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INTERSTATE COMMERCE COMMISSION

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**LEASE OF RAILROAD EQUIPMENT**

**Dated as of November 1, 1972**

**between**

**WELLS FARGO BANK, N.A.,  
as Trustee,**

**LESSOR**

**and**

**PENNSYLVANIA POWER & LIGHT COMPANY,**

**LESSEE**

**131 Bethlehem Steel Corporation**

**Coal Hopper Cars**

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**Filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act on November 1, 1972, at .M., Recordation No.**

# LEASE OF RAILROAD EQUIPMENT

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**LEASE OF RAILROAD EQUIPMENT** dated as of November 1, 1972 between WELLS FARGO BANK, N.A., a national banking association, as Trustee ("Lessor") under Trust Agreement ("Trust Agreement") dated as of the date hereof with National Bank of Tulsa, a national banking association ("Owner"), and PENNSYLVANIA POWER & LIGHT COMPANY, a Pennsylvania corporation ("Lessee").

WHEREAS, Lessor, Lessee and Owner have entered into a Finance Agreement dated as of the date hereof ("Finance Agreement"), to which the Loan Participants ("Loan Participants"; together with the Owner, "Participants") named in Schedule A thereto are also parties, to provide for the financing by the Participants of the purchase by the Lessor of the Units ("Units") railroad equipment described in Annex A hereto pursuant to a Purchase Order Assignment (said Purchase Order Assignment, as consented and agreed to by the Builder referred to below, is hereinafter called the "Assignment") whereby Lessee has assigned its interest in the Purchase Order dated August 21, 1972, No. 2-8569, as amended and modified by Supplement No. 1, dated November 3, 1972, from Lessee to Bethlehem Steel Corporation ("Builder"), said Purchase Order having been accepted by Builder by letter dated September 5, 1972 (said Purchase Order as so accepted is herein called the "Purchase Order");

WHEREAS, loans made by the Loan Participants in accordance with the Finance Agreement are to be evidenced by Equipment Trust Certificates ("Equipment Trust Certificates") issued under the Trust Agreement, secured by a security interest in said railroad equipment and payable from amounts paid by Lessee hereunder; and

WHEREAS, the Lessee desires to lease all the Units delivered and accepted hereunder and settled for under the Finance Agreement on or prior to December 31, 1972 ("Cut-Off Date"), at the rentals and for the terms and upon the conditions hereinafter provided;

Now, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions, subject to all the rights and remedies of the Lessor and the Participants hereunder:

§ 1. *Definitions.* The following terms shall have the following meanings for all purposes of this Lease:

“*Agreements*” shall mean this Lease, the Finance Agreement, the Purchase Order and the Assignment.

“*Basic Rent*” for any Unit shall mean the aggregate rent payable through the Term for such Unit pursuant to § 3(a).

“*Casualty Occurrence*” shall mean any of the following with respect to a Unit: a Unit shall be or become worn out, lost, stolen, destroyed or, in the opinion of the Lessor or the Lessee, irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise.

“*Casualty Value*” for a Unit as of any Rental Payment Date shall equal the product of the Purchase Price of such Unit and the percentage specified in Schedule I hereto opposite such Rental Payment Date.

“*Certificate of Delivery*” shall mean the certificate of acceptance and delivery referred to in § 2.

“*Event of Default*” shall mean any of the events specified in § 13.

“*Purchase Price*” of any Unit shall mean the unit base price set forth in Annex A or such lower or higher (but no more than 10% higher) amount as may be invoiced by the Builder and approved by Lessee on the date such Unit is delivered hereunder.

“*Rent*” shall mean Basic Rent and Supplemental Rent.

“*Rental Payment Date*” shall mean any date specified in § 3 for payment of Basic Rent.

“*Supplemental Rent*” shall mean all amounts, liabilities and obligations which Lessee assumes or agrees to pay hereunder to Lessor or others, including, but without limitation, Casualty Value and Termination Value payments but excluding Basic Rent.

“*Termination Value*” for a Unit as of any Rental Payment Date shall equal the product of the Purchase Price of such Unit and the percentage specified in Schedule II hereto opposite such

Rental Payment Date, plus, for any Rental Payment Date occurring on or after April 2, 1983, the applicable percentage set forth below of the principal amount of Equipment Trust Certificates to be pre-paid on such Rental Payment Date pursuant to the Trust Agreement:

<u>Rental Payment Date</u>	<u>Percentage</u>	<u>Rental Date Payment</u>	<u>Percentage</u>
4/2/83 -----	5.000%	4/2/87 -----	2.419%
7/2/83 -----	4.839	7/2/87 -----	2.258
10/2/83 -----	4.677	10/2/87 -----	2.097
1/2/84 -----	4.516	1/2/88 -----	1.935
4/2/84 -----	4.355	4/2/88 -----	1.774
7/2/84 -----	4.194	7/2/88 -----	1.613
10/2/84 -----	4.032	10/2/88 -----	1.452
1/2/85 -----	3.871	1/2/89 -----	1.290
4/2/85 -----	3.710	4/2/89 -----	1.129
7/2/85 -----	3.548	7/2/89 -----	.968
10/2/85 -----	3.387	10/2/89 -----	.806
1/2/86 -----	3.226	1/2/90 -----	.645
4/2/86 -----	3.065	4/2/90 -----	.484
7/2/86 -----	2.903	7/2/90 -----	.323
10/2/86 -----	2.742	10/2/90 -----	.161
1/2/87 -----	2.581	1/2/91 -----	.000

Anything herein to the contrary notwithstanding, Termination Value for any Unit shall be no less at the time of calculation than a *pro rata* (determined on the basis of the aggregate Purchase Price of the Units with respect to which the calculation is being made and all other Units then subject to this Lease) portion of the outstanding principal amount of, and accrued interest on, Equipment Trust Certificates.

“*Term*” shall mean the term specified in § 4(a).

“*Trust Estate*” shall have the meaning specified in Section 1.01 of the Trust Agreement.

§ 2. *Delivery and Acceptance of Units.* The Lessor will cause each Unit to be delivered to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Lessor by the Builder pursuant to the Purchase Order Assignment. Upon such delivery, the Lessee will cause an inspector or inspectors of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance and delivery, stating that such Unit has been inspected and accepted on behalf of the Lessee on the date of such certificate and is marked in accordance with § 5, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

§ 3. *Rentals.* (a) *Basic Rent.* The Lessee agrees to pay to the Lessor as rental for each Unit subject to this Lease, 81 consecutive quarter-annual payments, payable on January 2, April 2, July 2, and October 2 in each year, commencing with January 2, 1973 (or if any such date is not a business day on the next succeeding business day). The first such payment shall be in an amount equal to the product of (x) 0.022931% of the Purchase Price of such Unit and (y) the number of days elapsed from and including the Closing Date to but excluding January 2, 1973; and the next 80 quarter-annual payments shall each be in an amount equal to 2.06373% of the Purchase Price of such Unit.

(b) *Supplemental Rent.* Lessee also agrees to pay to Lessor, or to whomsoever shall be entitled thereto, any and all Supplemental Rent promptly as the same shall become due and owing, and in the event of any failure on the part of Lessee to pay any Supplemental Rent, Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of Basic Rent. Lessee will also pay to Lessor, not later than ten days after demand, as Supplemental Rent, to the extent permitted by applicable law, interest at the rate of 9% per annum (computed on the basis of a 360-day year of twelve 30-day months) on any part of any instalment of Basic Rent, and any payment of Casualty Value or Termination Value, not paid when due for any period for which the same shall be overdue and on any payment of Supplemental Rent not paid within ten days after

demand by Lessor for the period from the date of demand until the same shall be paid.

§ 4. *Term of Lease; Return of Units upon Expiration.* (a) *Term.* The term of this Lease as to each Unit shall begin on the date of the delivery to and acceptance by the Lessee of such Unit and, subject to the provisions of §§ 7, 8 and 16, shall terminate on the date on which the final quarter-annual payment of Basic Rent in respect thereof is due pursuant to § 3.

(b) *Return of Units Upon Expiration.* As soon as practicable on or after the expiration of the Term with respect to any Unit, the Lessee will, subject to § 16, at its own cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks as the Lessee may designate, or, in the absence of such designation, as the Lessor may select, and secure for the Lessor storage rights for such Unit on such tracks for a period not exceeding two months and the Lessee will transport the same, at any time within such two-month period, to the nearest carrier for shipment, all as directed by the Lessor; the movement and storage of such Unit to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of such Unit, to inspect the same; *provided, however,* that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to deliver, store and transport the Units. If Lessor shall elect to abandon any Unit which has suffered a Casualty Occurrence or which after the expiration of this Lease the Lessor shall have deemed to have suffered a Casualty Occurrence, it may deliver written notice to such effect to the Lessee and the Lessee shall thereupon assume and hold the Lessor harmless from all liability arising in respect

of any responsibility of ownership thereof, from and after receipt of such notice. The Lessor shall execute and deliver to the Lessee a bill of sale or bills of sale transferring to the Lessee, or upon its order, without warranty (except as to its own acts), the Lessor's title to and property in any Unit abandoned by it pursuant to the immediately preceding sentence. Subject to the foregoing, the Lessee shall have no liability to the Lessor in respect of any Unit abandoned by the Lessor after termination of the Lease; *provided, however*, that the foregoing clause shall not in any way relieve the Lessee of its obligations pursuant to § 7 to pay the Casualty Value of any Unit experiencing a Casualty Occurrence while this Lease is in effect.

§ 5. *Identification Marks; Possession; Use.* (a) *Identification Marks.* The Lessee will cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the name of the Lessor followed by the legend "Owner-Trustee, Lessor", with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's title to and property in such Unit and the rights of the Lessor under this Lease; *provided, however*, that on any remarking of any Unit after its delivery under this Lease, such legend shall be "as Trustee, Owner, Lessor". The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such name and words shall have been so marked on both sides thereof and will replace promptly any such name and words which may be removed, defaced or destroyed. The Lessee will not change the identifying number of any Unit except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease shall have been filed, recorded and deposited. Except as provided above in this paragraph, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; *provided, however*, that the Lessee may allow the Units to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by them of the same or a similar type for convenience of identification of their rights to use the Units as permitted under this Lease.

(b) *Possession; Use.* Subject to § 14, the Lessee shall be entitled to the possession, use and quiet enjoyment of the Units in accordance with the terms of this Lease. Without the prior written consent of the Lessor, which shall not be unreasonably withheld, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them. The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance resulting from claims against the Lessor not related to the ownership of the Units) upon or with respect to any Unit, including any accession thereto, or the interest of the Lessor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or encumbrance which arises. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the next succeeding sentence. Subject to § 14, the Lessee shall be entitled to the possession of the Units and to the use of the Units by it or any affiliate upon lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract, and also to permit the use of the Units upon connecting and other railroads in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease and the Lessee may receive and retain compensation for such use from railroads so using any of the Units; *provided, however*, that the Lessee shall not assign or permit the assignment of any Unit to service involving the regular operation and maintenance thereof outside the United States of America.

§ 6. *Taxes.* (a) *Taxes.* All payments to be made by the Lessee hereunder will be free of expense to the Lessor and each Participant for collection or other charges and will be free of expense to the Lessor and each Participant with respect to the amount of any local, state, federal, or foreign taxes (other than any United States federal income tax [and, to the extent that the Lessor receives credit therefor against its United States federal income tax liability, any foreign income tax] payable by the Lessor or such Participant in consequence of the receipt

of payments provided for herein and other than the aggregate of all state or city income taxes or franchise taxes measured by net income based on such receipts, up to the amount of any such taxes which would be payable to the state and city in which the Lessor or such Participant has its principal place of business without apportionment to any other state, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or license fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "impositions") hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or of the Trust Agreement, the Assignment or the Purchase Order, all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all impositions which might in any way affect the title of the Lessor or result in a lien upon any such Unit; *provided, however, that the Lessee shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Lessor, adversely affect the title, property or rights of the Lessor hereunder or under the Trust Agreement.* If any impositions shall have been charged or levied against the Lessor or any Participant directly and paid by the Lessor or such Participant, the Lessee shall reimburse the Lessor or such Participant on demand, together with interest at the rate of 9% per annum.

(b) *Reports.* In the event any reports with respect to impositions are required to be made, the Lessee will either make such reports in such manner as to show the interests of the Lessor or any Participant in such Units or notify the Lessor or such Participant of such requirement and make such reports in such manner as shall be satisfactory to the Lessor or such Participant.

(c) *Liability Continues.* In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any imposition pursuant to this § 6, such liability shall continue, notwithstanding the expiration of this Lease, until all such impositions are paid or reimbursed by the Lessee.

§ 7. *Casualty Occurrences.* (a) *Payment or Substitution.* Upon the happening of a Casualty Occurrence with respect to any Unit, Lessee shall elect one of the following alternatives:

(i) Lessee shall, on a Rental Payment Date within 120 days after the Casualty Occurrence, pay to Lessor an amount equal to the sum of (A) all Rent with respect to such Unit due and unpaid on or prior to such Rental Payment Date, including the payment of Basic Rent due on such Rental Payment Date, and (B) the Casualty Value for such Unit computed as of such Rental Payment Date; in the event of payment in full of such Rent and Casualty Value, the obligation of Lessee to pay Basic Rent hereunder with respect to such Unit on any Rental Payment Date after such Rent and Casualty Value payment shall have been made shall terminate, and Lessor will transfer to Lessee, without warranty (except as to its own acts), all Lessor's right, title and interest, if any, in and to such Unit; or

(ii) Duly convey to Lessor as replacement for such Unit title to another Unit of the same type and quality, free and clear of all liens, encumbrances or rights of others whatsoever and having a value and utility at least equal to, and being in as good operating condition as, the Unit with respect to which such Casualty Occurrence happened was required to be by the terms of this Lease immediately prior to the happening of such Casualty Occurrence; and, upon such conveyance, Lessee, at its own expense, will promptly (i) furnish Lessor with bills of sale, in form and substance satisfactory to Lessor, with respect to such replacement unit, (ii) execute a Certificate of Delivery with respect to such replacement unit, in form satisfactory to Lessor, and deliver the same to Lessor, (iii) furnish Lessor with such evidence of title to such replacement unit (including, if requested, an opinion of Lessee's counsel) and of the condition of such replacement unit as

Lessor may reasonably request, (iv) furnish Lessor with an opinion of Lessee's counsel that such action has been taken with respect to the registration, deposit, recording and filing, including, but without limitation, filing and recording with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act, of all such documents as are necessary or advisable to establish and perfect Lessor's title to and interest in such replacement unit and reciting the details of such action, if not previously set forth, or stating that no such action is necessary for such purposes, (v) furnish Lessor with evidence of the registration, deposit, recording and filing (if any) specified in the opinion of Lessee's counsel furnished Lessor pursuant to the preceding clause (iv) and (vi) take such other action as Lessor may reasonably request in order that such replacement unit be duly and properly titled in Lessor and leased hereunder to the same extent as the Unit replaced thereby. Upon full compliance by Lessee with the terms of this subparagraph (ii), Lessor will execute and deliver the Certificate of Delivery with respect to such replacement unit and transfer to Lessee, without warranty (except as to its own acts), all Lessor's right, title and interest, if any, in and to the Unit with respect to which such Casualty Occurrence happened. Thenceforth, for all purposes of this Lease, each such replacement unit shall be deemed a Unit as defined herein.

(b) *Notice.* Lessee shall promptly and fully inform Lessor of any Casualty Occurrence, as well as of Lessee's election pursuant to the preceding paragraph (a), and if alternative (ii) above is elected by Lessee, its terms shall be fully performed within 120 days after the Casualty Occurrence.

(c) *No Release; Basic Rent to Continue.* Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit after delivery to and acceptance thereof by the Lessee hereunder. Until Lessee shall have fully performed its obligations under subparagraph (i) or (ii) of the preceding paragraph (a), it shall continue to pay Basic Rent as provided in § 3 with respect to the Unit involved in the Casualty Occurrence.

§ 8. *Voluntary Termination.* (a) *Right of Termination.* Unless an Event of Default (or other event which after lapse of time or notice or both would become an Event of Default) shall have occurred and be continuing, Lessee shall have the right at its option at any time after the forty-first Rental Payment Date, but not before, on at least 60 days' prior written notice to Lessor, to terminate this Lease with respect to any Unit which shall have become obsolete, such termination to be effective on the date (which shall be a Rental Payment Date and is hereinafter in this Section called the "termination date") specified in such notice. During the period from the giving of such notice until the termination date, Lessee, as agent for Lessor, shall use its best efforts to, and the Owner may, obtain bids for the purchase of such obsolete or surplus Unit. Lessee shall, and the Owner may, certify to Lessor in writing the amount of each bid received and the name and address of the party (who shall not be Lessee or any person, firm or corporation affiliated with Lessee) submitting such bid. On the termination date Lessor shall, without warranty (except as to its own acts), sell such Unit for cash to whomsoever shall have submitted the highest bid prior to such date, and thereupon Lessee shall deliver such Unit to Lessor in accordance with the terms of §§ 4 and 11. If no sale of such Unit takes place on the termination date Lessee shall not deliver such Unit to Lessor and this Lease shall continue in full force and effect as to such Unit.

(b) *Termination Procedure.* The total sale price realized at such sale shall be retained by Lessor and, in addition, on the termination date, Lessee shall pay to Lessor the excess, if any, of (i) the sum of (x) all Rent with respect to such Unit due on or prior to the termination date, including the payment of Basic Rent due on the termination date, and (y) the Termination Value for such Unit computed as of the termination date over (ii) the proceeds of such sale less all expenses incurred by Lessor in connection with such sale or with the collection or distribution of such payment. In the event of such sale and upon compliance by Lessee with the provisions of this § 8, the obligation of Lessee to pay all Basic Rent hereunder with respect to such Unit after the termination date shall cease. Lessor shall be under no duty to solicit bids, to inquire into the efforts of Lessee to obtain bids or otherwise take any action in connection with any such sale other than as expressly provided in this § 8.

§ 9. *Insurance; Application of Payments.* (a) *Insurance.* The Lessee will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained programs of insurance for Casualty Occurrences in respect of the Units at the time subject hereto and public liability, with insurers of recognized responsibility, or self-insurance or risk assumption, in amounts and against risks customarily insured against by utility companies on similar equipment, all as Lessee may in good faith reasonably determine from time to time, and in any event in amounts and against risks comparable to those insured against by the Lessee on equipment owned by it; *provided*, that such insurance with respect to a Casualty Occurrence of any Unit shall be not less than the Casualty Value of such Unit on the Rental Payment Date next succeeding the date of computation.

(b) *Application of Payments.* Unless an Event of Default (or other event which after lapse of time or giving of notice, or both, would become an Event of Default) shall have occurred and be continuing, any insurance proceeds or condemnation or other payments received by the Lessor in respect of Units suffering a Casualty Occurrence shall be applied as follows:

(a) if Lessee has elected alternative (i) of § 7(a), such proceeds or payments shall be applied as a deduction from the amounts payable by the Lessee to the Lessor in respect of such Casualty Occurrence or, if received after Lessee has made such payments, to Lessee in reimbursement thereof; or

(b) if Lessee has elected alternative (ii) of § 7(a), such proceeds or payments shall be held by Lessor until the action required by § 7(a)(ii) has been completed and thereupon shall be paid to Lessee, up to an amount equal to the Casualty Value of the Unit suffering such Casualty Occurrence.

Any such proceeds or payments in excess of the Casualty Value of the Unit suffering the Casualty Occurrence shall remain the property of the Lessor.

§ 10. *Annual Reports.* On or before March 31 in each year, commencing with the calendar year which begins after the expiration of 120 days from the date of this Lease, the Lessee will furnish to the

Lessor, in such number of copies as Lessor shall request, an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar 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 and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and the markings required by § 5 (a) have been preserved or replaced. The Lessor shall have the right by its agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

§ 11. *Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Accessions.* (a) *Disclaimer of Warranties.* **The Lessor makes no warranty or representation, either express or implied, as to the design or condition of, or as to the quality of the material, equipment or workmanship in, the Units delivered to the Lessee hereunder, and the Lessor makes no warranty of merchantability or fitness of the Units for any particular purpose or as to title to the Units or any component thereof, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; Lessor agrees, unless an Event of Default (or other event which after lapse of time or notice or both would become an Event of Default) shall have occurred and be continuing, to assign or otherwise make available to Lessee, at Lessee's expense, such rights as Lessor may have against the Builder pursuant to the Purchase Order and the Assignment. The Lessee's delivery of a Certificate of Delivery shall be conclusive evidence as between the Lessee and the Lessor that all Units described therein are in all the foregoing respect satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.**

(b) *Compliance with Rules.* The Lessee agrees to comply in all respects (including, but without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of jurisdictions in which its operations involving the Units may extend, with the

interchange rules of the Association of American Railroads and with all rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that such laws or rules require any alteration of any Unit, or in the event that any equipment or appliance on any such Unit shall be required to be changed or replaced, or in the event that any additional or other equipment or appliance is required to be installed on any such Unit in order to comply with such laws or rules, the Lessee will make such alterations, changes, replacements and additions at its own expense; *provided, however*, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property or rights of the Lessor under this Lease.

(c) *Maintenance.* The Lessee agrees that, at its own cost and expense, it will maintain or cause to be maintained each Unit in good order and repair, ordinary wear and tear excepted.

(d) *Accessions.* Any and all additions to any Unit, and any and all parts installed on and additions and replacements made to any Unit shall constitute accessions to such Unit and, at the cost and expense of the Lessee, full ownership thereof free from any lien, charge, security interest or encumbrance shall immediately be vested in the Lessor.

§ 12. *Indemnification.* (a) *General Indemnity.* The Lessee agrees to indemnify, protect and hold harmless the Lessor and each Participant from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest (for the purpose of this Section collectively called "expenses"), arising out of or as the result of the entering into or the performance of the Agreements or the Trust Agreement, the ownership of any Unit, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any Unit or any accident in connection with the operation, use, condition, possession, storage or return of any

ability or loss of such benefit of such deduction or (C) failing to take (or being finally determined by the Internal Revenue Service to have failed to take) any other action which is required by the terms of this Lease or any document referred to herein or required by applicable law or regulations and which results in the unavailability or loss of such benefit of such deduction; or

(d) a determination by the Internal Revenue Service that the limitations of Section 167(1) of the Internal Revenue Code of 1954, as amended, are applicable with respect to any Unit;

then, Lessee shall pay Lessor for the account of the Owner, as additional rent hereunder, an amount which, after deduction of all taxes required to be paid by Lessor or the Owner in respect of the receipt thereof under the laws of any governmental or taxing authority in the United States or in any foreign country, shall be equal to the additional income tax or taxes paid or payable by Lessor or the Owner as the result of the unavailability or loss of such benefit of such depreciation or interest deduction, as the case may be, together with the amount of any interest (including any additions to tax) and penalties which may be payable by the Owner in connection with such loss.

(c) *Indemnities Survive.* The obligations of Lessee under this § 12 shall survive the expiration or earlier termination of this Lease and the full payment of all obligations under this Lease, and are expressly made for the benefit of, and shall be enforceable by, each Participant as well as the Lessor.

§ 13. *Events of Default.* Each of the following events shall constitute an Event of Default (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default shall be made in payment of any part of Basic Rent when due and such default shall continue for 5 days;

(b) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of possession of the Units, or any thereof;

(c) any material representation or material warranty of the Lessee made in any of the Agreements shall prove to be incorrect;

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

(e) the due date for any obligation of Lessee for the payment of borrowed money shall be accelerated by reason of default thereunder;

(f) Lessee shall consent to the appointment of a receiver, trustee or liquidator of itself or of a substantial part of its property, or Lessee shall admit in writing its inability to pay its debts generally as they come due, or shall make a general assignment for the benefit of creditors, or Lessee shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws (as now or hereafter in effect) or an answer admitting the material allegations of a petition filed against Lessee in any such proceeding, or Lessee shall by voluntary petition, answer or consent seek relief under the provisions of any other now existing or future bankruptcy or other similar law providing for the reorganization or winding-up of corporations, or providing for an agreement, composition, extension or adjustment with its creditors;

(g) an order, judgment or decree shall be entered by any court of competent jurisdiction appointing, without the consent of Lessee, a receiver, trustee or liquidator of Lessee or of any substantial part of its property, or any substantial part of the property of Lessee shall be sequestered, and any such order, judgment or decree of appointment or sequestration shall remain in force undischarged, unstayed or unvacated for a period of 90 days after the date of entry thereof; or

(h) a petition against Lessee in a proceeding under the federal bankruptcy laws or other insolvency laws (as now or hereafter in effect) shall be filed and shall not be withdrawn or dismissed within 90 days thereafter, or if, under the provisions of any law providing for reorganization or winding-up of corporations which may apply to Lessee, any court of competent jurisdiction shall assume jurisdic-

tion, custody or control of Lessee or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or untermiated for a period of 90 days.

§ 14. *Remedies.* Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, Lessor may, at its option, declare this Lease to be in default and at any time thereafter, so long as Lessee shall not have remedied all outstanding Events of Default, Lessor may do one or more of the following with respect to all or any Units as Lessor in its sole discretion shall elect, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law then in effect:

(a) demand that Lessee, and Lessee shall upon the written demand of Lessor and at Lessee's expense, return promptly any Unit to Lessor in the manner and condition required by, and otherwise in accordance with all of the provisions of, § 11; or Lessor, at its option, may enter upon the premises where any Unit is located and take immediate possession of and remove the same by summary proceedings or otherwise, all without liability to Lessor for or by reason of such entry or taking of possession, whether for the restoration of damage to property of Lessee caused by such taking or otherwise, *provided*, that Lessor shall be responsible for damages caused by or injuries resulting from Lessor's entry upon property of third parties;

(b) sell any Unit at public or private sale, as Lessor may determine, or otherwise dispose of, hold, use, operate, lease to others or keep idle any Unit as Lessor in its sole discretion may determine, all free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto;

(c) except as stated in this paragraph (c), whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under paragraph (a) or paragraph (b) above with respect to any Unit, Lessor, by written notice to Lessee specifying a date (which shall be a Rental Payment Date and is hereinafter in this Section called the "payment date") not

earlier than 10 days from the date of such notice, may demand that Lessee pay to Lessor and Lessee shall pay to Lessor, on the payment date, as liquidated damages for loss of the bargain and not as a penalty (in lieu of the Basic Rent for such Unit due after the payment date), any unpaid Basic Rent for such Unit due for periods prior to the payment date plus whichever of the following amounts Lessor, in its sole discretion, shall specify in such notice (together with interest on such amount at the rate of 9% per annum from the payment date to the date of actual payment): (i) an amount equal to the excess, if any, of the Termination Value for such Unit, computed as of the payment date, over the aggregate fair market rental value (computed as hereafter in this Section provided) of such Unit for the remainder of the Term for such Unit after discounting such fair market rental value quarter-annually (effective on the Rental Payment Dates for such Unit) to present worth as of the payment date at the rate of 5.5% per annum; or (ii) an amount equal to the excess, if any, of the Termination Value for such Unit as of the payment date over the fair market sales value of such Unit (computed as hereafter in this Section provided) as of the payment date; *provided, however*, that if prior to the payment date Lessor shall, pursuant to paragraph (b) above, have sold such Unit and the amounts in respect of such Unit which Lessor might demand if it exercised its rights under paragraph (d) below is less than the amounts specified in or payable under any notice given under this paragraph (c), Lessee shall pay to Lessor the amounts computed under paragraph (d) below, and not the amounts specified in or payable under the notice given under this paragraph (c);

(d) in the event Lessor shall, pursuant to paragraph (b) above, have sold any Unit, Lessor, in lieu of exercising its rights under paragraph (c) above with respect to such Unit, may, if it shall so elect, demand that Lessee pay Lessor and Lessee shall pay to Lessor, as liquidated damages for loss of the bargain and not as a penalty (in lieu of the Basic Rent for such Unit due after the Rental Payment Date next following the date on which such sale occurs), any unpaid Basic Rent for such Unit due for periods up to and including the quarter-annual rental period during which such sale occurs plus the amount of any deficiency between the net

proceeds of such sale and the Termination Value of such Unit, computed as of the Rental Payment Date next following the date on which such sale occurs, together with interest at the rate of 9% per annum on the amount of such deficiency from the Rental Payment Date as of which such Termination Value is computed until the date of actual payment; and/or

(e) Lessor may exercise any other right or remedy which may be available to it under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof or to rescind this Lease as to any or all Units.

In addition, Lessee shall be liable, except as otherwise provided above, for any and all other amounts due hereunder before or during the exercise of any of the foregoing remedies and for all legal fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit in accordance with the terms of § 11 or in placing such Unit in the condition as required by said Section. For the purpose of paragraph (c) above, the "aggregate fair market rental value" or the "fair market sales value" of any Unit shall be an appraisal mutually agreed to by two recognized independent railroad appraisers, one chosen by Lessor and one chosen by Lessee, or, if such appraisers cannot agree on the amount of such appraisal, arrived at by a third independent appraiser chosen by the mutual consent of such two appraisers. If either party shall fail to appoint an appraiser within 30 days after notice from the other party of the appointment of its appraiser or if such two appraisers cannot agree on the amount of such appraisal and fail to appoint a third appraiser within 30 days after the appointment of the second appraiser, then either party may apply to any court having jurisdiction to make such appointment. At any sale of Units pursuant to this Section, Lessor or any Participant may bid for and purchase such property. Except as otherwise expressly provided above, no remedy referred to in this Section is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity; and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor

of any or all of such other remedies. The Lessor may waive an Event of Default or the consequences thereof, but no express or implied waiver by Lessor of any Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default. To the extent permitted by applicable law, Lessee hereby waives any rights now or hereafter conferred by statute or otherwise which may require Lessor to sell, lease or otherwise use any Unit in mitigation of Lessor's damages as set forth in this Section or which may otherwise limit or modify any of Lessor's rights or remedies under this Section.

§ 15. *Recording.* The Lessee will cause this Lease, the Assignment and the Trust Agreement to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit, record (and will refile, re-register, deposit and redeposit or re-record whenever required) any and all further instruments required by law or reasonably requested by the Lessor for the purpose of proper protection, to its satisfaction, of the Lessor's interests in the Units, or for the purpose of carrying out the intention of this Lease and the Trust Agreement; and the Lessee will promptly furnish to the Lessor evidences of all such filings, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Lessor.

§ 16. *Purchase and Renewal Options.* Unless an Event of Default (or other event which after lapse of time or giving of notice, or both, would become an Event of Default) shall have occurred and be continuing, the Lessee may by written notice delivered to the Lessor not less than six months prior to the end of the Term or any extended term hereof, as the case may be, elect (a) to extend the term of this Lease in respect of all, but not fewer than all, of the Units then covered by this Lease, for two additional five-year periods, in each case commencing on the scheduled expiration of the preceding term of this Lease and at a "Fair Market Rental", the rental for either renewal term to be payable in 20 quarter-annual payments on January 2, April 2, July 2 and October 2 in each year, commencing three months after the final quarter-annual rental payment for the preceding term is due and/or (b) to purchase all, but not fewer than all, the Units covered by this

Lease at the end of the original or any extended term of this Lease for a purchase price equal to the "Fair Market Value" of such Units as of the end of such term.

Fair Rental Value shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such value. If on or before four months prior to the expiration of the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value of the Units, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser.

Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession and (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value. If on or before four months prior to the expiration of the original term of this Lease, in case of an extension thereof, or of the original or the extended term of this Lease, in the case of a purchase of the Units, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Value of the Units, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser.

The term Appraiser shall mean such independent appraiser as the Lessor and the Lessee may mutually agree upon, or failing such agreement, a panel of three independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third designated by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee.

Upon payment of the purchase price, the Lessor shall upon request of the Lessee execute and deliver to the Lessee, or to the Lessee's assignee or nominee, a bill of sale, without warranty, for the Units sold.

§ 17. *Merger.* Lessee may not sell or convey its property and assets as an entirety or substantially as an entirety to, or consolidate or merge with or into, any other corporation, unless (i) the successor corporation shall be a corporation incorporated under the laws of the United States of America or of any state or states thereof, (ii) upon any such sale, conveyance, consolidation or merger, the successor corporation shall expressly assume the due and punctual payment of Basic Rent, all Supplemental Rent, and Casualty Value and Termination Value payments in accordance with the terms of this Lease, as well as the due and punctual performance and observance of all other terms, covenants and conditions of this Lease to be kept and performed by Lessee, (iii) after giving effect to any such sale, conveyance, consolidation or merger no Event of Default and no event which with notice or lapse of time or both would constitute an Event of Default shall have occurred and be continuing and (iv) Lessor shall be promptly notified of such sale, conveyance, merger or consolidation. Any such purchasing or successor corporation shall be substituted for Pennsylvania Power & Light Company as Lessee hereunder.

§ 18. *Lessor's Right to Perform.* If Lessee fails to make any payment of Rent required to be made by it hereunder or fails to perform or comply with any of its agreements contained herein, Lessor may itself make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the reasonable expenses of Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the rate of 9% per annum, shall be deemed Supplemental Rent, payable by Lessee upon demand.

§ 19. *Notices.* All notices required under the terms and provisions hereof shall be in writing, and any such notice shall become effective when deposited in the United States mail, with proper postage for ordinary mail prepaid, addressed (i) if to the Lessee, at 901 Hamilton Street, Allentown, Pa. 18101, Attention: Treasurer, or at such other address as Lessee shall from time to time designate in writing to Lessor, (ii) if to Lessor, at P.O. Box 44011, 475 Sansome Street, San Francisco,

Cal. 94120, Attention: Corporate Trust Department, or at such other address as Lessor shall from time to time designate in writing to Lessee, or (iii) if to any Participant at its address set forth in the Finance Agreement, or at such other address as such Participant shall from time to time designate in writing to Lessor and Lessee.

§ 20. *Net, Non-Cancellable Lease.* All Rent shall be paid by Lessee in immediately available funds to Lessor at its office at 475 Sansome Street, San Francisco, Cal. 94120, Attention: Corporate Trust Department, or to such address as Lessor may otherwise direct. This Lease is a net, non-cancellable lease and the Lessee shall not be entitled to any abatement of Rent, reduction thereof or setoff against Rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor, the Builder or any Participant under the Agreements or under any document or transaction or for any other cause whatsoever; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency, bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that all Rent payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each payment of Rent made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

§ 21. *Successor Lessor.* Lessee agrees that in the case of the appointment of any successor Trustee pursuant to the terms of the Trust Agreement, such successor Trustee shall, upon written notice by such successor Trustee to Lessee, succeed to all the rights, powers and title of Lessor hereunder and shall be deemed to be Lessor and the owner of the Units for all purposes hereof, without the necessity of any consent or approval by Lessee and without in any way altering the terms of this Lease or Lessee's obligations hereunder. One such appointment and designation of a successor Trustee shall not exhaust the right to appoint and designate further successor Trustees pursuant to the Trust Agreement, but such right may be exercised repeatedly as long as this Lease shall be in effect.

§ 22. *Miscellaneous.* Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law Lessee hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect. No term or provision of this Lease may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which the enforcement of the change, waiver, discharge or termination is sought. Any reference herein to any person shall be deemed to include a reference to the person's successors and assigns, including any subsequent holder of an Equipment Trust Certificate. This Lease shall constitute an agreement of lease, and nothing herein shall be construed as conveying to Lessee any right, title or interest in any Unit except as a lessee only. The captions in this Lease are for convenience of reference only and shall not define or limit any of the terms or provisions hereof. This Lease shall in all respects be governed by, and construed in accordance with, the laws of the State of Pennsylvania, including all matters of construction, validity and performance; *provided, however*, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

§ 23. *Execution.* This Lease may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and

the same instrument. Although this Lease is dated as of November 1, 1972, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgements hereto annexed.

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

WELLS FARGO BANK, N.A.,  
as Trustee

By Jack W. West  
Trust Officer

[CORPORATE SEAL]

Attest:

[Signature]  
Assistant Secretary

PENNSYLVANIA POWER & LIGHT  
COMPANY

By R. R. Fortune  
Vice President

[CORPORATE SEAL]

Attest:

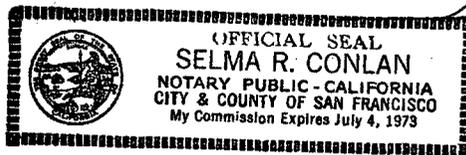
Dorothy A. Smith  
Assistant Secretary

STATE OF CALIFORNIA }  
COUNTY OF SAN FRANCISCO } ss.:

On this 16<sup>th</sup> day of November, 1972, before me personally came JACK W. WETZEL, to me known, who, being by me duly sworn, did depose and say that he resides at SAN FRANCISCO CALIFORNIA; that he is a Trust Officer of WELLS FARGO BANK, N.A., the national banking association described in and which executed the above instrument; that he knows the corporate seal of said association; that one of the seals affixed to the said instrument is such association seal; that it was so affixed by authority of the Board of Directors of said association, and that he signed his name thereto by like authority.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

[NOTARIAL SEAL]



*Selma R. Conlan*  
Notary Public

COMMONWEALTH OF PENNSYLVANIA }  
COUNTY OF LEHIGH } ss.:

On this 17<sup>th</sup> day of November, 1972, before me personally appeared R. R. Fortune, to me personally known, who, being by me duly sworn, says that he is a Vice President of PENNSYLVANIA POWER & LIGHT COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

*Louise A. Hunsicker*  
Notary Public

[NOTARIAL SEAL]

My Commission Expires July 15, 1974.

**ANNEX A**

<u>Type</u>	<u>Builder's Specifications</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Lessee's Road Numbers (Both Inclusive)</u>	<u>Unit Base Price</u>	<u>Total Base Price</u>	<u>Estimated Time and Place of Delivery</u>
100-Ton Triple Hopper Cars	3400-289, 8-2-72	Johnstown, Pa.	131	PP & L 651- 781	\$17,663.56	\$2,313,926.36	Nov. 17, 1972 at Barnesboro, Pa.

## SCHEDULE I

## CASUALTY VALUE

<u>Rental Payment Date</u>	<u>Percentage</u>	<u>Rental Payment Date</u>	<u>Percentage</u>
1/2/73	104.7810%	4/2/83	78.2757%
4/2/73	104.9675	7/2/83	77.0528
7/2/73	105.1540	10/2/83	75.8299
10/2/73	105.3405	1/2/84	74.6070
1/2/74	105.5270	4/2/84	73.3235
4/2/74	105.4726	7/2/84	72.0399
7/2/74	105.4181	10/2/84	70.7564
10/2/74	105.3636	1/2/85	69.4728
1/2/75	105.3091	4/2/85	68.1349
4/2/75	105.0075	7/2/85	66.7970
7/2/75	104.7058	10/2/85	65.4591
10/2/75	104.4042	1/2/86	64.1211
1/2/76	104.1025	4/2/86	62.7296
4/2/76	103.5655	7/2/86	61.3380
7/2/76	103.0285	10/2/86	59.9465
10/2/76	102.4915	1/2/87	58.5549
1/2/77	101.9545	4/2/87	57.1074
4/2/77	101.2612	7/2/87	55.6599
7/2/77	100.5686	10/2/87	54.2124
10/2/77	99.8757	1/2/88	52.7649
1/2/78	99.1827	4/2/88	51.2589
4/2/78	98.3822	7/2/88	49.7529
7/2/78	97.5816	10/2/88	48.2469
10/2/78	96.7811	1/2/89	46.7409
1/2/79	95.9805	4/2/89	45.1738
4/2/79	95.0819	7/2/89	43.6067
7/2/79	94.1832	10/2/89	42.0396
10/2/79	93.2846	1/2/90	40.4725
1/2/80	92.3859	4/2/90	38.8607
4/2/80	91.3945	7/2/90	37.2480
7/2/80	90.4031	10/2/90	35.6370
10/2/80	89.4117	1/2/91	34.0251
1/2/81	88.4202	4/2/91	32.3315
4/2/81	87.3437	7/2/91	30.6378
7/2/81	86.2671	10/2/91	28.9441
10/2/81	85.1905	1/2/92	27.2504
1/2/82	84.1139	4/2/92	25.4378
4/2/82	82.9601	7/2/92	23.6252
7/2/82	81.8063	10/2/92	21.8126
10/2/82	80.6525	1/2/93	20.0000
1/2/83	79.4986	and thereafter	

## SCHEDULE II

## TERMINATION VALUE

<u>Rental Payment Date</u>	<u>Percentage</u>	<u>Rental Payment Date</u>	<u>Percentage</u>
1/2/73	102.1535%	4/2/83	72.4286%
4/2/73	102.2868	7/2/83	71.0895
7/2/73	102.4200	10/2/83	69.7504
10/2/73	102.5532	1/2/84	68.4113
1/2/74	102.6864	4/2/84	67.0022
4/2/74	102.5736	7/2/84	65.5930
7/2/74	102.4608	10/2/84	64.1838
10/2/74	102.3494	1/2/85	62.7746
1/2/75	102.2381	4/2/85	61.3009
4/2/75	101.8742	7/2/85	59.8271
7/2/75	101.5103	10/2/85	58.3533
10/2/75	101.1464	1/2/86	56.8795
1/2/76	100.7825	4/2/86	55.3412
4/2/76	100.1782	7/2/86	53.8028
7/2/76	99.5738	10/2/86	52.2644
10/2/76	98.9695	1/2/87	50.7260
1/2/77	98.3651	4/2/87	49.1198
4/2/77	97.5994	7/2/87	47.5135
7/2/77	96.8337	10/2/87	45.9073
10/2/77	96.0680	1/2/88	44.3010
1/2/78	95.3022	4/2/88	42.6234
4/2/78	94.4230	7/2/88	40.9458
7/2/78	93.5438	10/2/88	39.2682
10/2/78	92.6646	1/2/89	37.5906
1/2/79	91.7853	4/2/89	35.8380
4/2/79	90.8016	7/2/89	34.0853
7/2/79	89.8179	10/2/89	32.3337
10/2/79	88.8342	1/2/90	30.5800
1/2/80	87.8505	4/2/90	28.7676
4/2/80	86.7671	7/2/90	26.9552
7/2/80	85.6837	10/2/90	25.1428
10/2/80	84.6003	1/2/91	23.3303
1/2/81	83.5169	4/2/91	21.4198
4/2/81	82.3409	7/2/91	19.5093
7/2/81	81.1649	10/2/91	17.5988
10/2/81	79.9889	1/2/92	15.6882
1/2/82	78.8129	4/2/92	11.7662
4/2/82	77.5516	7/2/92	7.8441
7/2/82	76.2903	10/2/92	3.9221
10/2/82	75.0290	1/2/93	-0-
1/2/83	73.7677		

and thereafter