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INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT

THIS LEASE OF RAILROAD EQUIPMENT ("Lease") is entered into between GREYHOUND LEASING & FINANCIAL CORPORATION, a Delaware corporation with its principal offices at Greyhound Tower, Phoenix, Arizona 85077 ("Lessor") and THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY, a Delaware corporation with its principal offices at P&LE Terminal Building, Pittsburgh, Pennsylvania 15219 ("Lessee").

W I T N E S S E T H:

WHEREAS, Lessee has entered into a Purchase Agreement under date of June 6, 1974, with U. S. Railway Mfg. Co. ("Vendor") for the manufacture and sale of 300 fifty foot, seventy ton new General Purpose Box Cars (hereinafter called the "Equipment") more specifically described on Exhibit A, attached hereto and made a part hereof, in accordance with specifications approved by Lessee (the "Specifications"); and

WHEREAS, Lessee desires Lessor to fulfill its commitment to purchase the Equipment and lease it to Lessee;

NOW, THEREFORE, in consideration of the promises and the covenants and agreements herein contained, Lessor hereby leases to Lessee and Lessee hereby hires from Lessor, the units of Equipment upon the terms and conditions herein set forth:

1. DEFINITIONS. As used in this Lease, the following terms shall have the meanings set forth below unless the context otherwise requires:

1.(a) "Bank" shall mean the First National City Bank (of New York, New York).

1.(b) "Conform" shall have the same meaning accorded to the term by Section 2-106 of the Uniform Commercial Code.

1.(c) "Cost" shall mean the total consideration, including freight and installation charges and any and all taxes applicable to the purchase of the Units by Lessor, which must be paid as the purchase price of the Units under the terms of the Purchase Agreement, in an aggregate amount not to exceed Eight Million One Hundred Thousand Dollars (\$8,100,000.00) and not to exceed an average of Twenty-Eight Thousand Twenty-Seven Dollars and Sixty-Eight Cents (\$28,027.68) per Unit (i.e. if Lessor expends the sum of Eight Million One Hundred Thousand Dollars (\$8,100,000.00) for the purchase of Equipment, Lessor shall have purchased and/or received title to no less than 289 Units).

1.(d) "Delivery Date" shall mean the date on which a Notice of Delivery and Acceptance is executed by Lessee.

1.(e) "Depreciation" shall mean the most favorable depreciation rates allowable to Lessor as a deduction for Federal income tax purposes on account of the ownership of certain depreciable property by virtue of Section 167 of the IRC and any and all regulations issued pursuant thereto.

1.(f) "Determination" shall have the meaning accorded to said term by virtue of Section 1313 of the IRC.

1.(g) "Event of Default" shall have the meaning specified in paragraph 16, herein.

1.(h) "Index Rental Payment" shall mean a sum of money equal to the Cost of the Units being leased under any individual Schedule multiplied by the percentage of Cost set forth in paragraph 4(b), herein.

1.(i) "IRC" shall mean the Internal Revenue Code of 1954, as amended.

1.(j) "ITC" shall mean the credit against Federal income taxes which are imposed by the IRC, which credit emanates from the purchase of, or investment in, certain depreciable property pursuant to the provisions of Section 38 et seq. of the IRC.

1.(k) "Prime" shall mean the best interest rate in effect from time to time on ninety (90) day loans to responsible and substantial commercial borrowers offered by the Bank.

1.(l) "Prime Change Dates" shall mean and be (i) the first business day of the Bank of the month in which each Schedule is executed (the "Initial Prime Change Date"), and (ii) four (4) times a calendar year thereafter on March 1, June 1, September 1 and December 1. If March 1, June 1, September 1 or December 1 should fall on a non-business day of the Bank, the Prime Change Date shall be the first business day thereafter of the Bank.

1.(m) "Purchase Agreement" shall mean that certain agreement or purchase order pursuant to which Lessee has the right to purchase a Unit.

1.(n) "Rental" shall mean the one hundred eighty (180) payments of rents for the leasing of the Units due to Lessor from Lessee pursuant to paragraph 4, herein.

1.(o) "Schedules" shall mean Equipment Lease Schedules executed from time to time by Lessor and Lessee to annex and appropriate Units to this Lease and to commence the term of this Lease for such Units; and such Schedules shall become a part of this Lease on their execution by Lessor and Lessee, a true copy of the form of which is attached as Exhibit F hereto.

1.(p) "Stipulated Loss Value" shall mean a sum of money in an amount equal to the Cost of a Unit or Units, as the case may be, multiplied by the percentage set forth on Exhibit B hereto, which by this reference is made a part hereof, for the applicable period of the Term in which the calculation of the Stipulated Loss Value is made. The Stipulated Loss Value has been calculated on the premise that any and all Rentals due for the applicable period of the Term have been made by Lessee on the dates due.

1.(q) "Tax Benefits" shall mean both (i) ITC, and (ii) Depreciation.

1.(r) "Term" shall mean the period of this Lease for each Unit as specified in paragraph 3, herein, including any extended or renewed period; "Initial Term" shall mean the period of this Lease for each Unit as specified in paragraph 3(a), herein; and "Renewal Term" shall mean the period of this Lease for each Unit as specified in paragraph 3(b), herein.

1.(s) "Unit" or "Units" shall mean one or more of the box cars comprising the Equipment.

2. DELIVERY AND ACCEPTANCE OF CARS.

2.(a) As soon as Units are available for purchase Lessor shall tender delivery of such Units to Lessee for lease hereunder.

2.(b) On tender of delivery of the Units by the Vendor, Lessee will forthwith cause each Unit to be inspected by an authorized representative of the Lessee and, if such Unit conforms to what was ordered under the respective Purchase Agreement, meets the Specifications, is in good order and is ready for service, Lessee will cause its representative to execute and deliver to Lessor a Notice of Delivery and Acceptance, which shall be in the form attached as Exhibit C hereto. Delivery to Lessor of an executed Notice of Delivery and Acceptance shall be deemed to be delivery to and acceptance by Lessee of the Units described therein and the Units described in the Notice of Delivery and Acceptance shall be subject immediately thereafter to all the terms and conditions of this Lease.

2.(c) At all times during the continuance of this Lease, title to the Units shall be vested in Lessor and any

rights of Lessee in respect of the Units shall constitute a leasehold interest only.

2.(d) The Units to be placed under this Lease shall be delivered by or on behalf of Lessor and accepted by Lessee on or before December 31, 1975, but Lessor shall not be liable for any damages to Lessee for any delay in or a failure to make delivery of any of such Units due to the operation of the terms of paragraphs 16(b) (ii) and 22 herein; provided, however, in no event shall Lessor be obligated to purchase Units from the Vendor and to deliver Units to Lessee which are not delivered to Lessor by the Vendor on or before December 31, 1975.

2.(e) In the event that less than all of the Units are delivered and accepted under the terms of this Lease, then concurrently with the delivery and acceptance of the last Unit to be delivered and accepted, Lessee will cause to be executed and delivered to Lessor a supplement to this Lease in substantially the form attached as Exhibit D hereto.

3. TERM.

3.(a) The Initial Term of this Lease, as to each Unit, shall be fifteen (15) years, commencing on the Delivery Date of such Unit, subject to renewal on a year-to-year basis, as herein provided.

3.(b) Unless an Event of Default under paragraph 16 hereof shall have occurred, Lessee shall have the right and option upon the expiration of the Initial or any Renewal Term of this Lease, by written notice given to Lessor not less than six (6) months, but not more than nine (9) months, prior to the end of the said year's Initial or Renewal Term for the first of the Units delivered pursuant to this Lease, to renew this Lease as to all, but not less than all, of the Units for an additional term of one year at a rental equal to the then fair rental value of the Units.

4. COMMITMENT FEE - RENTAL.

4.(a) Lessee shall pay to Lessor a commitment fee ("Commitment Fee") as consideration for Lessor's commitment of funds for the purchase price for the Units until delivery of the Units by the Vendor and placing them on Lease hereunder, of one half of one percent (.5%) per annum on the outstanding unpaid purchase price held available by Lessor until delivery of the Units payable quarterly on the balance of the purchase price so held available.

4.(b) As consideration for Lessor's leasing the Equipment to Lessee, Lessee shall pay Lessor Rental for each Unit, such Rental to be payable in a total of one hundred eighty (180) consecutive monthly payments, each of which installments shall be payable in arrears and shall be equal to 0.9345% of Cost of the Unit. The Rental shall be subject to variation and modification at the commencement of and during the Initial Term to reflect changes in Prime, in accordance with the formula set forth herein. The Prime on which the Rental, as a percentage of Cost is predicated in this Lease is 7.25% per annum. A change in Prime will be recognized only on Prime Change Dates. On each Prime Change Date the Prime will be compared to the Prime which was in effect on the immediately preceding Prime Change Date (except that Prime on the Initial Prime Change Date will be compared to a Prime of seven and one quarter percent (7.25 %) per annum) and, if a change in Prime did in fact occur, said change will be recognized.

4.(c) If, on the date of the execution and delivery of each Schedule or at any time during the Initial Term, there should be a change in Prime and, if on such date or at any such time an increase or decrease in Prime is recognized as herein provided, then the Rental shall be set or adjusted in the following manner:

(i) (A) In the case of the recognition of an increase in Prime at the date of execution and delivery of a Schedule, the Rental due on such date, and all Rental due thereafter until the next adjustment of Rental as herein provided, shall be set by adding to the Index Rental Payment, or

(B) In the case of the recognition of an increase in Prime on any date subsequent to the date of execution and delivery of a Schedule, each Rental due at any time on or subsequent to the first day of the month following the month of the Prime Change Date on which said increase was recognized shall be increased by adding to the Rental in effect immediately prior to such adjustment, an amount equal to forty percent (40%) of the Stipulated Loss Value of the Units applicable on the Prime Change Date on which said increase was recognized, multiplied by a fraction the numerator of which is the percentage point increase in Prime, expressed as a decimal, and the denominator of which is twelve (12).

(ii) (A) In the case of the recognition of a decrease in Prime at the date of execution and delivery of a Schedule, the Rental due on such date, and all Rental due thereafter until the next adjustment of Rental as herein provided, shall be set by subtracting from the Index Rental Payment, or

(B) In the case of the recognition of a decrease in Prime on any date subsequent to the date of execution and delivery of a Schedule, each Rental due at any time on or subsequent to the first day of the month following the month of the Prime Change Date on which said decrease was recognized shall be decreased by subtracting from the Rental in effect immediately prior to such adjustment, an amount equal to forty percent (40%) of the Stipulated Loss Value of the Units applicable on the Prime Change Date on which said decrease was recognized, multiplied by a fraction the numerator of which is the percentage point decrease in Prime, expressed as a decimal, and the denominator of which is twelve (12).

(iii) In the event more than one change in Prime is recognized during the Initial Term, the resulting adjustments to the Rental shall be cumulative; i.e., the first time a change in Prime is recognized, the increase or decrease in the Rental shall be added to or subtracted from the Index Rental Payment and all increases or decreases in the Rentals resulting from subsequent changes in Prime shall be added to or subtracted from the Rental in effect immediately prior to such subsequent change in Prime.

4.(d) As additional Rental, Lessee shall pay and discharge when due, all license fees, assessments and sales, use, property and other tax or taxes now or hereafter imposed by any State, Federal or local government on any Unit or payments hereunder, exclusive of any taxes measured by Lessor's net income, but inclusive of taxes measured by the gross receipts of Lessor, whether the same be payable by or billed or assessed to Lessor or to Lessee, together with any penalties, interest and professional fees incurred in connection therewith; however, if under local law or custom Lessee may not make any such payments Lessee will promptly notify Lessor and Lessee shall reimburse Lessor on demand for all payments thereof made by Lessor. If any license fee, assessment or tax is, by law, to be assessed or billed to Lessor, Lessee at its expense will do any and all things required to be done by Lessor in connection with the levy, assessment, billing or payment thereof and is hereby authorized by Lessor to act for and on behalf of Lessor in any and all such respects including, but not limited to, the contest or protest, in good faith, of the validity or the amount thereof; and Lessee will cause all billings of such governmental obligations of Lessor to be made to it in care of Lessee and will from time to time, on request of Lessor, submit written evidence of the payment of all such governmental obligations.

4.(e) In the event any Rental and any and all other payments due Lessor hereunder are not paid on or before the due date, such arrearage may, at the election of Lessor, be subject

to the maximum legal rate of interest permitted by applicable law, or five percent (5%) per annum above the then current Prime, whichever is less.

4.(f) Rental and any and all other payments due hereunder shall be paid to the Lessor at its office at Greyhound Tower, Phoenix, Arizona 85077, or as otherwise directed.

4.(g) The Rental and other sums payable by Lessee hereunder shall be paid without notice, demand, counterclaim, setoff, deduction, recoupment or defense, and without abatement, suspension, deferment or diminution by reason of any circumstance or occurrence whatsoever, including without limitation, (i) any restriction or prevention of or interference with any use of the Units or any part thereof; (ii) any defect in the condition, quality or fitness for use of the Units or any part thereof, (iii) any claim which Lessee has or might have against Lessor or any failure on the part of Lessor to perform or comply with the terms hereof or of any other agreement with Lessee, whether Lessee shall have had or shall not have had any knowledge of any such claim or failure at the time of the execution of this Lease or any Schedule, or (iv) failure or inability on Lessee's part to observe and/or perform its obligations and set forth in paragraph 5, herein. Except as expressly provided hereunder, Lessee waives all rights now or hereafter conferred by statute or otherwise to terminate or surrender this Lease or the Units or any part thereof or to any abatement, suspension, deferment, diminution or reduction of the Rentals and other sums payable hereunder on account of any occurrence described in this Lease.

4.(h) Heretofore Lessee has deposited with Lessor its check for \$75,000 to secure Lessee's commitment to the transaction described herein. Upon signing of this Lease and on the Delivery Date of the first Unit or Units of Equipment, Lessor shall apply Lessee's deposit on a pro rata basis (i.e. Cost per Unit divided by \$8,100,000 multiplied by \$75,000 for each Unit delivered hereunder) to the first Rental due for the first month of the Term for each respective Unit.

5. MAINTENANCE AND LIENS.

5.(a) It is agreed between the parties that, as between Lessor and Lessee, all risks, as to the merchantability, fitness, design or condition of, or as to the quality of the material, equipment or workmanship in or the quality or suitability of the Units delivered to Lessee hereunder, are to be borne by Lessee.

5.(b) Lessee agrees, during the Term of this Lease, at Lessee's own costs and expense, to maintain and keep all of the Units in first class condition and repair and in good and efficient working order, reasonable wear and tear excepted,

and acceptable for use in unrestricted interchange with other Railroads. Except for alterations or changes required by law, Lessee shall not, without the prior written approval of Lessor, effect any change in the design, construction or body of the Units. Lessee shall notify Lessor promptly of any alterations or changes in the Units required by law, describing by identification number the Units affected and the nature of the alterations or changes.

5.(c) Lessee agrees that Lessor shall not be liable to Lessee for any liability, claim, loss, damage or expense of any kind or nature caused, directly or indirectly, by any Unit or any inadequacy thereof for any purpose, or any deficiency or defect therein, or the use or maintenance thereof, or any repairs, servicing or adjustments thereto, or any delay in providing or failure to provide any thereof, or any interruption or loss of service or use thereof, or any loss of business, or any damage whatsoever and howsoever caused.

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

5.(e) Lessee shall pay or satisfy and discharge any and all sums claimed by any party other than those which were created by act of Lessor which, if unpaid, might become a lien or a charge upon the Units or entitled to priority over any of the rights of Lessor in and to the Units, but Lessee shall not be required to discharge any such claim so long as Lessee shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which, in the opinion of Lessor, will not affect or endanger the title and interest of Lessor in and to the Units.

6. INSURANCE.

6.(a) Lessee, at its own cost and expense, shall insure each Unit from the time of delivery thereof by Vendor and at all times thereafter until Lessee's obligation under this Lease with respect to such Unit have been discharged, against all

risks, including loss, damage or destruction thereof caused by fire, lightning, theft, wreck, derailment, collision, flood, tornado, cyclone, sabotage, riot or civil commotion, such insurance, in the case of each Unit, to be in an amount equal to the actual value of each Unit but in no event for less than the Stipulated Loss Value thereof, except that such coverage may be limited so that any loss (i) amounting to less than \$1,000 per Unit or (ii) amounting to more than \$1,000,000 per occurrence, shall not be payable by the insurer. In addition, Lessee shall maintain Public Liability coverage with respect to the Units satisfactory to Lessor as set forth in Exhibit E hereto. Each liability policy shall be primary and without right of contribution from other insurance which is carried by Lessor and shall expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured.

6.(b) Except for liability insurance, all such insurance (i) shall be taken for the benefit of Lessor and Lessee, as their respective interests may appear, in an insurance company or companies satisfactory to Lessor, (ii) shall insure the respective interests of Lessor and Lessee in the Units and shall provide that the proceeds of such insurance shall be payable to Lessor, and (iii) shall insure the interests of Lessor regardless of any breach or violation by Lessee of any warranties, declarations or conditions contained in such policy of insurance.

6.(c) All insurance proceeds received by Lessor with respect to any Unit shall:

(i) be applied by Lessor, in the case or the loss, destruction or damage beyond repair of such Unit or Units, towards the satisfaction of Lessee's obligation to make the payments required by paragraph 7, herein; or

(ii) be paid to Lessee, in the case of repairable damage to such Unit or Units, upon receipt by Lessor from Lessee of proof in duplicate satisfactory to Lessor of the proper repair of such damage.

6.(d) Except as provided in paragraph 6(f) herein, the proceeds of any insurance received by Lessor on account of or for any loss or casualty shall be released to Lessee upon a written application of Lessee or by a person designated by Lessee for the payment of, or to reimburse Lessee for, the cost of repairing the Units which have been damaged. Such application shall be accompanied by satisfactory evidence of the cost and satisfactory completion of such repair. If an Event of Default has occurred hereunder, such proceeds may be applied by Lessor, at Lessor's option, against any liability of Lessee to Lessor hereunder for such Default.

6.(e) The proceeds of any insurance received by Lessor on account of a lost, stolen, destroyed or damaged Unit in respect of which Lessee shall have made payment to Lessor pursuant to paragraph 7 hereof, shall be released to Lessee upon a written application signed by Lessee or a person designated by the Lessee, provided, however, that if an Event of Default has occurred hereunder, such proceeds may be applied by Lessor, at Lessor's option, against any liability of Lessee to Lessor hereunder for such Default.

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

6.(g) In the event Lessee is notified that Lessor has sold or encumbered the Units, assigned this Lease or assigned the Rentals payable hereunder, Lessee shall provide insurance containing loss payable clauses satisfactory to both Lessor and Lessor's assignee. Lessee shall furnish Lessor or Lessor's assignee with certificates or other satisfactory evidence of the maintenance of the insurance required hereunder.

6.(h) Any other provisions contained in this Lease to the contrary notwithstanding, Lessee may continue its program of self-insurance as such program pertains to loss, destruction or damage to the Units; provided, however, Lessee must maintain public liability coverage for losses in amounts in excess of \$2,000,000.00 but not more than \$35,000,000.00 per occurrence. If an Event of Default occurs, Lessor shall have the right to obtain single interest coverage for the benefit of Lessor on the Units and for public liability with respect to the Units in amounts acceptable to Lessor; and Lessee, upon receipt of demand therefor from Lessor, shall reimburse Lessor for all costs and expenses incurred by Lessor in obtaining and maintaining such insurance coverage.

7. LOSS, THEFT OR DESTRUCTION OF UNIT.

In the event any Unit is lost or stolen or is destroyed or damaged beyond economic repair from any cause whatsoever, or shall be appropriated, requisitioned, taken over or nationalized by any governmental authority under the power of eminent domain or otherwise during the Term of the Lease, and all of the obligations of Lessee hereunder are not assumed by such governmental authority within sixty (60) days after such appropriation, requisitioning, taking over or nationalization, Lessee shall promptly and fully inform Lessor of such occurrence and shall, within thirty (30) days after such occurrence, pay to Lessor, as liquidated damages in lieu of any further claim of Lessor hereunder, in respect of such Unit, except for accrued rent and such claims as arise or exist under paragraphs 5, 6 and 18 hereof, an amount equal to the Stipulated Loss Value plus interest thereon at the rate set forth in paragraph 4(e) hereof, from the date of such occurrence until paid in full, less the amount of any insurance recovery previously received by Lessor with respect to such Unit.

8. COMPLIANCE WITH LAWS AND RULES: INDEMNIFICATION.

8.(a) Lessee agrees to comply in all respects with all laws of the jurisdictions in which Lessee's operations involving the Units may extend and with all lawful rules of the Federal Railroad Administration and any other legislative, executive, administrative or judicial body and the Association of American Railroads or any other association of carriers or shippers exercising any power or jurisdiction over Lessee or over the Units, to the extent that such laws and rules affect the operation, maintenance or use of the Units.

8.(b) In the event such laws or rules require the alteration of the Units, Lessee will conform therewith, at Lessee's expense, and will maintain the same in proper condition for operation under such laws and rules; provided, however, that Lessee may, in good faith, contest the validity and application of any such law or rule in any reasonable manner which does not, in the opinion of Lessor, adversely affect the property or rights of Lessor as owner hereunder. Lessee shall notify Lessor of any alteration of the Units required by such laws or rules, describing by identification number the Units affected and the nature of the alteration.

8.(c) Lessee hereby assumes all risks and liability for each Unit leased hereunder and for the use, operation and storage thereof, and for injuries or deaths of persons and damage to property, howsoever arising from or incident to such use, operation or storage, whether such injury or death to persons be of agents or employees of Lessee or of third parties, and such damage to property be of Lessee or of others. Lessee will save and hold Lessor harmless from all losses, damages, claims, penalties, liabilities, and expenses, including attorneys' fees, howsoever arising or incurred because of or incident to any Unit or the use, operation or storage or alleged use, operation or storage thereof.

9. IDENTIFICATION OF UNITS.

9.(a) Upon or before the delivery to Lessee of each of the Units, the Lessee, at its cost and expense, agrees to cause to be plainly, distinctly, permanently and conspicuously placed or fastened upon each side of each Unit a legend bearing the following words in letters not less than one inch in height:

"GREYHOUND LEASING & FINANCIAL CORPORATION,
PHOENIX, ARIZONA, OWNER AND LESSOR"

9.(b) In case any such legend at any time shall be painted over or otherwise made inconspicuous, removed, defaced or destroyed on any Unit during the Term of this Lease, Lessee shall immediately cause such legend to be restored or replaced. Lessee will not allow the name of any person, association or corporation to be placed on any of the Units as a designation which might be interpreted as indicating a claim of ownership

thereof by any person, association or corporation other than Lessor or its assignee; but the Units may be lettered with the names or initials or other insignia customarily used by Lessee on equipment of the same or a similar type for convenience of identification of the rights to use and operate the Units under this Lease.

9.(c) On or prior to the Delivery Date of each Unit to Lessee, the Lessee agrees to cause to be placed on each side of each Unit the Lessee's assigned number. At all times thereafter, during the Term of this Lease, Lessee will cause each Unit to bear the number so assigned to it, and Lessee will not change or permit to be changed the numbers of any Units except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease will have been filed, recorded or deposited.

10. POSSESSION AND USE OF THE UNITS, PER DIEM AND OTHER CHARGES.

10.(a) Possession and Use of the Units. Unless an Event of Default shall have occurred, Lessee shall be entitled to the possession and use of the Units in accordance with the terms and conditions of this Lease. Lessee shall not, without the prior written consent of Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except that Lessee may permit the use thereof by other railroad companies in the usual interchange of traffic. Lessee shall not, without the prior written consent of Lessor, assign, transfer, pledge or hypothecate this Lease, the Units or any part thereof, or any interest therein, whether by operation of law or otherwise.

10.(b) Per Diem and Other Charges. All per diem payments, sublease rentals and other charges payable for the use of the Units while being used by others and proceeds payable for lost, destroyed or damaged Units under the then current Code of Rules Governing the Settlement for Destroyed or Damaged Cars adopted by the Association of American Railroads shall be paid to Lessor's agent, care of Lessor, who prior to Default and until a successor is designated by Lessor may be the Lessee. Lessee shall cause appropriate instructions as to such payments to be published in each issue of the official railway equipment register. Prior to the occurrence of an Event of Default the amounts so paid shall be remitted by such agent to Lessee; provided, however, that if an Event of Default shall occur, no such payments, rentals or other charges shall be paid to Lessee from and after the occurrence of said Event of Default, and Lessee hereby releases any claim thereto, and all such payments, rentals and other charges shall be remitted to the Lessor and may be applied by Lessor against any liability of Lessee to Lessor hereunder or any expense incurred by Lessor because of such Default.

11. REPORTS.

Lessee agrees to furnish to Lessor the following reports at the times hereinafter indicated:

11.(a) Within one hundred (100) days after the close of each fiscal year of Lessee, Lessee shall furnish to Lessor, in duplicate, copies of Lessee's most recent audited financial reports, including Lessee's most recent annual report and/or balance sheet and profit and loss statement, certified to by a recognized firm of Certified Public Accountants, and ICC Form R-1. Interim financial reports certified by the chief financial officer of Lessee will be furnished as requested by Lessor;

11.(b) On the date the audited financial reports are submitted to Lessor as herein provided and at such other times as Lessor may demand Lessee shall furnish to Lessor an accurate statement signed by the President, a Vice President, an Assistant Vice President, or the chief financial officer of Lessee (i) setting forth the amount, description and numbers of all Units that have been lost, damaged beyond repair or destroyed during the preceding year (or since the date of this Lease in the case of the first such statement) and such other information regarding the condition and state of repair of the Units as the Lessor may reasonably request, (ii) stating that, in the case of all Units repaired or repainted during the period covered by such statement, the numbers and markings required by paragraph 9 hereof have been preserved or replaced, and (iii) showing the condition of the remaining Units in actual service as of the reporting date;

11.(c) Without demand Lessee will (i) immediately notify Lessor of each accident arising out of the alleged or apparent improper manufacturing, functioning or operation of any Unit, the time, place and nature of the accident and damage, the names and addresses of parties involved, persons injured, witnesses and owners of property damaged, and such other information as may be known, and promptly advise Lessor of all correspondence, papers, notices and documents whatsoever received by Lessee in connection with any claim or demand involving or relating to improper manufacturing, operation or functioning of any Unit or charging Lessor with liability, and together with Lessee's employees, aid in the investigation and defense of all such claims and shall aid in the recovery of damages from third persons liable therefor; and (ii) notify Lessor in writing, within ten (10) days after any day on which any tax lien shall attach to any Unit, of the location of such Unit, on such day; and

11.(d) Upon demand Lessee shall advise Lessor where each Unit is located and permit Lessor to examine each Unit.

12. RETURN OF EQUIPMENT.

Lessee agrees, by the acceptance of each Unit, that such Unit is in good operating order, repair, condition and appearance. At the expiration or sooner termination of the Term pertaining thereto and if Lessee has not exercised its purchase option in accordance with the provisions of paragraph 17 herein, Lessee will return each and every Unit to Lessor free of all advertising or insignia placed thereon by Lessee and in the same operating order, repair, condition and appearance as when received, excepting only for reasonable wear and tear and damage by any cause covered by collectible insurance in accordance with this Lease, and will pay for any repairs necessary to restore such Unit to its original condition, except as aforesaid. Lessee will return each Unit to Lessor in the same city in which Lessee first received the same.

13. REPRESENTATIONS AND WARRANTIES OF LESSEE.

Lessee hereby covenants, represents, warrants and confirms to Lessor as follows:

13.(a) It has entered into a Purchase Agreement which provides for the sale and delivery of the Units to the Lessee in exchange for consideration which does not exceed the Cost; it has fully and completely performed each and every obligation imposed on the buyer under the Purchase Agreement on the date such performance was due; the Purchase Agreement is valid and in full force and effect in accordance with its terms, no default has occurred thereunder, and it has not been amended, altered or assigned; it will assign to Lessor its entire interest in the Purchase Agreement, enabling Lessor to purchase the Units directly from the Vendor for the purpose of leasing the Units to Lessee, by instrument in form and content satisfactory to counsel for Lessor; and it will not alter, amend, modify or assign the Purchase Agreement, without the prior written consent of Lessor.

13.(b) It is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and is duly qualified to do business and in good standing as a foreign corporation in every jurisdiction in which the nature of its business requires such qualification;

13.(c) It has taken all corporate action which may be required by its Charter or Articles or Certificate of Incorporation and all other applicable laws, to authorize the execution, delivery and performance of this Lease;

13.(d) The execution and delivery of this Lease and the performance by it of its obligations hereunder will not conflict with or violate any provisions of its Charter or Articles or Certificate of Incorporation, its Bylaws, or any provisions of, or result in a default or acceleration of any obligation under any mortgage, lease, contract, agreement, indenture, other instrument or undertaking, order, decree or judgment to which it is a party or by which it is bound;

13.(e) There is no litigation pending or threatened against it before any court or administrative agency which may have a materially adverse effect on its assets, business, financial condition or operations, or which would prevent or hinder the performance by it of its obligations under this Lease;

13.(f) This Lease and all Schedules, supplements, riders and other documents executed under, in conjunction with or pursuant to this Lease constitute a valid obligation of it, which is binding and enforceable against it in accordance with the terms hereof and thereof;

13.(g) It is not in default under this Lease;

13.(h) Its officers are fully familiar with the terms of this Lease;

13.(i) Registration with, approval of, filing with or other action by or with any federal, state or other governmental office is not required in connection with execution and delivery of this Lease or, if so required, has been given, made or taken or, if it is subsequently determined that the same is required, Lessee promptly shall take any and all necessary action to secure such registration, approval, filing or any other action by all appropriate governmental offices;

13.(j) All financial statements that have heretofore been presented by it to Lessor, in conjunction with the transaction which is the subject of this Lease, fairly and accurately present a true and correct picture of its financial condition and income, as of the date given and as of the date hereof; moreover, as of such dates, such financial statements do not contain any untrue statement of a material fact, nor do they omit to state a material fact required to be stated therein or necessary in order to make such financial statements not misleading; and there is no fact, situation or event which, in the opinion of its officers, materially adversely affects or, so far as they can now foresee, will materially adversely affect the properties, business, assets, income, prospects or condition (financial or otherwise) of Lessee; and

13.(k) It has neither used nor placed into use or service the Units and it will not do so prior to the execution of the applicable Schedule pertaining to such Units.

14. LESSOR'S WARRANTIES AND DISCLAIMER.

Lessor hereby covenants, warrants, represents and confirms to Lessee that:

14.(a) On the date each Schedule is executed, Lessor shall have title to the Units covered by such Schedule, free and clear of all claims, liens and encumbrances of every kind whatsoever resulting from any act of Lessor, and Lessor has the lawful right to lease the Units in accordance with the terms hereof to Lessee; and

14.(b) Conditioned on the Lessee's performing the terms, conditions and obligations of this Lease and honoring its covenants and warranties, and so long as no Event of Default shall have occurred and shall not have been waived or cured, Lessee shall hold, possess and use the Units during the Term free from any liens or encumbrances or claims or causes of action resulting from acts or transactions of Lessor or any party claiming by, through or under Lessor. Lessor covenants that any sale, assignment, transfer or mortgage of this Lease of the Units which it may make or execute, either prior to or subsequent to the delivery of the Units to the Lessee, shall be subject to the terms and provisions of this Lease and the rights and interests of Lessee hereunder; and

14.(c) So long as Lessee shall not be in Default, Lessor will not give a mortgage or mortgages securing any amount exceeding the Cost to Lessor of the Units and that annual payments under such mortgage or mortgages will not exceed the aggregate of the Rentals payable annually by the Lessee hereunder. In the event Lessor shall default in the payment of principal or interest of any indebtedness secured by any mortgage or mortgages on this Lease or any Units covered by this Lease, the Lessee shall have the right and privilege to pay the amount so in default, and the amount so paid by the Lessee shall, at its option, be credited against Rentals due or thereafter becoming due; and

14.(d) THE WARRANTIES SET FORTH IN THIS PARAGRAPH 14 ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES OF LESSOR WHETHER WRITTEN OR ORAL OR EXPRESS OR IMPLIED, AND LESSOR SHALL NOT, BY VIRTUE OF HAVING LEASED THE UNITS UNDER THIS LEASE, BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY, FITNESS (FOR USE OR FOR ANY PARTICULAR PURPOSE), DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL OR

WORKMANSHIP IN, THE UNITS. However, nothing herein contained shall be deemed to limit Lessee from availing itself of any warranties, covenants and representations of the Vendor and such warranties, covenants and representations are, to the extent legally assignable, hereby assigned by Lessor to Lessee for the Term, and if not assignable then Lessee shall be subrogated to all such rights of Lessor and may take all reasonable action to enforce the same in Lessor's name at Lessee's sole cost and expense.

15. OPINION OF COUNSEL.

Concurrently with the execution of this Lease, Lessee shall obtain at Lessee's sole cost and expense and deliver to Lessor an opinion of its counsel, which opinion and counsel must be acceptable to Lessor, to the effect that:

15.(a) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and is duly qualified to do business and in good standing as a foreign corporation in every jurisdiction in which the nature of its business requires such qualification;

15.(b) Lessee has taken all corporate action which may be required by its Charter or Articles or Certificate of Incorporation and all other applicable laws, to authorize the execution, delivery and performance of this Lease;

15.(c) The execution and delivery of this Lease and the performance by it of its obligations hereunder will not conflict with or violate any provisions of Lessee's charter or Articles or Certificate of Incorporation, its Bylaws, or any provisions of, or result in a default or acceleration of any obligation under any mortgage, lease, contract, agreement, indenture, other instrument or undertaking, order, decree or judgment to which it is a party or by which Lessee is bound;

15.(d) There is no litigation pending or threatened against it before any court or administrative agency which may have a materially adverse effect on its assets, business, financial condition or operations, or which would prevent or hinder the performance by it of its obligations under this Lease;

15.(e) This Lease and all Schedules, supplements, riders and other documents executed under, in conjunction with or pursuant to this Lease constitute a valid obligation of Lessee, which is binding and enforceable against Lessee in accordance with the terms hereof and thereof;

15.(f) No filing or registration with or government authorization from a public regulatory body in the United States of America is required for the execution and delivery by Lessee of the Lease.

16. DEFAULT.

16.(a) Lessor shall have the benefit of the remedies stated in paragraph 16(b) herein if, during the Term of this

Lease or any extension thereof, one or more of the following events shall occur ("Event of Default" or "Default"):

(i) Lessee shall fail to pay when due any part of any of the payments required by paragraph 4 herein or of any other sum to be paid hereunder; or

(ii) Lessee shall make or suffer any unauthorized assignment or transfer of this Lease or of possession of the Units or any of them, except as specifically provided for elsewhere in this Lease, and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such Unit or Units within thirty (30) days after written notice from Lessor to Lessee demanding such cancellation and recovery of possession; or

(iii) Lessee shall fail to observe or perform any other of the covenants, conditions and agreements on the part of Lessee contained herein and such failure shall continue for thirty (30) days after written notice from Lessor to Lessee specifying the Default and demanding the same to be remedied within the time specified in such written notice; or

(iv) Lessee or any successor shall be in default under any existing mortgage, note, indenture, contract, agreement, order of a court or any governmental agency or any other obligation, the effect of which default would be to adversely affect the rights, powers, privileges or remedies of Lessor or an assignee of Lessor under this Lease; or

(v) any material representation made by Lessee herein or hereunder or in any certificate or other instrument delivered under or pursuant to any provision hereof shall prove to have been false or incorrect in any material respect on the date as of which made; or

(vi) Lessee should commit an act of bankruptcy or be the subject of any proceeding under the Bankruptcy Act or any amendment thereto or under any other insolvency law or law providing for the relief of debtors (provided, however, that if the same is an involuntary proceeding which is stayed or dismissed within thirty (30) days from the date of commencement the same shall not constitute Default); or

(vii) Lessee should become insolvent (that is, unable to pay its debts as they fall due); or

(viii) Any substantial part of Lessee's property should be subject to any levy, seizure, assignment, application or sale for or by any creditor or governmental agency; or

(ix) Lessee should fail to abide by the restrictions in paragraph 19(a) herein or fail to make any payment due on any obligation for borrowed money, or should fail to pay any installment when due on any installment or conditional sales agreement, or should fail to pay any rental payment due under any other lease agreement, with the result that the person or organization to whom such payment or installment is due shall have either accelerated or given notice of acceleration of the indebtedness prior to its stated maturity and/or brought or given notice of intention to bring legal action to recover its damages and/or resorted to any security or exercised any rights of repossession; or

(x) If final judgment for the payment of money aggregating in excess of \$100,000 should be rendered against Lessee and the same shall remain outstanding and undischarged for a period of thirty (30) days thereafter.

16.(b) Upon the occurrence of an Event of Default Lessor, at its option, may:

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

(ii) by notice in writing to Lessee terminate this Lease, whereupon all right of Lessee to the use of the Units theretofore delivered by Lessor, or obligation of Lessor to deliver Units to Lessee not theretofore delivered, shall absolutely cease and determine as though this Lease had never been made, but Lessee shall remain liable as herein provided; and thereupon Lessee shall deliver to Lessor possession of the Units theretofore delivered hereunder by Lessor in accordance with paragraph 12 herein unless such delivery is impossible because the Units or any portion thereof were appropriated, requisitioned, taken over or nationalized as described in paragraph 7 herein. Lessor may, without a court order or without any other authorization, by its agents enter upon the premises of Lessee or other premises where any of the Units may be and take possession of all or any of such Units (damages occasioned by such taking of possession are hereby expressly waived by Lessee) and thenceforth hold, possess and enjoy the same free from any right of Lessee's successors or assigns, to use the Units for any purpose whatever; but

Lessor shall nevertheless, have a right to recover from Lessee any and all amounts which under the terms of this Lease may be then due or which may become due and unpaid for the use of the Units (including Rentals accruing on the Units after the date of Default); and also to recover forthwith from Lessee (to the extent not recovered pursuant to the foregoing) the following:

(A) as liquidated damages for the breach of this Lease and Lessor's loss of the bargain, but not as a penalty, and as reasonable rent for use of the Units and for the depreciation thereof, the amount by which any proceeds of the use and disposition of such Units received by Lessor is less than the sum of (1) all due and unpaid Rental for the Units, and (2) the Stipulated Loss Value of the Units as of the date of repossession by Lessor; and

(B) all due and unpaid Rentals or other charges for or with respect to such Units and any expenses incurred in the retaking, storage, repairing and lease, sale or other disposition, and reasonable attorneys' fees incurred by Lessor, plus an amount equal to accrued taxes and other amounts payable hereunder by Lessee with respect to the Units, all costs, expenses, losses and damages incurred or sustained by Lessor by reason of such Default; and interest at the rate provided in paragraph 4(e) herein on each of the foregoing items in this subparagraph (B) and on all other sums not paid when due under this Lease.

16.(c) FOR AND IN CONSIDERATION OF AND AS AN INDUCEMENT TO LESSOR TO ENTER INTO THE LEASE, LESSEE HEREBY VOLUNTARILY AND KNOWINGLY WAIVES ANY AND ALL RIGHTS TO NOTICE AND/OR HEARING PRIOR TO ANY RETAKING OF POSSESSION OR REPLEVY OF THE UNITS BY LESSOR, ITS AGENTS OR ASSIGNS UPON DEFAULT OF LESSEE, AND FOR THAT PURPOSE LESSOR MAY, TO THE EXTENT LESSEE CAN GIVE AUTHORITY THEREFOR, ENTER UPON ANY PREMISES ON WHICH THE UNITS MAY THEN BE SITUATED AND REMOVE THE SAME THEREFROM. LESSOR MAY REQUIRE THE LESSEE TO DELIVER THE UNITS TO LESSOR AT A PLACE TO BE DESIGNATED BY LESSOR WHICH IS REASONABLY CONVENIENT TO BOTH PARTIES. LESSEE SHALL BE LIABLE TO LESSOR FOR, AND LESSOR MAY RECOVER FROM LESSEE, ALL COSTS AND EXPENSES, INCLUDING REASONABLE ATTORNEYS' FEES AND OTHER LEGAL EXPENSES INCURRED BY LESSOR IN OBTAINING POSSESSION OF THE UNITS.

16.(d) If on the date of such termination or repossession, any Unit is damaged, lost, stolen or destroyed or subject to appropriation, requisition, takeover or nationalization by governmental agency, or is subject to any levy, seizure,

assignment, application or sale for or by any creditors, Lessee also shall remain liable for payment of the Stipulated Loss Value plus interest thereon as specified in paragraph 7 herein.

16.(e) The rights and remedies in this Lease provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other rights and remedies in its favor existing at law or in equity. Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. No delay or omission of Lessor in the exercise of any power or remedy given herein shall be deemed a waiver of such power or remedy. In the event of any Default, Lessor shall be entitled to recover reasonable costs and expenses, including attorneys' fees, as shall have been expended or incurred by Lessor in the enforcement of any right or privilege hereunder, plus interest at the rate provided in paragraph 4(e) herein.

17. PURCHASE OPTION.

17.(a) Provided that this Lease has not been earlier terminated and Lessee is not in Default hereunder, Lessee may elect to purchase all, but not less than all, of the Units subject to this Lease, such election to be made at the time and in the manner specified in paragraph 3(b) herein, at a purchase price equal to fair market value thereof.

17.(b) If Lessee exercises this purchase option, Lessor, on payment to it of the aforesaid purchase price, shall transfer title to the Units to Lessee under warranty that Lessor has done nothing to impair such title at any time. No other warranties of title, merchantability or fitness whatsoever will be given by Lessor and Lessee shall accept the Units on an "As Is, Where Is" basis.

18. TAX BENEFITS.

Lessor confirms to Lessee, and Lessee acknowledges, that Lessor shall be the party entitled to claim the Tax Benefits presently available on new Section 38 property, under applicable provisions of the IRC, on Lessor's purchase and ownership of the Units purchased and leased hereunder and, therefore, Lessee agrees that it shall not be entitled to, nor will it claim, such Tax Benefits. In the event of a change in the tax laws subsequent to the date of execution of this Lease, if such change has an adverse effect on the Tax Benefits herein

granted to and claimed by Lessor, or in the further event that, subsequent to the purchase of the Units, Lessor should not, for any reason other than any act or omission of Lessor, be able to take advantage of the Tax Benefits or any part thereof, then Lessee agrees to restore Lessor to the same after tax financial position it would otherwise enjoy had such Tax Benefits not been lost in the first instance by paying to Lessor the sum of (i) the amount which, after deduction of all taxes required to be paid by Lessor in respect of the receipt of such sum under the laws of any federal, state or local government or taxing authority in the United States, or under the laws of any taxing authority or any government subdivision of any foreign country, would be equal to the amount of the Tax Benefits so lost, and (ii) the amount of any interest (including any additions of tax because of underpayment of estimated tax) which may be payable to any federal, state or local government or taxing authority in the United States, or to any other governmental body of any foreign country by Lessor in connection with such loss of Tax Benefits. In the event that Lessee becomes obligated to pay Lessor any sum or sums pursuant to the provisions of this paragraph, then such sum or sums shall become due and payable thirty (30) days after the time at which there shall be a Determination that Lessor shall no longer be eligible to claim or retain the Tax Benefits or any portion thereof.

19. SPECIAL CONDITIONS.

19.(a) During the Term of this Lease, Lessee shall not make, extend or participate in any loan or advance of funds to or on behalf of the Trustees of Penn Central Transportation Company or its affiliates not in the ordinary course of business nor pay any dividends upon its capital stock except from net income computed in accordance with regulations of the Interstate Commerce Commission and earned subsequent to December 31, 1970, with which Lessee warrants and covenants that it currently is and shall at all times remain and be in compliance therewith.

19.(b) Lessee acknowledges that it may hereafter have other equipment lease transactions with Lessor, such other transactions being subject to Equipment Lease Agreements, Riders and Schedules not part of the documents evidencing this lease transaction. Lessee further acknowledges that Lessor views all such transactions with Lessee as a continuing, single relationship supported by the collective value of all equipment under

lease to Lessee. It is therefore acknowledged and agreed by Lessee that, without regard to the number of separate Equipment Lease Agreements, supplements, riders or Schedules executed between the parties, a default under any Equipment Lease Agreement, including this Lease or any supplement, rider or Schedule hereto, not cured within any applicable grace period shall constitute a default under all Equipment Lease Agreements, this Lease, all supplements, riders and Schedules, and Lessor may, in its discretion, exercise its right of repossession and/or any and all other remedies available to Lessor as to any and/or all items of equipment, whether a default exists under the individual Equipment Lease Agreement, this Lease and/or any Schedule covering the equipment which Lessor repossesses or takes other action in respect thereto.

20. DOCUMENTS.

As soon hereafter as feasible, and in any event prior to Lessor's purchase of the first Unit, Lessee shall execute, deliver and/or file and record, or cause to be executed, delivered and/or filed and recorded, to or for Lessor, as the case may be, the following documents at the sole cost and expense of Lessee:

20.(a) A legal opinion of Lessee's independent legal counsel as required by paragraph 15, herein;

20.(b) A certified copy of the Resolution adopted by the Board of Directors of Lessee, authorizing the execution of and performance under this Lease;

20.(c) Schedules executed by Lessee to annex and appropriate the Units to this Lease and to commence the Term;

20.(d) A closing letter executed by Lessee to evidence acceptance of the Units from Lessor, confirm that Lessee is not then in default under this Lease and confirm that the Units have not been used or placed into service by Lessee;

20.(e) A certificate of insurance issued by an insurer acceptable to Lessor, in which Lessor appears as a named insured and which evidences Lessee's purchase of (i) an all-risk policy insurance policy covering the Units and having policy limits of not less than those specified in this Lease, and (ii) a public liability policy in an amount acceptable to Lessor, all in accordance with paragraph 6, herein; and

20. (f) Such other agreements, certificates or other instruments in writing as shall be deemed necessary or desirable by Lessor or its counsel in the closing of this transaction and in order to more fully and completely secure, protect, perfect or preserve Lessor's ownership interest in and to the Units, including, without limitation, the filing of this Lease with the Interstate Commerce Commission.

21. CONDITIONS PRECEDENT TO LESSOR'S OBLIGATION TO PURCHASE UNITS.

The obligations of Lessor hereunder to purchase any Unit and to lease it to Lessee are expressly contingent on satisfaction and fulfillment of the following:

21. (a) Lessee shall have executed and delivered, or caused to be executed and delivered, the documents described in paragraph 20 herein;

21. (b) There shall be no materially adverse change in the financial condition of Lessee prior to the date on which Lessor is requested to purchase any Unit;

21. (c) Lessee shall have kept and performed the various covenants, obligations and duties of its part to be kept and performed hereunder;

21. (d) The Vendors are willing and able to sell and deliver the Units (which Units must then Conform to what was contracted for under the Purchase Agreements) and to transfer title thereto, free and clear of all liens and encumbrances, to Lessor on or before December 31, 1975, for a total consideration not exceeding Cost; and

21. (e) If more than thirty (30) days should elapse between the date of the documents described in subparagraphs 20(a) and (b) herein and the date on which Lessor is requested to purchase any Unit, Lessee shall cause to be executed and delivered to Lessor a notification in writing of Lessee's counsel advising that his original legal opinion as set forth in paragraph 20 (a) is in full force and effect and a notification in writing by Lessee's Secretary to the effect that the Resolution described in paragraph 20 (b) is in full force and effect. In the event these notifications are not received, the obligations of Lessor to purchase any further Units shall terminate at the election of Lessor.

22. FORCE MAJEURE.

Lessor's obligation to deliver and place Units on Lease hereunder shall be subject to delays or impossibility of performance resulting from causes beyond the control of the Lessor or the Vendor in the ordinary course of their respective businesses, including but not limited to, acts of God, acts of government establishing embargoes or imposing controls on prices or interest rates having the effect of preventing, suspending or delaying the operation of the terms of paragraph 4 herein, priorities, allocations, war or war conditions, riot or civil commotion, sabotage, strikes, lockouts, labor disputes, accidents, fire, flood, explosion, damage to plant equipment or facilities or delays in receiving necessary materials.

23. ASSIGNMENT BY LESSOR.

Lessee acknowledges and understands that the terms and conditions of this Lease have been established by the Lessor in anticipation of its being able to assign its interest under this Lease and in and to the Units leased hereunder to a bank or other lending institution or to others having an interest in the Units or this transaction, all or some of which will rely on and be entitled to the benefit of the provisions of this paragraph; and Lessee agrees with Lessor and with such bank or other lending institution and/or such other party (for whose benefit this covenant is expressly made) and in consideration of the provisions hereof, as follows: (a) to recognize any such assignment, (b) to accept the directions or demands of such assignee in place of those of the Lessor, (c) to surrender any Unit only to such assignee, (d) to pay all Rental payable hereunder and to do any and all things required of Lessee hereunder and not to terminate this Lease, notwithstanding any default by Lessor or the existence of any offset as between Lessor and Lessee or the existence of any other liability or obligation of any kind or character on the part of Lessor to Lessee whether or not arising hereunder, and (e) not to require any assignee of this Lease to perform any duty, covenant or condition required to be performed by Lessor under the terms of this Lease, all rights of Lessee in any such connection aforesaid being hereby waived as to any and all of such assignees. However, nothing hereinbefore contained shall relieve Lessor from its obligations to Lessee hereunder.

24. EXPIRATION DATE.

Any other provisions contained in this Lease to the contrary notwithstanding, the obligations of Lessor to purchase the Units and place them on lease shall expire on December 31, 1975.

25. FURTHER ASSURANCES.

Both Lessor and Lessee agree from time to time throughout the Term to execute such additional documents and to

perform such further acts as may be reasonably requested by the other party in order to carry out and effectuate the purposes and intents of this Lease.

26. MISCELLANEOUS.

26.(a) Nothing herein contained shall give or convey to Lessee any right, title or interest in and to any Unit leased hereunder except as a Lessee, and the Units are, and shall at all times be and remain, the sole and exclusive property of Lessor.

26.(b) Lessee, without expense to Lessor, will cause this Lease and all amendments, supplements and assignments hereof or thereof, to be duly filed and recorded and refiled and rerecorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and this Lease to be deposited with the Registrar General of Canada in accordance with Section 86 of the Railway Act (and notice of such deposit to be given in the "Canada Gazette" pursuant to said Section 86). Lessee will promptly furnish to Lessor certificates or other evidences of such filing and recording and refileing and rerecording and an opinion satisfactory to Lessor of Counsel for Lessee, or an attorney designated by him satisfactory to Lessor, with respect thereto. In addition, Lessee shall do and perform all such other acts as may be required by law, or reasonably requested by Lessor, for the protection of Lessor's title to and interest in the Units.

26.(c) No obligation of Lessor hereunder shall survive the Term of any Unit or sooner termination of this Lease, and should Lessor permit the use of any Unit beyond the Term specified therefor, the obligations of Lessee hereunder shall continue and such permissive use shall not be construed as a renewal of the Term nor as a waiver of any right or continuation of an obligation of Lessor hereunder, and Lessor may take possession of any such Unit at any time on demand after thirty (30) days' notice.

26.(d) Any cancellation or termination by Lessor, pursuant to the provisions hereof, of this Lease, any Schedule, supplement, rider or amendment hereto or the lease of any Unit hereunder or any termination of the Term by lapse of time, shall not release Lessee from any then outstanding obligations and/or duties to Lessor hereunder.

26.(e) This Lease shall be binding on and shall inure to the benefit of the parties hereto and their respective successors and assigns, subject to paragraphs 10(a) and 23, herein.

26.(f) Time is of the essence of this Lease.

26.(g) This Lease shall be construed in accordance with the laws of the State of Arizona.

26.(h) If any provision of this Lease, or the application of any provision to any circumstance, is held invalid or unenforceable, the remainder hereof, and the application of such provision to other circumstances, shall remain valid and enforceable.

26.(i) This Lease may be simultaneously executed in several counterparts, each of which shall be deemed to be an original, and all such counterparts together shall constitute but one and the same instrument.

26.(j) The Units are, and shall at all times be and remain, personal property.

26.(k) Computations hereunder involving the determination of interest shall be made on the basis of a 360-day year of twelve 30-day months.

27. SURVIVAL OF COVENANTS.

Any other provisions contained in this Lease to the contrary notwithstanding, it is hereby agreed that the provisions of paragraphs 4(d), 5, 6, 7, 8, 10, 11, 12, 13, 16, 18 and 23 hereof shall survive the expiration or termination hereof to the extent required thereby for their full observation and performance.

28. NOTICES.

All demands, notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when personally delivered to Lessee or any officer of Lessor or delivered to the United States Post Office, registered or certified, postage prepaid, or to a telegraph office, charges prepaid, addressed as follows:

If to the Lessor:

Greyhound Leasing & Financial Corporation
Greyhound Tower
Phoenix, Arizona 85077
Attention: Vice President - Operations

If to the Lessee:

The Pittsburgh and Lake Erie Railroad Company
P&LE Terminal Building
Pittsburgh, Pennsylvania 15219

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

29. COMPLETE UNDERSTANDING OF THE PARTIES.

This Lease and the Schedules contain the entire agreement between the parties and may not be modified, terminated or discharged except in writing, and this Lease supersedes any and all prior representations, warranties and/or inducements, written or oral, heretofore made by Lessor concerning this transaction, which are null and void and of no force or effect whatsoever.

IN WITNESS WHEREOF the parties hereto have executed this Lease of Railroad Equipment as of the 6th day of June, 1975.

GREYHOUND LEASING & FINANCIAL CORPORATION, LESSOR

By: *R. H. [Signature]*
Vice President

By: *J. Gerald Chilton*
Assistant Secretary

THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY, LESSEE

By: *H. B. [Signature]*
Its: President

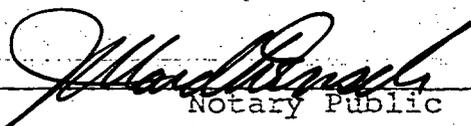
By: *[Signature]*
Its: Assistant Secretary

(SEAL)

(SEAL)

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

On this 6th day of June, 19 75, before me personally appeared Robert H. Damm, to me personally known, who being by me duly sworn says that he is Vice President of, and T. Gerald Chilton, Jr., to me personally known to be the Assistant Secretary of said corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

My Commission expires: 3/19/79

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

On this 6th day of June, 19 75, before me personally appeared H. G. Allyn, Jr., to me personally known, who being by me duly sworn says that he is ~~President of said corporation~~ ~~known to be the~~ ~~Secretary~~ of said corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

My Commission expires: 3/19/79

EXHIBIT A

Equipment included in Lease of Railroad Equipment,
dated June 6, 1975, between Greyhound Leasing & Financial
Corporation and The Pittsburgh and Lake Erie Railroad Company.

<u>No. of Units</u>	<u>Description</u>	<u>Specifications</u>	<u>Railroad Numbers</u>
300	50'6" 70-ton rigid under frame single sheathed box cars	P&LE Specifications No. 72-32 (W.O. 1212)	39700-39999, inclusive

EXHIBIT B TO LEASE OF RAILROAD EQUIPMENT BETWEEN
GREYHOUND LEASING & FINANCIAL CORPORATION AND THE
PITTSBURGH AND LAKE ERIE RAILROAD COMPANY, DATED
JUNE 6 , 1975

STIPULATED LOSS VALUES

<u>Quarter</u>	<u>%</u>	<u>Quarter</u>	<u>%</u>
1	101.51	31	78.65
2	102.02	32	77.19
3	102.49	33	75.69
4	102.89	34	74.14
5	103.24	35	72.55
6	103.53	36	70.91
7	103.76	37	69.23
8	103.94	38	67.50
9	104.06	39	65.72
10	104.12	40	63.90
11	104.13	41	62.03
12	104.12	42	60.11
13	97.64	43	58.15
14	97.52	44	56.15
15	97.34	45	54.09
16	97.10	46	52.01
17	96.81	47	49.85
18	96.45	48	47.66
19	96.05	49	45.42
20	95.58	50	43.14
21	90.67	51	40.81
22	89.67	52	38.44
23	88.63	53	36.02
24	87.54	54	33.55
25	86.41	55	31.04
26	85.23	56	28.48
27	84.34	57	25.88
28	83.42	58	23.23
29	81.42	59	20.53
30	80.06	60	17.79
		Thereafter	15.00

EXHIBIT B

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EXHIBIT C TO LEASE OF RAILROAD EQUIPMENT
BETWEEN GREYHOUND LEASING & FINANCIAL COR-
PORATION AND THE PITTSBURGH AND LAKE ERIE
RAILROAD COMPANY, DATED JUNE 6, 1975.

CERTIFICATE OF INSPECTION AND ACCEPTANCE

Through its authorized representative, _____,

_____, as
THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY (Lessee) does
hereby certify to GREYHOUND LEASING & FINANCIAL CORPORATION
(Lessor) that _____ 50 foot 70 ton general
purpose Box Cars (Delivered Cars) manufactured by
U.S. Railway Mfg. Co. (Manufacturer), bearing the identi-
fying reporting mark _____ and car numbers of
Lessee as follows:

have been delivered as of this _____ day of _____,
197____ (Delivery Date) pursuant to the Lease of Railroad Equip-
ment, dated as of June _____, 1975, between Lessor and Lessee
(the Lease); and that the Initial Term of the Lease with
respect to said Delivered Cars shall commence as of the said
Delivery Date.

The Lessee further certifies:

1. that during the manufacture of said Delivered
Cars by the Manufacturer, the Lessee through qualified in-
spectors, inspected, in accordance with inspection and testing
practices and methods which in its opinion are adequate for
the protection of Lessor, the materials and other components
which were incorporated in, and the construction of, said
Delivered Cars;
2. that the materials and other components incor-
porated in, and the construction of, said Delivered Cars comply
fully with, and said Delivered Cars have been completed in full
accordance with, the Specifications referred to in the Lease;
respects satisfactory and acceptable to Lessee on said Delivery
Date;

3. that said Delivered Cars have been delivered in good order and ready for service by the Manufacturer directly to the Lessee, at Manufacturer's plant, and were accepted by the Lessee as of the Delivery Date in accordance with the provisions of the Lease;

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

"GREYHOUND LEASING & FINANCIAL CORPORATION,
PHOENIX, ARIZONA, OWNER AND LESSOR"

5. that the representations and warranties of Lessee contained in the Lease were true as of the Delivery Date, and that there has been no Event of Default as defined in Section 16 of the Lease as of the Delivery Date.

DATED this _____ day of _____, 197__.

Duly Authorized Representative of
THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY

EXHIBIT C

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EXHIBIT D TO LEASE OF RAILROAD EQUIPMENT
BETWEEN GREYHOUND LEASING & FINANCIAL COR-
PORATION AND THE PITTSBURGH AND LAKE ERIE
RAILROAD COMPANY DATED JUNE 6, 1975.

SUPPLEMENT DATED _____,
197 , TO LEASE OF RAILROAD EQUIPMENT
DATED AS OF JUNE _____, 1975, FROM GREYHOUND
LEASING & FINANCIAL CORPORATION, LESSOR,
TO THE PITTSBURGH AND LAKE ERIE RAILROAD
COMPANY, LESSEE.

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

Lessor and Lessee hereby confirm that the below described 50 foot 70 ton general purpose Box Cars (the Cars) manufactured by U. S. Railway Mfg. Co. (Manufacturer) for sale to Lessor were delivered to Lessee on or before the date hereof:

Lessor and Lessee confirm that the Cars were inspected by duly appointed and authorized representatives of Lessee in accordance with the aforesaid Lease of Railroad Equipment. Such inspection showed (a) that the Cars have been constructed in accordance with the Specifications, all applicable Federal Railroad Administration requirements and all standards recommended by the Association of American Railroads, and (b) that there was plainly, distinctly, permanently and conspicuously

placed upon each side of each Car a legend on which plainly and conspicuously appear the following words in letters not less than one inch in height:

"GREYHOUND LEASING & FINANCIAL CORPORATION,
PHOENIX, ARIZONA, OWNER AND LESSOR"

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

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

IN WITNESS WHEREOF, Lessor has caused this Supplement to be executed in its corporate name, by one of its officers thereunto duly authorized, and its corporate seal to be hereunto affixed and duly attested, and Lessee has caused this Supplement to be executed on its behalf the day and year first above written.

GREYHOUND LEASING & FINANCIAL CORPORATION

By _____
Vice President

ATTEST:

Secretary

THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY

By _____
Vice President

ATTEST:

Secretary

EXHIBIT E TO LEASE OF RAILROAD EQUIPMENT BETWEEN
GREYHOUND LEASING & FINANCIAL CORPORATION AND THE
PITTSBURGH AND LAKE ERIE RAILROAD COMPANY, DATED
JUNE 6, 1975.

Lessee shall maintain or cause to be maintained, with respect to its activities and operations in which the Cars shall be utilized, liability insurance of the scope and limits normally carried by Lessee, and in such types and limits as are customarily carried by comparable companies under similar circumstances, or as in the judgment of Lessee are adequate to protect activities and operations of Lessee, such insurance to be maintained through commercial insurers of recognized responsibility. Lessee presently maintains with commercial insurers Personal Injury and Property Damage Liability Insurance with combined single limit of Thirty-Five Million Dollars (\$ 35,000,000.00), deductible of Two Million Dollars (\$ 2,000,000.00), covering liability of Lessee, including liability assumed under any contract or agreement, arising out of any occurrence or occurrences caused by or growing out of Lessee's operations anywhere in the world, and all operations incidental thereto.

EXHIBIT E

GREYHOUND LEASING & FINANCIAL CORPORATION
GREYHOUND TOWER
PHOENIX, ARIZONA 85077

SCHEDULE NO. _____

EQUIPMENT LEASE SCHEDULE

1. DESCRIPTION OF EQUIPMENT:

- (1) GLFC No. _____
- (2) Description of Equipment to be Leased: fifty foot, seventy ton new General Purpose Box Cars, and bearing reporting numbers and marks: P&LE 39700 through P&LE 39999 inclusive, or such other reporting numbers and marks as P&LE shall advise in writing for all or any of the Equipment.
- (3) Units Covered by this Schedule: _____ Units bearing reporting numbers and marks _____ through _____ inclusive.

2. SITUATE: Continental United States and Canada

3. TERM: 180 months. COMMENCING on date of Execution of Certificate of Inspection and Delivery.

4. RENT:

A. Payable monthly in arrears in an amount determined as provided in Paragraph 4 of the Equipment Lease Agreement dated June 6, 1975 ("Lease").

5. RENEWAL OPTION: See Paragraph 3 of the Lease.

6. INSURANCE: See Paragraph 6 of the Lease.

7. STIPULATED LOSS VALUE: See Exhibit B to the Lease

8. SPECIAL CONDITIONS: The monthly rentals are based on a Prime Rate of 7.25% and will float with the Prime Rate as provided in Paragraph 4 of the Lease.

APPROVED AND AGREED TO this _____ day of _____, 1975, as a schedule to and part of Equipment Lease Agreement dated the 6th day of June, 1975.

THE PITTSBURGH AND LAKE ERIE
RAILROAD COMPANY

Lessee

By _____

By _____

GREYHOUND LEASING & FINANCIAL CORPORATION

Lessor

By _____

Vice President

By _____

Assistant Secretary

(SEAL)

EXHIBIT F