by me duly sworn, says that he is the President of Rex Railways, Inc., that said instrument was signed 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.

(seal)

Martha J. Flanders
(Title of Officer)

My commission expires _____

MARTHA J. FLANDERS
Notary Public, State of New York
No. 31-4678625
Qualified in New York County
Commission Expires March 30, 1980

STATE OF NEW YORK)
 : SS:
COUNTY OF NEW YORK)

On this 6th day of April, 1979, before me personally appeared Jerome Butkow, to me personally known, who being by me duly sworn, says that he is the duly authorized agent of McDonnell Douglas Finance Corporation, that said instrument was signed 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.

(seal)

Martha J. Flanders
(Title of Officer)

My commission expires _____

MARTHA J. FLANDERS
Notary Public, State of New York
No. 31-4678625
Qualified in New York County
Commission Expires March 30, 1980

SCHEDULE I

Description of the B&M Cars

<u>Specifi- cations</u>	<u>Quantity</u>	<u>Lessee's Road Numbers (Both In- clusive)</u>
70-Ton, 50' 6" General Purpose Box Cars	50	BM 79050 - 79099

SCHEDULE II

Description of Lamoille Cars

<u>Specifi- cations</u>	<u>Quantity</u>	<u>Lessee's Road Numbers (Both In- clusive)</u>
70-Ton, 50' 6" General Purpose Box Cars	50	LVRC 4050 - 4099

*Record No 10268-D
4/9/79, 12:50 PM*

EXHIBIT F

CROSS-COLLATERALIZATION AGREEMENT

This Agreement dated as of April 6, 1979, between Rex Railways, Inc., a New Jersey corporation ("Vendee") and McDonnell Douglas Finance Corporation, a Delaware corporation ("Vendor").

Whereas, pursuant to a Conditional Sale Agreement, dated as of March 9, 1979, between Vendee and Vendor, recorded with the Interstate Commerce Commission ("ICC") on March 12, 1979 (Recordation No. 10192-C) in accordance with 49 U.S.C. 11303 (the "Act"), Vendor sold to Vendee 50 general purpose box cars more fully described in Schedule I hereto (the "B&M Cars"), subject to retention by Vendor of Security Title (as defined in such Conditional Sale Agreement) to such cars as security for the Note dated March 16, 1979 in the original principal amount of \$1,488,222.50 (the "B&M Note") issued by Vendee to Vendor and any and all other indebtedness, liabilities and obligations of Vendee incurred under such Conditional Sale Agreement; such Conditional Sale Agreement is hereinafter called the "B&M Agreement" and the indebtedness, liabilities and obligations of Vendee under the B&M Note and the B&M Agreement are hereinafter sometimes called the "B&M Obligations";

Whereas, pursuant to a Conditional Sale Agreement, dated as of April 6, 1979, between Vendee and Vendor, recorded with the ICC on April 9, 1979, Vendor sold to Vendee 50 general purpose box cars more fully described in Schedule

II hereto (the "Lamoille Cars"), subject of Security Title (as defined in such Conditional Sale Agreement) to such Cars as security for a Note in the original principal amount not to exceed \$1,684,275 (the "Lamoille Note") issued or to be issued by Vendee to Vendor and any and all other indebtedness, liabilities and obligations of Vendee incurred under the Conditional Sale Agreement; such Conditional Sale Agreement is hereinafter called the "Lamoille Agreement" and the indebtedness, liabilities and obligations of Vendee under the Lamoille Note and the Lamoille Agreement are hereinafter sometimes called the "Lamoille Obligations";

Whereas, Vendee leased the B&M Cars to the Trustees of the Property of Boston and Maine Corporation, a Delaware corporation ("B&M"), as lessee, under a Lease Agreement dated as of November 30, 1978 (the "B&M Lease"), recorded with the ICC on March 12, 1979 (Recordation No. 10192-A) in accordance with the Act, and simultaneously therewith assigned to Vendor all Vendee's rights, as lessor, under the B&M Lease as collateral security for the B&M Obligations, pursuant to a Lease Agreement Assignment, dated as of March 9, 1979 (the "B&M Assignment"), recorded with the ICC on March 12, 1979 (Recordation No. 10192-B) in accordance with the Act;

Whereas, Vendee leased the Lamoille Cars to Lamoille Valley Railroad Company, a Vermont corporation ("Lamoille"), as lessee, under a Lease Agreement dated as of October 12, 1978 (the "Lamoille Lease"), recorded on

April 9, 1979 with the ICC in accordance with the Act, and simultaneously therewith assigned to Vendor Vendee's rights, as lessor, under the Lamoille Lease as collateral security for the Lamoille Obligations, pursuant to a Lease Agreement Assignment dated as of the date hereof (the "Lamoille Assignment"), recorded with the ICC on April 9, 1979 in accordance with the Act;

Whereas Vendor has agreed, and this Agreement confirms such agreement, to cross-collateralize the B&M Obligations and the Lamoille Obligations by granting second liens on the B&M Cars and the B&M Lease, and the Lamoille Cars and the Lamoille Lease, all as more fully set forth below;

NOW THEREFORE, THIS AGREEMENT WITNESSETH, that as additional collateral security for the due and punctual payment and performance of all the obligations, liabilities, indebtedness and covenants of Vendee to Vendor under the B&M Note and the B&M Agreement, Vendee has sold, conveyed, assigned, transferred to Vendor and granted to Vendor a security interest in, and by this Agreement Vendee hereby sells, conveys, assigns, transfers to Vendor and grants to Vendor a security interest in:

(a) The Lamoille Cars, including any and all additions to the Cars and any and all parts installed on and additions and replacements made to any such Cars which shall constitute accessions thereto and shall be subjected to the provisions of the Lamoille Agreement as provided in Article 6 thereof, and all proceeds and profits arising therefrom; and

(b) The Lamoille Lease, and all of the lessor's estate, right, title, interests, claim and demand in, to and under the Lamoille Lease, together with all

rights, privileges, options and other benefits of the lessor under the Lamoille Lease, and all proceeds and profits arising therefrom; and

THIS AGREEMENT FURTHER WITNESSETH, that as additional collateral security for the due and punctual payment and performance of all obligations, liabilities, indebtedness and covenants of Vendee to Vendor under the Lamoille Note and the Lamoille Agreement, Vendee has sold, conveyed, assigned, transferred to Vendor and granted to Vendor a security interest in, and by this Agreement Vendee hereby sells, conveys, assigns, transfers to Vendor and grants to Vendor a security interest in:

(a) the B&M Cars, including any and all additions to the Cars and any and all parts installed on and additions and replacements made to any such Cars which shall constitute accessions thereto and shall be subjected to the provisions of the B&M Agreement as provided in Article 6 thereof, and all proceeds and profits arising therefrom; and

(b) the B&M Lease, and all of the lessor's estate, right, title, interest, claim and demand in, to and under the B&M Lease, together with all rights, privileges, options and other benefits of the lessor under the B&M Lease, and all proceeds and profits arising therefrom.

IT IS HEREBY AGREED by the parties hereto that the Collateral is to be held and used subject to the further terms herein set forth.

1. For purposes of this Agreement the term "Collateral" shall mean the B&M Cars, the Lamoille Cars, the B&M Lease, the Lamoille Lease and the other properties, rights and collateral described in clauses (a) and clauses (b) above; the term "Agreements" shall mean the B&M Agreement and the Lamoille "Assignments" shall mean the B&M Assignment and the Lamoille As-

signment, as from time to time amended and in effect; the term Leases shall mean the B&M Lease and the Lamoille Lease, as from time to time amended and in effect; and the term "Obligations" shall mean the B&M Obligations and the Lamoille Obligations.

2. Notwithstanding anything herein to the contrary, the security interest and title of the Vendor in and to the Collateral granted and conveyed to the Vendor hereby is and shall be subordinated and subject to the Security Title held by the Vendor under the B&M Agreement and the Lamoille Agreement, respectively, and the rights of the Vendor as Assignee under the B&M Assignment and the Lamoille Assignment, respectively.

3. Vendee represents, warrants and agrees that the Collateral is now and at all times shall remain free and clear of all liens, encumbrances and security interests except for the Agreements, the Assignments, the Leases, and such other liens, encumbrances and security interests as are expressly permitted by the terms of the Agreements.

4. Upon the occurrence and continuance of any Event of Default under and as defined in either of the Agreements, then Vendor may exercise all or any of the rights, powers and remedies granted to Vendor under either or both of the Agreements and Assignments and, notwithstanding the provisions of Article 18 of the Agreements, any sums which shall be realized by Vendor as a result of the exercise of any of such rights, powers or remedies including the proceeds of any disposition of any Collateral shall be applied by Vendor to the payment of any and all of the unpaid Obligations in such order and

with such priority and in such manner as Vendor may determine, and no payment of any such sums arising under either of such Agreements or Assignments shall be made to Vendee unless and until all the Obligations shall have been paid and discharged in full.

4. Vendor's rights under the assignment made hereby of lessor's rights under the B&M Lease shall be subject to the limitations set forth in paragraph 11 of the B&M Assignment and Vendor's rights under the assignment made hereby of lessor's rights under the Lamoille Lease shall be subject to the limitations set forth in paragraphs 11 and 12 of the Lamoille Assignment.

5. If Vendee shall pay or prepay either the B&M Note or the Lamoille Note in full or shall acquire either such Note under Article 28 of the Agreement under which such Note was issued, and shall have paid and discharged all Obligations under such Agreement, then, if no default or Event of Default under either Agreement shall have occurred and be continuing, the rights, liens and security interests in and to the Collateral granted and conveyed to Vendor hereunder shall terminate and Vendor shall execute and deliver to Vendee, at Vendee's expense, such instruments, in recordable form, as shall be reasonably requested by Vendee sufficient to confirm the termination of all Vendor's liens and security interests created hereby in and to the Collateral.

6. The parties hereby ratify and confirm the Agreements and the Assignments, which shall continue in full force and effect without change except as expressly provided herein. Vendor expressly consents to the execution, delivery, performance and recordation hereof by Vendee and to the encumbrances on the Collateral created hereby and agrees that none of the foregoing shall give rise to any default of Event of Default under the Agreements or the Assignments.

7. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered personally or mailed by first class mail, postage prepaid to it at the following specified address (or at such other address as such party shall hereafter specify by written notice to the other party):

a) to the Vendee,

Rex Railways, Inc.
616 Palisade Avenue
Englewood Cliffs, New Jersey 07632
Attention: Mark A. Salitan

b) to the Vendor,

McDonnell Douglas Finance Corporation
3855 Lakewood Boulevard
Long Beach, California 90846
Attn: Commercial & Industrial
Finance Department

8. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the

State of New Jersey; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. 11303.

9. In the event that any provision of this Agreement is invalid or unenforceable, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute, or rule or law. Any provision hereof which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

10. This Agreement may be executed in any number of counterparts, but the counterpart delivered to the Interstate Commerce Commission for recordation and subsequently redelivered to the Vendor shall be deemed the original counterpart and all other counterparts shall be deemed duplicates thereof.

11. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor and the Vendee.

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

REX RAILWAYS, INC., Vendee

Witness:

By: _____
Title

McDONNELL DOUGLAS FINANCE CORPORATION, Vendor

Witness:

By: _____
Title

STATE OF NEW YORK)
 : SS:
COUNTY OF NEW YORK)

On this _____ day of April, 1979, before me personally appeared Robert W. Gruber, to me personally known, who being by me duly sworn, says that he is the President of Rex Railways, Inc., that said instrument was signed 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.

(seal)

(Title of Officer)

My commission expires _____.

STATE OF NEW YORK)
 : SS:
COUNTY OF NEW YORK)

On this _____ day of April, 1979, before me personally appeared Jerome Butkow, to me personally known, who being by me duly sworn, says that he is the duly authorized agent of McDonnell Douglas Finance Corporation, that said instrument was signed 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.

(seal)

(Title of Officer)

My commission expires _____.

SCHEDULE I

Description of the B&M Cars

<u>Specifi- cations</u>	<u>Quantity</u>	<u>Lessee's Road Numbers (Both In- clusive)</u>
70-Ton, 50' 6" General Purpose Box Cars	50	BM 79050 - 79099

SCHEDULE II

Description of Lamoille Cars

<u>Specifi- cations</u>	<u>Quantity</u>	<u>Lessee's Road Numbers (Both In- clusive)</u>
70-Ton, 50' 6" General Purpose Box Cars	50	LVRC 4050 - 4099



Pullman Standard

FOR: REX RAILWAYS, INC.

GENERAL SPECIFICATION NO. 3809

MAY 1, 1978

Describing a

50'-6", 70-TON CAPACITY - ALL STEEL SINGLE SHEATH

OUTSIDE STAKE BOX CAR

RIGID UNDERFRAME

70-TON CAPACITY TRUCKS

(10'-0" DOOR OPENING)

with

FREIGHTMASTER 10" END-OF-CAR

CUSHION UNIT

<u>SECTION</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
1	General Dimensions	2
2	General	2 - 3
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1. GENERAL DIMENSIONS

Length inside between 5/32" flat steel end lining	50'-6"
Length over end sills	50'-6-15/16"
Length over strikers	52'-6"
Length over pulling face of couplers	56'-10-1/2"
Truck Centers (center to center of body bolsters)	40'-10"
Width inside between 10" side sheets	9'-6-1/8"
Width inside between 3/16" side sheets	9'-6"
Width outside (over door fixtures and side ladders)	10'-7-3/4"
Width over outside side posts	10'-0-3/8"
Width over door posts	10'-0-1/8"
Width over bottom horizontal flange of side plates (lower eaves)	10'-1"
Width between top horizontal flange of side plates	9'-6-3/8"
Width over side sills	9'-7"
Width over side ladder treads	10'-2-1/8"
Width over upper eaves	9'-0-1/8"
Extreme height of roof to rail	15'-2-3/8"
Height rail to bearing surface of center plate	2'-1-1/2"
Height rail to top of 1-3/4" floor	3'-7-1/2"
Height rail to top horizontal side plate flange (upper eaves)	14'-11-1/4"
Height rail to bottom of side sill	3'-5-7/16"
Height bottom of side sill to top horizontal side plate flange	11'-5-13/16"
Height inside with 1-3/4" floor	11'-1-11/16"
Height at extreme width	13'-2-31/32"
Height of lower eaves	14'-0-13/16"
Side door opening width in clear	10'-0"
Side door opening height in clear with 1-3/4" floor	10'-5"
Truck wheel base	5'-8"
Center to center of side bearings	4'-2"
Cubic capacity to eaves between side and end lining	5,344 Cu. Ft.
Lift truck front axle load	50,000 Lbs.
Light weight (estimated)	61,300 Lbs.
Gross rail load	220,000 Lbs.

DRAWING

Sections thru car SK-E-9052

2. GENERAL

This specification describes a Class "XM" box car, 50'-6" between end lining, 5,344 cubic foot capacity, outside posts, 1-3/4" nailable steel floor, Pullman-Standard riveted design welded roof, equipped with Freightmaster 10" end-of-car-cushion unit underframe, 6" x 11" journals to provide for 220,000 pound gross rail load, and one (1) 10'-0" sliding door per side.

Cars built to this specification are of welded, riveted, and Huckbolted steel construction with sides, ends, roof, and underframe construction of Pullman-Standard design as described herein.

The cars are built within the A.A.R. Clearance Diagram Plate "C".

The cars will conform to A.A.R. Interchange and U.S. Safety Appliance requirements, and for strength to the latest A.A.R. Specifications for Design, Fabrication, and Construction of Freight Cars, Paragraph 4.1.3.1 for various live load distributions.

2. GENERAL - (Continued)

The floor and underframe construction are designed for a lift truck front axle load of 50,000 pounds.

Car body and truck are designed for 220,000 pound gross rail load, arranged for 33" wheels, on nominal 70-ton trucks.

Stress analysis summary of car body is to show compliance with A.A.R. design specifications, and that the above special design requirements have been prepared and are available.

Cars are built in a substantial and workmanlike manner according to the true intent of this specification and drawing. This specification is intended to include everything requisite to the proper building of the car, notwithstanding that everything required may not be mentioned. When delivered, each car is complete in all of its parts and ready for service. In the event of any discrepancies between the drawing and this specification, the specification has preference.

On completion of construction of cars, Pullman Standard will furnish to customer one (1) complete deck of 35 mm microfilm copy cards and one (1) deck of EAM cards (slave cards). The microfilm copy cards will be our standard diazo second generation cards, (color; green) and standard 80-80 column cards with computer - generated drawing list. Microfilm copy cards will include all Pullman Standard engineering pertinent to the construction of the cars.

Specialty Manufacturer's drawings (microfilm copy cards) will not be furnished by the car builder.

3. CURVE NEGOTIABILITY

This Pullman Standard underframe box car, 52'-6" long over the strikers, 56'-10-1/2" over pulling face of couplers, 40'-10" truck centers, and equipped with Standard E60C-HT couplers and Y40A-HT coupler yokes, will negotiate the following minimum radii curves.

- a. 150-foot radius curve (39 degrees approx.) uncoupled.
- b. 150-foot radius curve (39 degrees approx.) two (2) cars coupled together on the curve.
- c. 141-foot radius curve (40 degrees approx.) into a level tangent track with no easement, coupled to a conventional A.A.R. 40-foot base car having 7-degree coupler angling with the 40-foot car on a tangent track.
- d. 198-foot radius curve (29 degrees approx.) into a level tangent track with no easement, two (2) cars coupled together if one (1) car is on a tangent track and the other car is on the curve.
- e. 554-foot radius vertical curve (10 degrees approx.) into level tangent track with no easement, two (2) cars coupled together.

The A.A.R. base car is 42'-0-3/8" long over the strikers, 44'-7-7/8" long over the pulling face of the couplers, 31'-1-3/8" truck centers, and equipped with standard couplers and yokes.

4. TOLERANCES

Cars to be built to tolerances as specified in the A.A.R. Specifications for Design, Fabrication and Construction of Freight Cars.

5. TESTING

One (1) car is to be curve tested with simulated truck springs solid on a 150-foot radius curve to insure necessary clearances.

Restrictions to the flow of air in the brake pipe is checked in accordance with A.A.R. Specification No. 2518.

Brake rigging efficiency test is to be performed in accordance with A.A.R. requirements.

6. MATERIAL

Steel, unless otherwise specified, is in accordance with the following.

(O.H.S.) - Pullman Standard Specification No. 517

Conforms to the general requirements for ASTM A-6, "General Requirements for Delivery of Rolled Steel Plates, Shapes, Steel Piling and Bars for Structural Use." It is similar to ASTM A-113, latest revision, Grade "A" steel with a reduced carbon content to achieve low temperature impact strength and improved weldability. Manganese and copper additives provide additional strength and corrosion resistance respectively.

All O.H.S. shapes, plates, bars, and sheets 1/4" and less in thickness are copper bearing (.20% min. - .30% max.).

(PS-526) - Pullman Standard Specification No. 526

Conforms to the general requirements for ASTM A-6, "General Requirements for Delivery of Rolled Steel Plates, Shapes, Steel Piling and Bars for Structural Use." It is similar to ASTM A-36 steel with a reduced carbon content to achieve low temperature impact strength and corrosion resistance respectively. This steel has typical mechanical properties that are similar to ASTM A-36 steel.

All (PS-526) shapes, plates, bars, and sheets 1/4" and less in thickness are copper bearing (.20% min. - .30% max.).

(H.S.S.) - Pullman Standard Specification No. 550

High strength, low alloy structural manganese vanadium steel with improved low temperature impact properties. It has tensile and bend test requirements that conform to ASTM A-441 steel. The chemical composition also conforms to ASTM A-441 steel, except without copper content, unless otherwise specified on steel items over 1/4" in thickness.

All (H.S.S.) shapes, plates, bars, and sheets 1/4" and less in thickness are copper bearing (.20% min. - .30% max.).

Rivets are per latest A.A.R. Specification.

All bolts and nuts are American Standard, regular sizes, except as may be otherwise specified herein.

Bolts and ESNA nuts are Class 2 fit.

7. UNDERFRAME CONSTRUCTION

The underframe of the car is of welded construction, details of which are described in the following paragraphs:

a. Center Sill

The center sill consists of two (2) per car, CZ13 x 41.2 (H.S.S.) A.A.R. Z-26 center sill sections extending between strikers and welded the full length of the sill at the junction of the top horizontal flanges. The weld penetration is 100% full length of the center sills.

The center sill separators, six (6) per car, are 5/16" (O.H.S.) pressed "J" sections, welded to the center sill webs, located at the floor beams, plus four (4) additional 1/4" (OHS) flat plates welded to the center sill webs, located at the crossbearers.

b. Strikers

Pullman Standard built-up welded designed to accept Freightmaster 10" travel end of car cushioning device. The entire striker assembly is welded to the ends of the center sills.

c. Draft Gears

Freightmaster "ME" cushioning device to provide 10" buff travel in normal.

d. Couplers

A.A.R. Standard E60C-HT high tensile, solid butt, Grade "C" steel, 6-1/4" x 8" rigid shank, 21-1/2" long with recess on bottom of shank for a 5" x 1/4" x 0'-8" long hardened wear plate, E-24 rotary articulated locklift assembly manufactured in accordance with A.A.R. Specification M-211, latest revision. Knuckle pivot pins are manufactured in accordance with A.A.R. Specification M-118, latest revision.

e. Coupler Yokes

None required.

7. UNDERFRAME CONSTRUCTION - (Continued)

f. Body Bolster

The body bolsters, two (2) per car, are built-up welded construction.

The body bolster top cover (Bibber type) is a 7/16" plate extending in one (1) piece over the center sill between side sills with the inboard edge contoured from 38-1/2" at the center sill to 24" at the side sill.

The body bolster bottom cover is a 23" x 1/2" (O.H.S.) universal mill edge, plate extending from the bottom flange of the center sill to the side sill reinforcement.

The body bolster webs are 3/8" (O.H.S.) extending between the body bolster top cover, body bolster bottom cover, and center sill web to the side sill reinforcement. The body bolster webs are welded to the side sill reinforcement, and the top and bottom cover plates and to the center sill web.

The body bolster bottom cover plates are joined together by a 25" x 7/16" (O.H.S.) sole plate welded to the body bolster bottom cover plates and center sill.

The body bolster bottom cover plate is additionally stiffened at the bend point by a 3/8" (O.H.S.) stiffener between the body bolster top and bottom cover plates outboard of the body bolster webs and between the body bolster webs.

The body side bearing braces are 5/16" (O.H.S.) inverted "U" sections extending between body bolster webs, welded thereto and to the body bolster bottom cover.

g. Body Side Bearings

The body side bearings are a special wedge section, ASTM Specification A-576, latest revision, Grade C-1045 steel having .43% - .50% carbon, tapered to agree with the slope of the body bolster and heat treated to 248-375 Brinell hardness. The hardened bearings and filler plates are bolted to the body bolster bottom cover plates with 3/4" diameter countersunk head plow bolts and with standard nut tack welded to bolt.

Side bearing clearance is 3/16" minimum, 5/16" maximum per bearing. Total clearance at the BR and AL bearing is the same as at the BL and AR bearing, with permissible variation not to exceed 1/8".

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7. UNDERFRAME CONSTRUCTION - (Continued)**h. Body Center Plate and Center Filler**

The body center plates are Pullman Standard design with drop forged bowl, and with 1" flange, and the center filler is Pullman Standard built-up welded design for 70-ton capacity cars with rigid underframe.

The bowls are A.A.R. contour, 13-3/4" diameter. Material is to Specification SAE-1030. Bowl bearing surface is smooth, true, and parallel. Maximum hardened contact bearing surfaces of the center plate are to a depth of 1/8" and to a hardness of a minimum of 300 BHN at the bowl horizontal and vertical surface.

The center plates are lock-bolted to the body bolster sole plate and center sill bottom flanges.

The body center plate mounting surface and the center filler flatness requirements shall conform to the procedures as outlined on A.A.R. Manual pages C-28A and C-28B, latest revision.

i. Crossbearers

The crossbearers, four (4) per car, are built-up weldments with a 1/4" (O.H.S.) web plate extending between center sill web and the crossbearer side connection plate. The web of the crossbearer is welded to the center sill web, crossbearer side connection plate and the crossbearer top and bottom cover plates. The crossbearer top cover plate is connected to the side sill by the welding of a 1/4" (O.H.S.) gusset.

The crossbearer top cover plates are 8" x 5/16" (O.H.S.) extending between and welded to the side sill connection plate and the top flange of the center sill, contoured to permit the floor stringers to pass over the cover plate.

The crossbearer bottom cover plates are 8" x 5/16" (O.H.S.) extending between and welded to the side connection plate and to the bottom flange of the center sill.

The crossbearer side connection plates are 8" x 5/16" (O.H.S.) welded to the crossbearer web and bottom cover plate and lock bolted to the side sill reinforcement.

The crossbearer bottom cover plates are joined together by a 8" x 5/16" (O.H.S.) plate welded to the bottom center sill flanges and the center sill separator.

j. Floor Beams

Six (6) per car, 6" @ 8.5# CBJ-6 sections (PS-526), welded to the side sill reinforcement and the center sill web.

k. Floor Stringers

There are six (6) floor stringers per car, three (3) each side of the center sill, consisting of the following.

7. UNDERFRAME CONSTRUCTION - (Continued)**1. Floor Stringers - (Continued)**

The outboard stringer adjacent to the side sill is an S4 x 7.7 (PS-526) I-Beam extending between bolsters and an S3 x 7.5 (H.S.S.) I-Beam from the bolsters to the end sills.

The inboard stringer adjacent to the center sill is an S4 x 7.7 (PS-526) rolled I-Beam extending between bolsters and an S3 x 7.5 (H.S.S.) rolled I-Beam from the bolsters to the end sills. The middle stringer is an S4 x 7.7 (PS-526) rolled I-Beam extending between floor beams adjacent to the bolsters and S3 x 7.5 (H.S.S.) rolled I-Beam between floor beam and bolster and bolster to the end sill. The S3 x 7.5 I-Beam stringer from the floor beam to the bolster is supported by 1" thick (O.H.S.) filler to provide for wheel clearance.

The stringers are welded to the end sill. The stringers pass over the top of the crossbearers and floor beams, and are welded to the underframe crossmembers.

8. SIDE CONSTRUCTION**a. General**

The sides are Pullman Standard automatically arc welded type of steel construction, with outside posts in which the side sheets are butt-welded together at and to the inside of the flanges of the hat section side posts. The sheets are placed on the inside of the side plate and side sill, and continuously arc welded thereto with a caulking seal on the outside of the car, sealing the side sheet to the side sill.

The welds on the inside of the car are not ground.

Each side is designed for one (1) sliding type door with a clear doorheight of 10'-5", with a 1-3/4" nailable steel floor, and a clear door width of 10'-0". The center line of the door opening is the center line of the car.

b. Side Sheets

The intermediate side sheets are .100" thick commercial hot rolled open hearth copper bearing steel. The side sheets adjacent the door post and corner post are 3/16" commercial hot rolled open hearth copper bearing steel.

The side sheet splice plates at the hat section side posts are 1/8" thick commercial hot rolled open hearth copper bearing steel.

c. Side Plate

The side plates, two (2) per car, are 5/16" (PS-526) fabricated section to suit welded roof.

d. Side Sill

The side sills, two (2) per car, are 6" x 3-1/2" x 5/16" (O.H.S.) rolled angle, end sill to end sill.

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8. SIDE CONSTRUCTION - (Continued)**e. Side Sill Reinforcement**

The side sill is continuously reinforced between end sills by 15" deep x 5/16" thick plate (PS-526) "L" shaped section with 4" bottom flange.

The reinforcement is automatically welded full length to the bottom of and flush with the side sill angle, and is attached to floor beams and body bolsters by welding and to crossbearers by lock-bolted fasteners.

f. Side Posts

Twenty (20) per car, ten (10) per side, are 3/16" (PS-526) pressed hat sections, 3" deep, 9" wide.

g. Corner Posts

1/4" (H.S.S.) copper bearing, pressed "J" section, closed with L3 x 3 x 1/4 (O.H.S.) rolled angle to form a box section.

h. Door Posts

1/4" (H.S.S.) copper bearing, pressed plate, and a 1/4" (H.S.S.) pressed plate indented to accommodate a 5/8" round bar lading strap anchor flush with the side lining, welded together to form a box section.

i. Door Post Gussets

The door posts, side sheets, side sill, and side sill reinforcement are joined together with a 3/8" (PS-526) gusset, lock-bolted and welded to the outside of the car.

j. Threshold Plate

The threshold plates, two (2) per car, are MC6 x 12 (O.H.S.) rolled channel flush with the top of the steel floor.

k. Vent Holes

1" diameter vent holes are provided in the top portion of the side sheet covering the hat section side post.

9. SIDE DOORS

Two (2) per car, one (1) per side, 10'-5" wide sliding type steel door provide a clear door height of 10'-5", with a 1-3/4" available steel floor, and a clear door width of 10'-0".

10. END CONSTRUCTION**a. General**

The ends are Pullman Standard design steel in two (2) sections, with 5" deep corrugations, welded at the center seam and to the box type corner post.

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10. END CONSTRUCTION - (Continued)**b. End Sheets**

The bottom end sheet is 1/4" thick (H.S.S.) and the top end sheet is 3/16" (H.S.S.).

c. End Sills

Separate L6 x 3-1/2 x 5/16 (H.S.S.) rolled angle butt-welded to steel end bottom sheet.

d. End Lining

The end lining is 5/32" (H.S.S.) flat plate in two (2) pieces, securely welded to the inside face of the end sheet corrugations. The inside face of the end lining is smooth and free of all weld splatter.

e. Corner Gussets

The horizontal legs of the side and end sills are joined together with a 1/4" (O.H.S.) pressed side sill and end sill (corner) gusset.

11. ROOF CONSTRUCTION**a. General**

The roof is the Pullman Standard welded design as described in the following paragraphs.

b. Roof Sheets

The roof sheets are No. 14 Gauge (.0785") copper bearing commercial galvanized material. Sheets are sloped 1/8" per foot from center line of the car to the side of the car.

c. Assembly

The sheets are flanged upward and joined together by riveting within a hairpin type of seam cap. The outside flanges are welded to the top horizontal flange of the formed section side plate.

d. Seam Caps

The seam caps are pressed from No. 12 Gauge (.1084") copper bearing commercial galvanized sheets. The seam caps are of the hairpin type, extending across the car on top of the roof. Each seam cap is flanged down and fastened to the top horizontal flange of the formed section side plate. Seam caps are spaced on 41" centers.

12. BRAKE SYSTEM**a. Air Brake**

Standard ABDW-1012 freight car brake equipment with butt-weld type fittings, including the retainer line.

b. Braking Power - (Composition Shoes)

The brake shoe forces as determined by the brake rigging efficiency test shall be not more than 30% of the light weight of the car and not less than 6.5% of the gross rail load, based on a brake cylinder pressure of 50 pounds per square inch.

c. Brake Pipe

All pipe is extra heavy black steel in accordance with ASTM Specification A-53. The 1" and 1-1/4" pipe fittings on the brake pipe are the butt-welded type. The 1-1/4" brake pipe is butt-welded except for 1-1/4" threaded coupling at the end nipples. The angle cocks are the combination threaded and compression type with FP-5 couplings on the air hose.

d. Brake Attachments

The ABDW valve and reservoir are secured with high strength steel bolts and elastic stop nuts. Retainer valve and angle cocks are secured with elastic stop nuts.

e. Piston Travel

Piston travel is 7-1/4", plus or minus 1/4", adjusted by a double acting automatic slack adjuster.

f. Brake Rigging

The brake rigging is designed to carry forces resulting from the maximum brake cylinder pressure of 90 pounds without exceeding the A.A.R. stress limits.

12. BRAKE SYSTEM - (Continued)**g. Pipe Clamps**

All piping is secured to the underframe with wedge type pipe clamps.

Spacing is 8'-0" maximum for 1-1/4" pipe and 7'-0" maximum for 3/4" pipe.

The branch pipe tee anchor consists of one (1) anchor assembly and one (1) wedge.

h. Brake Pins - Body

The body brake pins are A.A.R. approved.

All holes for the air brake pins are drilled.

i. Brake Pin Cotters - Body

Commercial.

j. Release Rod

The release rod is 1/2" diameter open hearth steel with closed loop ends.

k. Hand Brake

The hand brake is 1966 A.A.R. approved, with an AAR-66 bell crank.

Hand brake chain is 9/16", BBB.

The hand brake is secured to the car with 5/8" standard flat neck bolts and regular hexagon nuts, with the nut welded to the bolt after proper tightening.

l. Body Brake Levers and Guides

The body brake cylinder lever is 1" thick solid full section. The two (2) vertical levers used in conjunction with the hook and eye lever connection are forged steel.

The brake lever guides will be 1-1/2" x 3/8" (O.H.S.) flat bar section, except at cylinder lever to support the slack adjuster fulcrum which is a 1-1/2" x 1/2" (O.H.S.) flat bar section secured by welding.

m. Brake Rod Jaws

The brake rod jaws are drop forged, weld on type.

12. BRAKE SYSTEM - (Continued)**n. Brake Lever Diagram Plate**

A pressed metal brake lever diagram plate is attached to the underframe near the brake cylinder.

o. Brake Cylinder Push Rod

The brake cylinder push rod faces the "B" end of the car.

13. SAFETY APPLIANCES

All safety appliances are in accordance with F.R.A. Safety Appliance Standards. All ladder treads and grab irons are 7/8" diameter, except unsupported length over 36" which are of 1" diameter. Sill steps are 2-1/2" x 3/4".

14. UNCOUPLING DEVICE

The uncoupling device is a Pullman Standard design of one inch (1") diameter (O.H.S.) steel for operating a bottom operated coupler with E-24 articulated rotary locklift assembly.

15. JACKING PAD AREAS

Four (4) per car, L6 x 4 x 1/2" (H.S.S.) rolled angle and 3/8" (H.S.S.) plate, are applied diagonally at the body bolsters at the side sill reinforcement in compliance with Paragraph 2.1.5.21. in the A.A.R. Specifications for Design, Fabrication, and Construction of Freight Cars (29" min. - 45" max.).

16. DEFECT CARD RECEPTACLE

One (1) per car.

17. OWNERSHIP MARKING

Ownership marking is to be stenciled on the car.

18. LADING ANCHORS

5/8" diameter (O.H.S.) round bar lading strap anchors are located at the door posts, full height of car.

In addition, eighty-four (84) per car, seven (7) per post, three (3) per quarter of car, 1-1/2" x 1/4" round edge bar lading strap anchors.

19. FLOOR

Pullman Standard 1-3/4" #10 Ga. (.1345") nailable steel floor, high strength low alloy copper bearing steel, 8" plank with 1/8" steel hat section reinforcement.

The floor and underframe construction are suitable for 50,000 pound lift truck loads.

The floor fillers between crossmembers on top of the center sill are 1-1/2" x 7/16" (O.H.S.).

20. MARKING

Car numbers are die stamped in 1/2" figures on the side of the car at the left-hand body bolster.

21. LUMBER

Card board material is soft wood, free from knots.

Routing Card Boards: One (1) on each side of the car located to the left of the placard board in accordance with A.A.R. requirements.

- Placard Board: One (1) on each side and one (1) on each end of the car adjacent the ladder on the BR and AL corners in accordance with A.A.R. requirements.

The routing and placard board holders are Pullman Standard make.

22. PAINING AND STENCILING**a. Cleaning**

All metal surfaces are to be free of rust, dirt, and grease prior to painting. When cleaning is required, it will be done by means of solvent, water soluble cleaner, or by shot blasting--our option.

b. Riveted or Bolted Laps and Joints

One (1) coat of zinc chromate primer is to be applied at riveted joints on sides and ends. Use Tremco JS-788 Sealant at all roof joints.

c. Welded Joints

There is no paint applied at any weld joint prior to welding.

d. Caulking

Tremco JS-788 is to be used on sealing roof, sides, end plate corners, and where required. Vulkem 631 is to be used to caulk the side sill side sheet joint.

e. Flat Neck Bolt

Tremco JS-760-W-2452 Sealant Compound is to be used to seal flat neck bolt application.

f. Sides and Ends - Outside

One (1) coat of primer followed by one (1) coat of freight car finish paint. Total dry film thickness of 2.75 mils.

g. Side Posts - Inside

The inside of the side posts is to receive a coat of primer.

h. Side Doors - Outside

The outside of the side doors is given one (1) coat of primer by the manufacturer, followed by one (1) coat of finish paint after application to car by the car builder.

i. Sides and Ends - Inside

The inside face of the steel end and the back side of the steel end lining are given one (1) coat of primer before application of end lining to car.

After the application of the end lining, the inside of the sides and face of end lining are given one (1) coat of direct-to-metal paint.

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22. PAINTING AND STENCILING - (Continued)**j. Side Doors - Inside**

The inside of the side doors is given one (1) coat of door manufacturer's standard primer by the door manufacturer. After application to the car, the doors are given one (1) coat of direct-to-metal paint.

k. Roof

The outside and the underside of the roof sheets are not painted.

Seam caps and rivet heads are painted aluminum.

l. Nailable Steel Floor

Grooves and voids at junction of flooring, sides, and ends are filled solidly up to the level of the flooring with groove filler.

Anti-Skid Floor Covering is applied until complete coverage is obtained.

m. Underframe

The underframe is given one (1) coat of primer and one (1) coat of freight car finish paint.

n. Brake Rigging

One (1) coat of primer and one (1) coat of finish paint.

o. Brake Lever Diagram Plate

One (1) coat of primer and one (1) coat of finish paint. Plates are applied to the car after the car has been completely painted.

p. Trucks Except Wheels, Axles, and Brake Shoes

The truck side frames and bolsters are given one (1) coat of primer by the truck manufacturer before shipment to the car builder, followed by one (1) coat of light bodied black paint by the car builder.

Precautions are taken to prevent the paint from contacting the treads and flanges of the wheels.

22. PAINING AND STENCILING - (Continued)

q. Stenciling

Done with white stencil paint, arrangement to suit A.A.R. requirements, in accordance with A.A.R. Manual Page L-39-A, latest revision.

Our proposition does not include any special large monogram or emblem, nor does it contemplate a two (2) tone striping or painting scheme.

r. Automatic Car Identification Labels

Automatic car identification labels are applied to each side of the car in accordance with A.A.R. requirements.

23. TRUCKS

- a. Capacity 70-Ton
- Wheel base 5'-8"
- Side bearing centers 4'-2"

b. General

The truck brake is arranged with the brake lever connection passing through the truck bolster and with hook and eye levers.

c. Axles

The axles are A.A.R. Standard 6" x 11" freight car roller bearing type, per A.A.R. Specification M-101, latest revision, non-heat treated with raised wheel seats, rough turned all over, center portion between wheel seats turned to 250 microinch body finish as shown on A.A.R. Manual Page D-11, latest revision.

d. Bolsters

The truck bolsters are A.A.R. Standard for 14" diameter bowl, 25-1/2" truck height for 220,000 pound gross rail load, cast steel Grade "B" per A.A.R. Specification M-201, latest revision, and approved in accordance with A.A.R. Specification M-202, latest revision.

e. Truck Center Plate Lubrication

Each truck center plate is lubricated as stated in Rule 47, Section (E)(5) Interchange Rules, published by the Association of American Railroads, with molybdenum disulfide powder in Varsol.

Bearing surface of the truck center plate is cleaned and free of paint, grease, and foreign matter before applying lubricant.

f. Side Frames

The truck side frames are A.A.R. Standard narrow pedestal type for roller bearings, for 220,000 gross rail load, cast steel, Grade "B", per A.A.R. Specification M-201, latest revision, and approved in accordance with A.A.R. Specification M-203, latest revision. Wear plates are of welded and lock-bolted application by the side frame manufacturer.

g. Side Bearings

The truck side bearings are single roller type riveted to the truck bolster and filler with two (2) 7/8" diameter rivets.

23. TRUCKS - (Continued)

h. Wheels

The wheels are 33" one (1) wear steel, A.A.R. design, mounted on 6" x 11" axles at a pressure of not less than 85 tons nor more than 130 tons. Wheel markings are A.A.R. Standard. Wheels to be shot peened and magnetic particle inspected.

i. Springs

The truck springs are A.A.R. Standard, 3-11/16" travel, in accordance with A.A.R. Specification M-112, latest revision, for material and M-114, latest revision, for design.

j. Roller Bearings

The roller bearings are A.A.R. Standard, pregreased and preassembled, "NFL" type, narrow pedestal type for 6" x 11" journals, mounted on the axles in accordance with the manufacturer's latest recommendations.

k. Roller Bearing Adapters and Retainer Frame Keys

The roller bearing adapters are the latest A.A.R. Standard for 6" x 11" journals, finish machined to suit narrow pedestal side frame, without provisions for application of heat indicators, and without roller bearing retainer keys.

l. Brake Beams

The brake beams are A.A.R. Standard No. 18 beams of the Unit type with iron shoe rejection feature.

m. Brake Beam Wear Plates

For use with A.A.R. Standard No. 18 Unit type beams.

n. Brake Shoes

2" composition brake shoes.

o. Brake Shoe Key

Brake shoe key is A.A.R. Standard.

p. Brake Pins - Truck

The brake pins are A.A.R. approved forged type made of open hearth steel.

q. Brake Pin Cotter - Truck

Commercial.

r. Center Pins

The center pins are 1-3/4" diameter, 15" long with one end tapered.

s. Roller Bearing Retainer Frame Key

Without

24. BODY

The car is equipped with the following items.

Air Brakes	ABDW-1012
Air Brake Pipe Fittings	Butt-Weld Type
Angle Cocks	Ball Type
Angle Cock Holders	
Automatic Car Identification Labels	
Brake Levers	
Brake Pins	AAR Approved
Brake Rod Jaws	Weld-On Type
Branch Pipe Tee Anchor	
Center Plates	Drop Forged - 13-3/4" Dia. Min. 300 B.H.N., with 1" Flange
Chain	"BBB"
Cotters	Commercial
Coupler Key Retainers	Hairpin Type
Coupler Release Rigging	
Couplers	AAR Straight Shank Type E60C-HT, Solid Butt, Single Artic. Locklift Bottom Operating, High Tensile Cast Steel
Defect Card Receptacle	
Doors (With Fixtures)	10'-5" Wide Sliding Type Door to suit 10'-0" Door Opening
Draft Gears	10" End of Car Cushion Unit, Type "ME"
Ends	1/4" Bottom (HSS) 3/16" Top (HSS)

24. BODY - (Continued)

End Lining	5/32" (HSS)
End Platforms	Steel - Galvanized AAR Approved
Floor	Available Steel
Hand Brakes	AAR 1966 Approved Vertical Wheel Type w/AAR-66 Bell Crank
Lading Strap Anchors at Door Post	5/8" Diameter Bar on Door Posts
Lading Anchors at Hat Section Side Posts	84 per car 1-1/2" x 1/4" Round Edge Bar Type
Pipe Clamps	Wedge Type
Roof	1/8" per 12" Pitch Galvanized, Welded and Riveted Design
Side Bearing	
Slack Adjuster	Double Acting Automatic
Threshold Plate	

May 1, 1978

25. TRUCKS

The trucks are equipped with the following items.

Axles	AAR Standard, 6" x 11" M-101, Non-Heat Treated
Bolsters	AAR Approved Pattern Grade "B" Cast Steel
Brake Beams	Unit Type #18
Brake Beam Wear Plates	For Unit Type #18 Beams
Brake Levers	
Brake Lever Bottom Connection	
Brake Pins	
Brake Shoes	2" Composition
Brake Shoe Keys	
Cotters	Commercial
Roller Bearings	6" x 11" "NFL" Type, Pregreased and Preamsembled
Roller Bearing Adapters	6" x 11" Narrow Pedestal Without Heat Indicators
Side Bearings	Single Roller
Side Frames	AAR Approved Pattern Grade "B" Cast Steel
Springs	3-11/16" Travel
Wheels	33" Diameter One (1) Wear

EXHIBIT CGUARANTY

In order to induce McDonnell Douglas Finance Corporation (hereinafter "Vendor") to consummate the transactions contemplated by the Conditional Sale Agreement (hereinafter the "Agreement") dated as of April 6, 1979 between the Vendor and a wholly-owned subsidiary of the undersigned, namely Rex Railways, Inc. (hereinafter "Vendee"), the undersigned (hereinafter "Guarantor") hereby irrevocably and unconditionally guarantees to the Vendor and its successors and assigns, payment by the Vendee of all sums to be paid by the Vendee under the terms of the Agreement, including, without limitation, the Conditional Sale Indebtedness evidenced by the Note (as those terms are defined in the Agreement), when and as such sums become due (whether as stated, by acceleration or otherwise), without offset, deduction, defense or counterclaim, and further guarantees full and timely performance of all other obligations and acts by the Vendee to be performed under the Agreement. This Guaranty is an absolute, continuing and unlimited guarantee of payment and not of collection, and Vendor, its successors and assigns, shall not be required to proceed first against the Vendee, or against any other person, firm or corporation, or against any collateral or security held by the Vendor, before resorting to and claiming against the Guarantor for payment or performance. The obligations of the Guarantor hereunder shall not be affected, impaired or relieved by reason of the invalidity or unenforceability of any obligation or indebtedness of the Vendee guaranteed by the Guarantor under this Guaranty.

The Guarantor hereby waives notice of acceptance hereof, diligence, presentment, demand of payment or otherwise, filing of claims in the event of receivership or bankruptcy of the Vendee, any right to require a proceeding first against the Vendee or any other person or any collateral or security held by the Vendor, and notice with respect to any obligations of the Vendee under the Agreement or the Note or otherwise.

The Guarantor agrees that it shall not assert any right of subrogation or contribution in respect of the Note or the Agreement unless and until Vendor shall have received payment in full of all amounts due or which may become due under this Guaranty, the Note or the Agreement. The Guarantor further agrees that if any payment made by the Vendee or any other person with respect to the princi-

pal of, premium, if any, or interest on the Note is subsequently recovered from or repaid by the recipient thereof, in whole or in part, in any bankruptcy, reorganization, insolvency or similar proceeding instituted by or against the Vendee or any other such person or otherwise, this Guaranty shall continue to be fully applicable to the same extent as though the payment so recovered or repaid had not been originally made.

The Guarantor hereby represents and warrants that the Guaranty contained herein is within its corporate power and authority; does not violate any provisions of law, rule, regulation or decree or its Articles of Incorporation or By-Laws currently in force or of any mortgage, indenture, loan agreement or other instrument to which the Guarantor is a party or binding upon it or any of its properties; will not result in or give rise to any lien, encumbrance, security interest or charge upon any property of the Guarantor; and is a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms. The Guarantor hereby consents to the forbearance by Vendor against the Vendee or any renewal, extension, or acceleration of the Conditional Sale Indebtedness or the Note, and further consents to the granting of consent by Vendor to any modifications of the Agreement or the Note which do not increase the principal amounts payable thereunder.

The Vendor may settle, release on terms satisfactory to the Vendor or by operation of law or otherwise, or compromise, collect or otherwise liquidate any indebtedness of the Vendee and/or any collateral security therefor in any manner deemed advisable by the Vendor, all without in any way diminishing, releasing or discharging the Guarantor's liability hereunder. Further, the Guarantor hereby waives notice of, and consents to, the release, substitution, withdrawal, waiver, exchange or any other application or alteration, of any collateral security by Vendor. The rights of the Vendor hereunder are cumulative and this Guaranty shall be governed by the laws of the State of New Jersey and shall be binding upon the successors and assigns of the Guarantor and shall inure for the benefit of the successors and assigns of the Vendor.

The Guarantor agrees to pay to the Vendor any and all costs and expenses incurred by the Vendor in the enforcement of or the collection of amounts due under this

Guaranty, including reasonable attorneys' fees and disbursements and other expenses of collection.

IN WITNESS WHEREOF, the undersigned hereunto has caused this Guaranty to be executed as of the 6th day of April, 1979.

(Seal)

Attest:

REX-NORECO, INC.

By _____
President

EXHIBIT E

LEASE AGREEMENT ASSIGNMENT

DATED AS OF APRIL 6, 1979

FROM

REX RAILWAYS, INC., as ASSIGNOR

TO

MCDONNELL DOUGLAS FINANCE CORPORATION,
as ASSIGNEE

(COVERING 50 GENERAL PURPOSE BOX CARS)

Filed and recorded with the Interstate Commerce
Commission pursuant to 49 U.S.C. 11303 on _____,
1979 at _____, recordation number _____.

LEASE AGREEMENT ASSIGNMENT dated as of April 6, 1979 given by REX RAILWAYS, INC., a New Jersey corporation (hereinafter called the "Assignor"), to MCDONNELL DOUGLAS FINANCE CORPORATION, a Delaware corporation (hereinafter called the "Vendor" or "Assignee").

WHEREAS the Vendor and the Assignor have entered into a conditional sale agreement dated as of the date hereof (hereinafter the "Conditional Sale Agreement") covering the sale and delivery, on the conditions therein set forth, by the Vendor and the purchase by the Assignor of the railroad equipment described in the Conditional Sale Agreement (said equipment being hereinafter called collectively the "Equipment" or "Units" and individually a "Unit"), the obligations of the Assignor under the Conditional Sale Agreement being guaranteed by Rex-Noreco, Inc., a New Jersey corporation (hereinafter the "Guarantor"); and the Assignor is entering into a lease agreement dated as of October 12, 1978 with Lamaille Valley Railroad Company, Morrisville, Vermont, a Vermont corporation, as Lessee, providing for the Lease of the Equipment on the terms and conditions therein set forth (hereinafter the "Lease Agreement"); and

WHEREAS, it is a condition to the obligations of the Vendor under the Conditional Sale Agreement that the Vendor shall have executed and delivered this Assignment in order to assign and transfer to the Assignee, as collateral security, the security title, rights, and interests of the Vendee as lessor under the Lease Agreement in the Units, all upon and subject to the terms and conditions more fully set forth herein:

NOW, THEREFORE, WITNESSETH:

That in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration paid by the Assignee to the Assignor, the receipt of which is hereby acknowledged, and the mutual covenants herein contained:

1. The Assignor hereby assigns, transfers and sets over unto the Assignee, as collateral security for the payment and performance of the obligations of the Assignor under the Conditional Sale Agreement, all the Assignor's right, title and interest, powers, privileges, and other benefits under the Lease, including, without limitation, but subject to the provisions of paragraph 12 below, the immediate right to receive and collect all rentals, profits, proceeds and other sums payable to or receivable by

the lessor under or pursuant to the provisions of the Lease whether as rent, mileage credits, purchase prices, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of a default specified in the Lease, and to do any and all other things whatsoever which the lessor is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Assignor hereby irrevocably authorizes and empowers the Assignee in its own name, or in the name of its nominee, or in the name of the Assignor or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the lessor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Assignee agrees to accept any Payments for the account of the lessor pursuant to the Lease. To the extent received, the Assignor will apply such Payments to satisfy the obligations of the Assignor under the Conditional Sale Agreement and remit any balance to the Assignor in the manner and subject to the terms and conditions set forth in the Conditional Sale Agreement.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Assignee to, or transfer, or pass, or in any way affect or modify, the liability of the lessor under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the lessor to the lessee under the Lease shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the lessor or persons other than the Assignee.

3. The Assignor will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides are to be performed by the lessor; without the written consent of the Assignee, the Assignor will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Assignor agrees that any amendment, modification or termination thereof without such consent shall be void.

4. The Assignor does hereby constitute the Assignee the Assignor's true and lawful attorney, irrevocably, with full power (in the name of the lessor, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the lessor is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Assignee may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all sums due from the Assignor to the Assignee under the Conditional Sale Agreement, this Assignment and all rights herein assigned to the Assignee shall terminate, and all estate, right, title and interest of the Assignee in and to the Lease shall revert to the Assignor.

6. The Assignor will pay and discharge any and all claims, liens, charges or security interests (other than those created by the Conditional Sale Agreement or this Assignment) on the Lease or the Payments due or to become due thereunder claimed by any party from, through or under the Assignor, or its successors and assigns (other than the Assignee), including tax liens arising out of the receipt of the income and proceeds from the Units, which, if unpaid, might become a claim, lien, charge or security interest on or with respect to the Lease or such Payments, but the Assignor shall not be required to pay or discharge any such claims, liens, charges or security interests so long as it is contesting the same in good faith by appropriate proceedings and the nonpayment thereof does not, in the opinion of the Assignee, adversely affect such interests of the Assignee.

7. The Assignor represents to the Assignee that the Lease is in full force and effect without default by the Assignor thereunder or to the best of the Assignor's knowledge, by the Lessee thereunder, and the Assignor further represents to the Assignee that the Assignor has not executed, made or consented to any other assignment, pledge, encumbrance of or security interest on, the subject matter of the assignment hereby made to the Assignee. The Assignor will, from time to time, execute, acknowledge and deliver any and all further instruments and assurances required by law or reasonably requested by the Assignee in order to confirm or further assure the interest of the Assignee hereunder.

8. The Assignee may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Assignee hereunder.

9. This Assignment shall be governed by the laws of the State of New Jersey, but the parties shall be entitled to all rights conferred by 49 U.S.C. 11303.

10. The Assignor shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Assignee at its address set forth in Article 24 of the Conditional Sale Agreement or at such other address as the Assignee shall designate.

11. The Assignee hereby agrees with the Assignor that the Assignee will not, so long as no default under the Conditional Sale Agreement has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or remedies conferred by Paragraph 11 of the Lease upon the occurrence of a default by the Lessee thereunder, without the prior consent of the Assignor.

12. Notwithstanding anything else contained in this Assignment, Assignor shall cause all checks, drafts and remittances constituting Payments under the Lease of any kind or character or arising from or in connection with the Equipment (other than payments which are required to be paid directly to the Assignee in accordance with the Conditional Sale Agreement) to be delivered to Post Office Box 968, Englewood Cliffs, New Jersey (hereinafter the "Post Office Box") and so long as no default under the Conditional Sale Agreement has occurred and is continuing, Assignor shall cause such Payments to be removed from the Post Office Box at regular intervals of not more than three business days and to be immediately deposited in Account Number 119-026-27-9 entitled "Lamoille Valley Railroad Company Special Account" at the United Jersey Bank located at 750 Palisade Avenue, Englewood Cliffs, New Jersey (hereinafter the "Bank Account"). Assignee (and its officers from time to time authorized by it) shall have the right to withdraw funds from the Bank Account to pay amounts then due and owing to Assignor under the Conditional Sale Agreement. The arrangements provided for herein shall be irrevocable, except that upon not less than 90 days prior written notice to the Assignee, Assignor

may change the place and number of the Post Office Box and the Bank Account. The Post Office Box shall at all times be rented and paid for in advance and evidence thereof shall be furnished to Assignee. Assignee may terminate Assignor's access to the Post Office Box and to the Bank Account at any time after a default has occurred and is continuing under the Conditional Sale Agreement, provided that Assignor shall remain obligated to assist Assignee in the collection of Payments for application under the Conditional Sale Agreement in all reasonable ways Assignee may request. It is understood and agreed that if at any time after the date of this Assignment it shall become feasible, as a result of changes in the rules or the Interstate Commerce Commission or the American Association of Railroads or otherwise, to make Payments arising under the Lease payable directly to Assignee, the parties will make such arrangements, will execute and deliver any supplement hereto or other documents or instruments, and take such other actions, including recordings or filings as may be reasonably requested by Assignee in order to provide for the same and to protect and publish notice of Assignee's security interest hereunder and thereunder.

IN WITNESS WHEREOF, the parties hereto, pursuant to due corporate authority, have caused this instrument to be executed in their respective corporate names by duly authorized officials, all as of the date first above written.

REX RAILWAYS, INC., as Assignor

Witness:

By _____

Title:

MCDONNELL DOUGLAS FINANCE
CORPORATION, as Assignee

Witness:

By _____

Title:

CONSENT AND AGREEMENT

The undersigned, Lamoille Valley Railroad Company, a Vermont corporation (hereinafter called the Lessee), the lessee named in the Lease Agreement (hereinafter called the Lease) referred to in the foregoing Lease Agreement Assignment (hereinafter called the Lease Assignment), hereby (a) acknowledges receipt of a copy of the Lease Assignment and (b) consent to all the terms and conditions of the Lease Assignment, and agrees that:

(1) the Lessee will pay all rentals, casualty payments, purchase prices, liquidated damages, indemnities and other moneys provided for in the Lease (which moneys are hereinafter called the Payments) due and to become due under the Lease or otherwise in respect of the Units leased thereunder, without any set-off, abatement, counterclaim, deduction or defense whatsoever, in the manner provided in the Lease Assignment;

(2) the Assignee shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Assignee were named therein as the Lessor;

(3) the Assignee shall not, by virtue of the Lease Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) the Lease shall not, without the prior written consent of the Assignee, be terminated or modified, nor shall any action be taken or omitted by the Lessee the taking or omission of which might result in an alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement, when accepted by the Assignee by signing the acceptance at the foot hereof, shall be deemed to be a contract, effective as of the date of acceptance, under the laws of the State of New Jersey and, for all purposes, shall be construed in accordance with the laws of said State.

LAMOILLE VALLEY RAILROAD COMPANY

By _____
(Title)

Accepted as of the 6th day of April, 1979

MCDONNELL DOUGLAS FINANCE CORPORATION, Assignee

By: _____
Title:

STATE OF)
 : SS.
COUNTY OF)

On this day of April, 1979, personally ap-
peared before me
to me personally known, who being by me duly sworn, says
he is President of Lamoille Valley Railroad Company, that
said instrument was signed 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.

[seal]

Notary Public in and
for said County and State

My commission expires _____

EXHIBIT G

PROMISSORY NOTE

\$ _____

April 20, 1979

FOR VALUE RECEIVED, REX RAILWAYS, INC. ("Borrower") promises to pay to the order of MCDONNELL DOUGLAS FINANCE CORPORATION ("Lender"), at the office of The Chase Manhattan Bank, N.A., New York, N.Y. 10015 (at the Lender's account #910-1-307412) or at such other office and/or account as the Lender shall hereafter specify in a written notice given to the Borrower, in lawful money of the United States of America and in immediately available funds, the principal amount of _____ Dollars (\$ _____) and to pay interest at such office in like money and funds from the date hereof on the unpaid principal amount hereof, until payment in full of such unpaid principal amount at the rate of 12.90% per annum until maturity (whether as stated, by acceleration or otherwise).

The principal amount hereof and interest thereon shall be paid as follows: (i) 11 equal monthly installments of principal and interest, each such installment to be in an amount equal to 1.25867% of the original principal amount hereof, shall be payable on the twentieth day of each month (or if such day is not a business day as defined in the Conditional Sale Agreement hereinafter mentioned, then on the first such day thereafter) commencing with May 20, 1979 and ending with March 20, 1980, and (ii) a final installment of principal and interest in an amount equal to 98.91954% of the original principal amount hereof shall be payable on April 20, 1980; the aggregate of such installments being intended fully to amortize the principal amount hereof and to pay all interest accrued thereon by and as of April 20, 1980.

This Note is the Note referred to in a Conditional Sale Agreement dated as of April 6, 1979, between the undersigned and the Lender and is entitled to the benefits thereof is secured as provided therein and may be prepaid in whole or in part at any time without prepayment premium as provided therein.

Upon the occurrence of any one or more of the Events of Default specified in said Conditional Sale Agreement, the amounts then remaining unpaid on this Note may be declared to be immediately due and payable.

Interest shall accrue, to the extent legally enforceable, at the rate of 15% per annum, or at such lesser rate as may be legally enforceable, on all overdue payments of principal hereof (whether such payments are due at stated maturity, by acceleration or otherwise). Each monthly payment made hereunder by Borrower shall be deemed to have been applied first to the payment of all interest accrued hereon and unpaid as of the date such monthly payment is required to have been made and thereafter to the outstanding principal amount hereof.

The Borrower hereby waives diligence, presentment, demand for payment, notice of dishonor or other notice in connection with the Note, or any right to require a proceeding first against any collateral or security held by the Lender under the Conditional Sale Agreement or otherwise.

This Note shall be governed by and construed under the laws of the State of New Jersey.

Should the indebtedness represented by this Note be collected in any legal proceeding or placed in the hands of attorneys for collection after default, the undersigned agrees to pay, in addition to all other amounts due hereunder, reasonable attorneys' fees and expenses of collection.

REX RAILWAYS, INC.

Witness:

By _____
Title:
