

LAW OFFICES
RICHARD MARTIN CONTINO
717 FIFTH AVENUE
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212-759-5648

RECORDATION NO. 10268-1 Filed 1425
NOV 16 1979 - 2 30 PM
INTERSTATE COMMERCE COMMISSION

November 15, 1979

9-320A075

NOV 16 1979

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FEE OPERATION DR.
I.O.C.

Mr. Gordon H. Homme, Jr.
Secretary
Interstate Commerce Commission
Room 2215
Washington, D. C. 20423

Dear Mr. Homme:

CC Washington, D. C.

As counsel for Rex Railways, Inc. ("Rex"), a New Jersey corporation, I have been requested by Rex to submit to you for filing pursuant to Section 11303, Title 49, United States Code the enclosed Release dated the date of delivery of this letter relating to the release of all of McDonnell Douglas Finance Corporation's security interest in (i) a Lease Agreement (the "Lease"), dated as of October 12, 1978, between Rex, as lessor, and the Lamoille Valley Railroad Company, as lessee, and (ii) the Cars, as hereinafter defined. The Lease was filed with the Interstate Commerce Commission on April 9, 1979 (Recordation No. 10268-A) and provides for the leasing of railroad cars (the "Cars") bearing road numbers LVRC 4050 through 4099, inclusive.

I am delivering three manually executed copies of the Release. I would appreciate it if you would have two copies stamped as recorded and returned to me at your earliest convenience. The required filing fee is also being delivered with this letter.

Thank you for your assistance.

Very truly yours,

Law Offices
RICHARD MARTIN CONTINO

By 

RMC/lis
Encl.

cc: Mark A. Salitan
E. Lowell Dinius

Counterparts - David H. Cox

David H. Cox

RECORDATION NO. *10268-2*

Filed 1425

NOV 16 1979-2 30 PM

INTERSTATE COMMERCE COMMISSION

RELEASE

dated as of

November *15*, 1979

Given by

McDonnell Douglas Finance Corporation,
a Delaware corporation

to

American Fletcher Leasing Corporation,
an Illinois corporation

and

Rex Railways, Inc.,
a New Jersey corporation

RELEASE

RELEASE dated as of November 15, 1979 given by McDONNELL DOUGLAS FINANCE CORPORATION, a Delaware corporation ("McDonnell"), to AMERICAN FLETCHER LEASING CORPORATION, an Illinois corporation ("AFLC") and REX RAILWAYS, INC., a New Jersey corporation ("Rex").

WHEREAS, pursuant to a Conditional Sale Agreement, dated as of April 6, 1979, between McDonnell and Rex, recorded with the Interstate Commerce Commission ("ICC") on April 9, 1979 (Recordation No. 10268-B) in accordance with 49 U.S.C. 11303 ("the Act"), McDonnell sold to Rex 50 general purpose box cars more fully described in Schedule I attached hereto (the "LVRC Cars"), subject to retention by McDonnell of Security Title (as defined in such Conditional Sale Agreement) to such cars as security for the Note dated April 20, 1979 in the original principal amount of \$1,684,275 (the "LVRC Note") issued by Rex to McDonnell and any and all other indebtedness, liabilities and obligations of Rex incurred under such Conditional Sale Agreement (such Conditional Sale Agreement is hereinafter called the "LVRC Agreement" and the indebtedness, liabilities and obligations of Rex under the LVRC Note and the LVRC Agreement are hereinafter sometimes called the "LVRC Obligations");

WHEREAS, Rex leased the LVRC Cars to the Lamoille Valley Railroad Company, a Vermont corporation ("LVRC"), as lessee, under a Lease Agreement dated as of October 12, 1978 (the "LVRC Lease"), recorded with the ICC on April 9, 1979 (Recordation No. 10268-A) in accordance with the Act, and simultaneously therewith assigned to McDonnell all of Rex's rights, as lessor, under the LVRC Lease as collateral security for the LVRC Obligations, pursuant to a Lease Agreement Assignment, dated as of April 6, 1979 from Rex to McDonnell, (the "Assignment"), recorded with the ICC on April 9, 1979 (Recordation No. 10268-C) in accordance with the Act as amended by Amendment No. 1 to the Assignment dated as of April 6, 1979 recorded with the ICC on April 20, 1979 (Recordation No. 10268-E) in accordance with the Act (collectively referred to as the "LVRC Assignment");

→ WHEREAS, pursuant to a Cross-Collateralization Agreement dated as of April 6, 1979 between Rex and McDonnell (the "Cross-Collateralization Agreement"), recorded with the ICC on April 9, 1979 (Recordation No. 10268-D) in accordance with the Act, Rex, as additional collateral security for the due and punctual payment and performance of all obligations,

liabilities, indebtedness and covenants of Rex to McDonnell under a Conditional Sale Agreement dated as of March 9, 1979 between Rex and McDonnell (recorded with the ICC on March 12, 1979), by which McDonnell sold to Rex fifty 70-ton, 50'6" general purpose box cars (Road Numbers BM 79050 through 79099, inclusive) and under a Note issued by Rex to McDonnell pursuant to such Conditional Sale Agreement, sold, conveyed, assigned, transferred and granted to McDonnell a security interest in the following collateral (hereinafter referred to collectively as the LVRC Collateral):

- (a) the LVRC Cars, including any and all additions to such 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 LVRC Agreement as provided in Article 6 thereof, and all proceeds and profits arising therefrom; and
- (b) the LVRC Lease, and all of the lessor's estate, right, title, interest, claim and demand in, to and under the LVRC Lease, together with all rights, privileges, options and other benefits of the lessor under the LVRC Lease, and all proceeds and profits arising therefrom; and

WHEREAS, AFLC is willing to loan Rex a sum of money sufficient to enable Rex to pay off the outstanding indebtedness evidenced by the LVRC Agreement provided McDonnell, in addition to transferring all its right, title and interest in and to the LVRC Cars to Rex, fully releases and discharges all of its right, title and interest, including but not limited to its security interest with respect to the LVRC Collateral;

NOW, THEREFORE, in consideration of the payment to McDonnell of the sum of \$1.00 and other good and valuable consideration, the receipt of which is hereby acknowledged, McDonnell hereby agrees as follows:

SECTION I - RELEASE

McDonnell hereby fully releases and discharges (i) all of its right, title and interest, including but not limited to its security interest, which it has with respect to the LVRC Collateral arising out of the Cross-Collateralization Agreement, (ii) all of its right, title and interest, including but not limited to its security interest, with respect to the LVRC Collateral arising out of the LVRC Agreement and the LVRC Assignment, and (iii) any other lien, security interest or rights it may have with respect to the LVRC Collateral.

SECTION 2 - FILING AUTHORIZATION

AFLC is hereby authorized to file and record this Release with the Interstate Commerce Commission and to do all such other acts as may be necessary to effect the intent of this Release.

SECTION 3 - FURTHER ASSURANCES

McDonnell, for itself and its successors and assigns, further covenants and agrees (at no expense to McDonnell) to do, execute and deliver, or to cause to be done, executed and delivered, all such further acts, transfers and assurances, for the better assuring, conveying and confirming unto AFLC and its successors and assigns, all and singular, the release of all of its right, title and interest, including but not limited to its security interest, with respect to the LVRC Collateral as contemplated hereby as AFLC or its successors and assigns shall request.

SECTION 4 - SUCCESSORS AND ASSIGNS

This Release shall inure to the benefit of AFLC and Rex and their successors and assigns and shall be binding upon McDonnell and its respective successors and assigns and shall survive the execution and delivery hereof.

SECTION 5 - GOVERNING LAW

This Release shall be governed by the laws of the State of Illinois.

IN WITNESS WHEREOF, McDonnell has caused this Release to be executed on the day and year first above written.

MCDONNELL DOUGLAS FINANCE CORPORATION

By *M. Rosen*
Title *So. Vice-President*

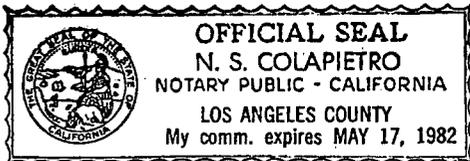
(seal)

ATTEST:

Charles H. Johnson
Assistant Secretary

STATE OF California
Los) SS:
COUNTY OF Angeles

On this 12th day of November , 1979, before me personally appeared, G. M. Rosen , to me personally known, who being by me duly sworn, says that he is the Senior Vice President 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.



N. S. Colapietro
Title of Officer

(seal)

My Commission expires: May 17, 1982

SCHEDULE I

Description of the LVRC Cars

<u>Specifications</u>	<u>Quantity</u>	<u>Lessee's Road Numbers (Both Inclusive)</u>
XM 70-ton, 50'6" General Purpose Box Cars	50	LVRC 4050 - 4099

EXHIBIT A

1616 H Street, N. W.
Washington, D. C. 20006
(202) 638-5522



Pullman Standard

Freight Unit

99 Park Avenue
New York, New York 10016
(212) 697-5780

5909 West Loop South
Suite 555
Bellaire Texas 77401
(713) 666-3505

May 11, 1978

Mr. Robert W. Gruber
President
Rex Railways, Inc.
616 Palisade Avenue
Englewood Cliffs, New Jersey 07636

Subject: 500 - 70-Ton 50'6" Box Cars

Dear Mr. Gruber:

PULLMAN STANDARD (hereinafter called "Seller") hereby offers to construct for, sell and deliver to Rex Railways, Inc., (hereinafter called "Buyer") 70-Ton, 50'6" All Steel, Single Sheath Box Cars 10" E.O.C. Cushion, in accordance with Seller's Bidding Specification No. 3809 dated May 1, 1978, two (2) copies which are enclosed and made a part hereof, in quantities and at price as hereinafter shown.

The price quoted is not subject to escalation with the understanding that Seller controls the source of supply of materials entering into the construction of these cars. Price quoted is further subject to terms and conditions as set forth herein and in Attachment 1, listed below and made a part hereof, which, together with this letter constitute Seller's proposal.

1. FORM I

GENERAL CONDITIONS (3 Pages)

PRICING DATA:

QUANTITY:

500 Cars

PLANT BASIS:

Bessemer, Alabama

DELIVERY POINT:

F.O.B. Tracks
Bessemer, Alabama



Mr. R. W. Gruber

- 2 -

May 11, 1978

PRICING DATA: (cont'd)

DELIVERY COMMENCING:	2nd Quarter, 1979
PRICE PER CAR:	500 Cars \$39,320.00

The price and delivery quoted are offered on the premise that we would receive a commitment for your cars by June 5, 1978 enabling us to purchase material. If offer cannot be accepted within this time frame, Seller reserves the right to refigure cost, requote price, or withdraw proposal.

Because of current market conditions, Seller wishes to re-emphasize that all terms, including price considerations, are offered on the basis of the delivery indicated, which is subject to prior sale. In the event space is sold to other customers or order is not received by above date, Seller reserves the right to refigure cost, requote price or withdraw proposal.

This proposal is tendered with the understanding that Seller shall not be obligated to proceed hereunder until Buyer has made arrangements satisfactory to Seller's Financial Department that funds will be available to pay for these cars when ready for delivery.

DELIVERY SCHEDULE:

Delivery will be made at the rate of approximately 16 cars per day. Delivery is further subject to terms and conditions outlined in the Delivery Paragraph of the attached General Conditions.

Delivery quoted is based on receipt of material by the Seller in time to meet commitment as set forth in this proposal. Should a delay in delivery or availability of the specified material cause a delay in Seller's production, Seller reserves the right to adjust the delivery schedule accordingly, to adjust the selling price to reflect both increased labor and material costs incurred as a result of material delay.

As previously stated, labor will not be subject to escalation, and this is predicated on building and shipping these cars on or before June 30, 1979. For cars built and delivered on and after July 1, 1979 labor will be subject to escalation.



Mr. R. W. Gruber

- 3 -

May 11, 1978

Paint and stencil requirements will be in accordance with the A.A.R. minimum. Should you have any additional requirements, please forward this information at your earliest convenience, and we will present any additional cost which may apply.

If order is received under this proposal, a final building specification will be furnished to the Buyer. The number of such specification will correspond to the lot number assigned by Seller to the order.

Acceptance of an order under this proposal is with the understanding and on the condition that Rex-Noreco, Inc., of which Rex Railways, Inc. is a wholly-owned subsidiary, shall be obligated for payment of the full purchase price of these cars in the event that Rex Railways, Inc. shall default in the payment of said purchase price pursuant to the General Conditions attached. All other terms and conditions included in our proposal shall apply to this transaction.

This letter has been prepared in triplicate. Kindly indicate your acceptance of this proposal by having all three copies executed in the space provided and return one copy to the attention of our Mr. Fred W. Bainbridge.

Again, may we extend our thanks for this valued order, and may we look forward to being of service to you in the future.

Sincerely,

HUGH W. FOSTER
Senior Vice President, Marketing

/JMD/l sj

cc: Mr. F. W. Bainbridge

ACKNOWLEDGED AND ACCEPTED:

REX RAILWAYS, INC.
Wholly-Owned Subsidiary of
Rex-Noreco, Inc.

REX-NORECO, INC.

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

FORM I - GENERAL CONDITIONS

SPECIFICATIONS:

Cars ordered under this proposal will be constructed in accordance with building specification bearing lot number assigned to the particular order, and such building specification will incorporate all of the features of estimating specification as well as all changes that have been mutually agreed upon between Buyer and Seller. Seller will advise Buyer the lot number of building specification, and this new number will be incorporated in all contract papers.

In the event that it shall become impossible for Seller to secure any materials required for the building of these cars in exact accordance with specification requirements, by reason of Government regulations, or by reason of priorities given to defense orders, or for any other reason beyond the control of Seller, the Seller may make changes in the specifications not materially affecting the strength or efficiency of the cars for railroad use and interchange and the Buyer agrees that it will not unreasonably withhold its consent to such substitutions.

INSPECTION:

Seller will give Buyer full opportunity to inspect cars during construction at Seller's plant. On completion of each car, Buyer will arrange for final inspection thereof at Seller's plant, and Buyer's representative will execute the usual form of certificates of inspection covering all cars found to be completed in accordance with the specifications and will deliver said executed certificate to Seller at Seller's plant at time of final inspection. Each inspection certificate, with respect to cars covered thereby, shall be final and conclusive evidence that such cars conform in workmanship, material, and construction, and in all other respects to the requirements and provisions of order or contract for the cars.

DELIVERY:

The delivery of the cars is contingent upon date of acceptance of this offer, upon Seller's ability to secure steel, and other materials to enable Seller to meet production requirements for these cars, as well as for cars which Seller now has on order which precede these cars in Seller's schedule. Time of delivery is also subject to prior sale of space, prompt settlement of all details and to delays due to strikes, fires, accidents, or any other causes or contingencies beyond Seller's control. Under no circumstances will delay in delivery of cars not due to Seller's willful act or gross negligence be considered as a default under this proposal; nor shall application of price adjustment provisions on account of changes in material prices (when applicable) or effective rate of compensation (when applicable) be restricted by reason of such delays; nor will Seller be under obligation to arrange for shipment and acceptance of any required materials in advance of its actual needs.

FORM I - GENERAL CONDITIONS

ACCEPTANCE OF ORDER:

Buyer shall furnish to Seller, promptly after receipt of a request therefor, such financial and other information concerning Buyer and its purchase of the cars as Seller may reasonably request and any acceptance by Seller of an order placed pursuant to this proposal is subject to approval of such order by Seller's Financial Department after receipt of such information.

ACCEPTANCE OF CARS:

Upon delivery of cars to the authorized representative of Buyer at place designated for delivery by Buyer, Buyer or its authorized representative will execute and deliver to Seller a certificate of acceptance and counterparts as requested.

TERMS OF PAYMENT:

Seller will determine the number of cars to be included in each closing based upon the total number of cars included in an order and upon the rate of delivery of such cars to Buyer. After such determination has been made, Seller will submit to Buyer its invoice for the purchase price, determined in accordance with this proposal, of the cars to be included in each closing accompanied by a bill of sale and such other documents as may be reasonably requested by Buyer. Buyer shall wire transfer federal funds to Seller for the full amount of purchase price of the cars covered by each such invoice within ten (10) business days after the date of such invoice. The term "business days" means calendar days excluding Saturdays, Sundays and legal holidays.

TAXES:

In addition to the price of the cars, Buyer shall pay Seller in cash, on demand, for any local, State or Federal Taxes (other than net income, excess profits and similar taxes) or licenses, including penalties, interest, and expenses in connection therewith, levied or imposed upon and paid by Seller with respect to, or measured by the sale of, use, payment, shipment, delivery or transfer of title to the cars under any law, rule, regulation, or order of any governmental authority.

PATENTS:

Seller will protect and defend Buyer against all liabilities that may arise from any claim that the use of any patented article or design in the manufacture of these cars constitutes an infringement of any patent, except that with respect to any article or design specified by Buyer and not manufactured by Seller or which is furnished or supplied by Buyer, the Buyer will in like manner protect and defend the Seller from all liabilities.

FORM I - GENERAL CONDITIONS

WARRANTY:

Seller guarantees to build the cars in accordance with the applicable specifications, and that the cars will be free from defects in material and workmanship under normal use and service. Seller's obligation under this warranty shall be limited to making good at its plant any part or parts of any car which shall be returned to the Seller within one year after delivery of such car, with transportation charges prepaid and which Seller's examination shall disclose with satisfaction such part or parts to have been thus defective; provided, however, this warranty shall be subject to the following exclusions and conditions:

1. Items or specialties, specified or supplied by the Buyer and not manufactured by the Seller, are excluded from this warranty.
2. Warranty coverage on car running gear and contact points to car structure is limited to one (1) year or 25,000 miles, whichever first occurs. (Car running gear and contact points to car structure utilize components to A.A.R. specifications to provide maximum car service life. The direct relationship between car mileage and service life limits the coverage of these components as specified in this item 2.)
3. Normal use and service may require inspection, adjustment, maintenance, and compliance with all regulatory agencies' known or pending requirements and/or Seller's instructions. This obligation is the Buyer's responsibility and such performance is necessary to preserve stated warranty coverage.

This warranty is expressly in lieu of all other warranties, expressed or implied, including any implied warranties of merchantability or fitness for a particular purpose and of all other obligations or liability on the part of the Seller. The Seller shall not be liable for indirect, consequential or special damages of any kind.

MAILGRAM SERVICE CENTER
MIDDLETOWN, VA. 22645



4-023822E177002 06/26/78 ICS IPMMTZZ CSP NWKB
1 2015678300 MGM TDMT ENGLEWOOD CLIFFS NJ 06-26 1043A EST

REX NORECO INC DORIS WILSON
616 PALISADE AVE
ENGLEWOOD CLIFFS NJ 07632

THIS MAILGRAM IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

2015678300 MGM TDMT ENGLEWOOD CLIFFS NJ 147 06-26 1043A EST
ZIP

FRED BAINBRIDGE
ASSISTANT VICE PRESIDENT SALES
PULLMAN STANDARD
200 SOUTH MICHIGAN AVE
CHICAGO IL 60604

REFERENCE IS MADE TO OUR PHONE CONVERSATION LAST FRIDAY, JUNE 23RD
REGARDING A TACK ON TO OUR 500 CAR ORDER PLACED ON MAY 26 1978 BUILT
TO YOUR SPECIFICATIONS 3809 DATED MAY 1 1978.

CONFIRMING OUR PHONE CONVERSATION, PLEASE PLACE A FIRM ORDER FOR AN
ADDITIONAL 100 70 TON 50 FOOT 6 INCH ALL STEEL BOXCARS FOR DELIVERY IN
THE ~~FIRST~~ QUARTER 1979 AT A FIRM SELLING PRICE OF \$39,320 PER CAR, OR A
FIRM LEASE RATE OF \$355 PER CAR PER MONTH FOR 15 YEARS, MAINTENANCE FOR
THE ACCOUNT OF REX. IT IS OUR UNDERSTANDING THAT WE WILL NOT LEASE
EQUIPMENT FROM YOUR COMPANY IN EXCESS OF 500 CARS. IF THERE ARE ANY
QUESTIONS, I ASSUME YOU WILL CONTACT THE WRITER.

VERY TRULY YOURS

ROBERT W GRUBER
PRESIDENT
REX RAILWAYS INC

10:43 EST

MGMCOMP MGM

EXHIBIT B

Rex Railways, Inc.
616 Palisade Avenue
Englewood Cliffs, NJ 07636

April 6, 1979

McDonnell Douglas Finance Corporation
3855 Lakewood Boulevard
Long Beach, California

Gentlemen:

Reference is made to that certain letter dated May 11, 1978, from PULLMAN STANDARD DIVISION of PULLMAN INCORPORATED (hereinafter "Builder") to REX RAILWAYS, INC. (hereinafter "Rex"), which letter has been acknowledged and accepted by Rex and Rex-Noreco, Inc., pursuant to which Builder offered five hundred (500) 70-ton, 50'6" Box Cars in accordance with Builder's bidding specification No. 3809 dated May 1, 1978 and to that mailgram dated June 6, 1978, pursuant to which Rex ordered an additional hundred (100) 70-ton, 50'6" Box Cars in accordance with the same specification (such mailgram to be attached to the letter of May 11, 1978 and collectively with all documents referred to therein being hereinafter referred to as the "Purchase Order").

In connection with the financing arrangements made between Rex and McDonnell Douglas Finance Corporation (hereinafter the "Assignee") relating to certain of the Box Cars covered by the Purchase Order, namely the 51st through and including the 100th Box Cars delivered thereunder and more fully described in Annex A to a certain Conditional Sale Agreement dated as of April 6, 1979 (the "Conditional Sale Agreement") between Rex and the Assignee (such Box Cars or any Cars which may be substituted therefor with the consent of the Assignee, hereinafter called the "Units"), it is hereby agreed as follows:

1. Rex hereby sells, assigns, transfers and sets over unto the Assignee all of Rex's right, title and interest in and to the Purchase Order, to the extent the same relate to the Units, including without limitation, in such assignment (a) the right upon valid tender by the Builder

to purchase the Units pursuant to the Purchase Order, and the right to take title to such Units and to be named the purchaser in the bill of sale to be delivered by the Builder for such Units pursuant to the Purchase Order, (b) all claims for damages in respect of such Units arising as a result of any default by the Builder under the Purchase Order, and (c) any and all rights of Rex to compel performance of the terms of the Purchase order in respect of the Units. Nothing herein shall in any way limit or affect Rex's rights and interests under the Purchase Order relating to Box Cars other than the Units.

2. Anything herein contained to the contrary notwithstanding: (a) Rex shall at all times remain liable to the Builder under the Purchase Order to perform all the duties and obligations of the buyer thereunder to the same extent as if this Assignment had not been executed; (b) the exercise by Assignee of any of the rights assigned hereunder shall not release Rex from any of its duties or obligations to the Builder under the Purchase Order except to the extent that such exercise by Assignee shall constitute performance of such duties and obligations; and (c) Assignee shall have no obligation or liability under the Purchase Order by reason of, or arising out of, this Assignment or be obligated to perform any of the obligations or duties of Rex under the Purchase Order or to make any payment (other than payment of the purchase price for the Units on the terms and conditions contemplated by the Conditional Sale Agreement) or to make any inquiry or to present or file any claim or to take any other action to collect or enforce any claim for any payment assigned hereunder.

Nothing contained herein shall in any way diminish or limit Rex's indemnities contained in the Conditional Sale Agreement with respect to any liability of Assignee to the Builder or others in any way relating to or arising out of the Purchase Order.

Nothing contained herein shall subject the Builder to any liability to which it would not otherwise be subject under or pursuant to the Purchase Order or modify in any respect the Builder's contract rights thereunder or require the Builder to divest itself of title to or possession of the Units until payment therefor as provided therein.

3. On the date the Builder tenders delivery of the Units pursuant to the Purchase Order, the Assignee shall, subject to the satisfaction of the conditions pre-

cedent contained in the Conditional Sale Agreement, purchase the Units from the Builder and pay the Builder on the Closing Date under the Conditional Sale Agreement an amount equal to the purchase price payable to the Builder on such delivery date for the Units pursuant to the Purchase Order, as such purchase price may be adjusted in accordance with the terms of the Purchase Order and invoiced by the Builder to Assignee on the delivery date for the Units.

4. Rex agrees that at any time and from time to time, upon the written request of Assignee, Rex will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as Assignee may reasonably request in order to obtain the full benefits of this Assignment and of the rights and powers herein granted.

5. Rex hereby represents and warrants that the Purchase Order is in full force and effect and is enforceable in accordance with its terms and Rex is not in default thereunder. Rex further represents and warrants that Rex has not assigned or pledged, and hereby covenants that it will not assign or pledge, so long as this Assignment shall remain in effect, the whole or any part of the rights hereby assigned, to anyone other than Assignee.

6. Rex agrees that it will not enter into any agreement with the Builder which would amend, modify, supplement, rescind, cancel or terminate the Purchase Order in respect of the Units without the prior written consent of Assignee.

7. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

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

Witness:

MCDONNELL DOUGLAS FINANCE CORPORATION

By: _____

Witness:

REX RAILWAYS, INC.

By: _____

The undersigned, Pullman, Incorporated (Pullman Standard Division), (herein called "Builder") hereby acknowledges notice of and consents to the foregoing Letter of Assignment (herein called the "Assignment," the defined terms therein being herein used with the same meanings) subject to all the terms and conditions thereof and hereby confirms to Assignee that:

1. All representations, warranties, indemnities (including without limitation patent indemnities) and agreements of Builder under the Purchase Order shall inure to the benefit of Assignee to the same extent as if originally named the buyer therein;

2. Except as otherwise expressly provided in the Assignment, Assignee shall not be liable for any of the obligations or duties of Assignor under the Purchase Order nor shall the Assignment give rise to any duties or obligations whatsoever on the part of Assignee owing to Builder;

3. Builder has not and will not enter into or agree to any change order or any other amendment or supplement to or modification of the Purchase Order except as expressly set forth therein or permitted by the Assignment;

4. Upon delivery and acceptance of the Units in accordance with the terms of the Conditional Sale Agreement, title thereto shall vest in Assignee and Builder will execute and deliver to Assignee a bill of sale in favor of the Assignee in a form reasonably satisfactory to Assignee, and furnish such other evidence of title vesting in the Assignee as may be reasonably required by Assignee;

5. All deliveries of Units shall be in the manner required by the provisions of the Conditional Sale Agreement and the Purchase Order.

IN WITNESS WHEREOF, Builder has caused the Builder's Consent and Agreement to be executed and delivered by its duly authorized officer as of the date first set forth in the Assignment.

PULLMAN INCORPORATED
(Pullman Standard Division)

By _____

Title:

11/16/79

Interstate Commerce Commission
Washington, D.C. 20423

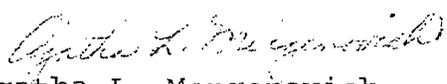
OFFICE OF THE SECRETARY

Richard Martin Contino
717 Fifth Avenue
Suite 1206
New York, New York 10022

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 11/16/79 at 2:30 pm, and assigned re-
recording number(s). 10268 -H 10268-I

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)