



**MANUFACTURERS HANOVER LEASING CORPORATION**

30 ROCKEFELLER PLAZA, NEW YORK, N. Y. 10020

10548  
RECORDATION NO. .... Filed 1425  
**JUN 28 1979 - 4 40 PM**  
INTERSTATE COMMERCE COMMISSION  
June 26, 1979

No. **9-178A154**  
**JUN 28 1979**  
Date.....  
Fee \$ **50<sup>c</sup>**  
Washington, D. C.

Interstate Commerce Commission  
Interstate Commerce Building  
12th and Constitution Avenue, N. W.  
Washington, D. C. 20423

Dear Sir:

I enclose for recordation, pursuant to Section 20(c) of the Interstate Commerce Act, one executed original and two certified copies of a Master Equipment Lease consisting of (i) a printed form bearing such title; (ii) Rider A thereto; and (iii) Acceptance Supplement, between Manufacturers Hanover Leasing Corporation, 30 Rockefeller Plaza, New York, New York 10020, as Lessor and Maryland & Pennsylvania Railroad Company, 490 East Market Street, York, Pennsylvania 17403, as Lessee.

The transaction represented by the foregoing Agreement is a lease between Lessor and Lessee of the following items of equipment:

- 12 boxcars, Road Nos. MPA 9588-9599, inclusive
- 100 boxcars, Road Nos. MPA 376000-37699, inclusive
- 14 boxcars, Road Nos. MPA 7700-7712, inclusive.

*Document was recorded*

Very truly yours,

MANUFACTURERS HANOVER LEASING CORPORATION

Peter A. Lopatin  
Attorney

PAL:bh

Enclosures (3)

*Counterparts - Benjamin Cronley*



# MANUFACTURERS HANOVER LEASING CORPORATION

30 ROCKEFELLER PLAZA, NEW YORK, N. Y. 10020-425

RECORDATION NO. 10548

LESSOR: MANUFACTURERS HANOVER LEASING CORPORATION ("Lessor")

LESSEE: MARYLAND AND PENNSYLVANIA RAILROAD COMPANY JUN 28 1979 - 4 40 LEASE NO. INTERSTATE COMMERCE COMMISSION ("Lessee")

ADDRESS: 490 East Market Street, York, PA 17403

1. **LEASE.** Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor, on the terms and conditions hereinafter set forth; the items of personal property (the "Equipment") described in each Acceptance Supplement (a "Supplement") which is executed and delivered by Lessor and Lessee pursuant to the terms of this Master Equipment Lease. Each Supplement shall be in the form prescribed by Lessor and, upon the execution and delivery thereof, shall constitute a part of this Master Equipment Lease to the same extent as if the provisions thereof were set forth in full in this Master Equipment Lease; and the terms "Agreement", "hereof", "herein" and "hereunder", when used in this Master Equipment Lease, shall mean this Master Equipment Lease and each such Supplement. This Agreement constitutes an agreement of lease and nothing herein contained shall be construed as conveying to Lessee any right, title or interest in the Equipment except as lessee only.

2. **TERM; ACCEPTANCE; RENT; RETURN.** The term of lease of each item of Equipment leased hereunder shall commence on the Commencement Date specified in the Supplement pertaining to such Equipment and, unless earlier terminated pursuant to the provisions hereof, shall continue for the term specified in such Supplement. Lessee's execution and delivery of each Supplement shall constitute Lessee's irrevocable acceptance of the Equipment covered thereby for all purposes of this Agreement. Lessee shall pay to Lessor (at Lessor's office specified above or as Lessor may otherwise designate) rent for each item of Equipment in periodic installments of such amounts and at such times as is set forth in the Supplement pertaining thereto. Each date on which an installment of rent is payable hereunder is hereinafter called a "Rent Payment Date". Lessee shall also pay to Lessor, on demand, interest at the rate of 10% per annum or at the highest rate permitted by law, whichever is less, on any installment of rent and on any other amount owing hereunder which is not paid when due for any period when the same shall be overdue. Upon the expiration or earlier termination of the term of lease of each item of Equipment leased hereunder, Lessee shall, at its expense return such item to Lessor at such location as Lessor may designate in the condition required to be maintained by Section 7 hereof. *unless the purchase option is exercised as per Rider A.*

3. **DISCLAIMER.** LESSOR MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE EQUIPMENT, OR ANY OTHER REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER. Lessee confirms that it has made (or will make) the selection of each item of Equipment on the basis of its own judgment and expressly disclaims reliance upon any statements, representations or warranties made by Lessor. Lessor shall not be liable to Lessee for any matter relating to the ordering, manufacture, purchase, delivery, assembly, installation, testing, operation or servicing of the Equipment or for any claim, loss, damage or expense of any kind caused by the Equipment.

4. **EQUIPMENT TO REMAIN PERSONAL PROPERTY; LOCATION; IDENTIFICATION; INSPECTION.** Lessee represents that the Equipment shall be and at all times remain separately identifiable personal property. Lessee shall, at its expense, take such action as may be necessary to prevent any third party from acquiring any right to or interest in the Equipment by virtue of the Equipment being deemed to be real property or a part of other personal property. ~~The Equipment shall not be deemed to be real property or a part of other personal property on the basis of its location or use.~~ If requested by Lessor, Lessee shall attach to and maintain on the Equipment a conspicuous plate or marking disclosing Lessor's ownership interest therein. Lessor or its representatives may, at reasonable times, inspect the Equipment.

5. **TAXES; INDEMNITY.** Lessee agrees to pay, and to indemnify and hold Lessor harmless from, all license fees, assessments, and sales, use, property, excise and other taxes and charges (other than those measured by Lessor's net income) now or hereafter imposed by any governmental body or agency upon or with respect to (a) the Equipment or the possession, ownership, use or operation thereof or (b) this Agreement or the consummation of the transactions herein contemplated. Lessee further agrees to assume liability for, and to indemnify and hold Lessor harmless against, all claims, costs, expenses, damages and liabilities arising from or pertaining to the manufacture, assembly, installation, ownership, use, possession and operation of the Equipment. The agreements and indemnities contained in this Section shall survive the expiration or earlier termination of this Agreement.

6. **NON-CANCELLABLE AGREEMENT; LESSEE'S OBLIGATIONS UNCONDITIONAL.** This Agreement cannot be cancelled or terminated except as expressly provided herein. Lessee hereby agrees that its obligation to pay all rent and other amounts payable hereunder and to perform its duties with respect hereto shall be absolute and unconditional under any and all circumstances, including, without limitation, the following: (i) any setoff, counterclaim, recoupment, defense or other right which Lessee may have against Lessor, the manufacturer or supplier of any Equipment or anyone else for any reason whatsoever, (ii) any defect in the condition, design, title, operation or fitness for use, or any damage to or loss, of any Equipment, (iii) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee, or (iv) any other event or circumstances whatsoever, whether or not similar to any of the foregoing. Each rent or other payment made by Lessee hereunder shall be final and Lessee will not seek to recover all or any part of such payment from Lessor for any reason whatsoever.

THE TERMS AND CONDITIONS CONTINUED ON THE REVERSE SIDE HEREOF CONSTITUTE AN INTEGRAL PART OF THIS AGREEMENT. The term "Lessee" as used herein shall mean and include any and all lessees who sign hereunder, each of whom shall be jointly and severally bound thereby.

Executed as of this 12th day of June, 19 79

By execution hereof, the signer hereby certifies that he has read this Agreement, INCLUDING THE REVERSE SIDE HEREOF, and that he is duly authorized to execute this Master Equipment Lease on behalf of Lessee.

MARYLAND AND PENNSYLVANIA RAILROAD COMPANY

LESSEE:

By [Signature]  
Authorized Signature and Title

LESSOR: MANUFACTURERS HANOVER LEASING CORPORATION

By [Signature]  
Authorized Signature and Title

Witness

\* See Rider A for additions and substitutions

(Continued from reverse side hereof)

7. **USE, REPAIRS, ETC.** Lessee will cause the Equipment to be operated in accordance with the manufacturer's or supplier's instructions or manuals, by competent and duly qualified personnel only and in compliance with all laws, regulations and the insurance policies which Lessee is required to maintain hereunder. Lessee will at its expense maintain the Equipment in good repair, condition and working order and furnish all parts, mechanisms, devices and servicing required therefor, so that the value and condition thereof will at all times be maintained, fair wear and tear excepted. All such parts, mechanisms and devices shall immediately, without further act, become part of the Equipment for all purposes of this Agreement without cost to Lessor. Lessee will not alter or add to the Equipment without Lessor's prior written consent.

8. **ASSIGNMENTS, SUBLETTING, ENCUMBRANCES.** Lessee will not, without Lessor's prior written consent, assign or transfer this Agreement or any interest herein, or sublease or relinquish possession of, or create or suffer to exist any lien, mortgage, security interest or encumbrance upon, the Equipment.

9. **LOSS, DAMAGE.** If any Equipment shall be lost, stolen, destroyed, damaged beyond repair or rendered permanently unfit for normal use for any reason, or in the event of any condemnation, confiscation, seizure or requisition of title to or use of any Equipment (each of the foregoing being hereinafter called a "Loss"), Lessee shall promptly pay to Lessor an amount equal to the sum of (i) all rent and other amounts due and owing hereunder for such Equipment to and including the date of the Loss and (ii) the Stipulated Loss Value of such Equipment computed as of the Rent Payment Date occurring on or immediately preceding the date of the Loss, whereupon Lessor shall transfer to Lessee, without recourse or warranty, all of Lessor's right, title and interest in such Equipment. If any Equipment is damaged as the result of an event not constituting a Loss, Lessee shall promptly cause such item to be repaired or replaced in accordance with the provisions of Section 7 hereof.

10. **INSURANCE.** Lessee shall maintain at all times on the Equipment, at its expense, property damage, direct damage and liability insurance in such amounts, against such risks, in such form and with such insurers as shall be satisfactory to Lessor; provided, that the amount of direct damage insurance shall not on any date be less than the greater of the full replacement value or the Stipulated Loss Value of the Equipment as of such date. Each insurance policy will name Lessor as an additional insured and as loss payee, and shall contain a clause requiring the insurer to give to Lessor at least 10 days prior written notice of any alteration in or cancellation of the terms of such policy. At Lessor's option, Lessee shall furnish to Lessor a certificate or other evidence satisfactory to Lessor that such insurance coverage is in effect, provided, however, that Lessor shall be under no duty to ascertain as to the existence or adequacy of such insurance. (See Rider A attached)

11. **DEFAULT.** If (i) Lessee shall fail to make any payment of rent or other amount owing hereunder when due, (ii) Lessee shall fail to perform or observe any other covenant, agreement or condition hereunder, (iii) any representation or warranty made by Lessee herein or in any document or certificate furnished Lessor in connection herewith shall prove to be incorrect at any time, or (iv) Lessee shall become insolvent or bankrupt or make an assignment for the benefit of creditors or consent to the appointment of a trustee or receiver, or a trustee or receiver shall be appointed for Lessee or for a substantial part of its property or for the Equipment, or bankruptcy, reorganization, arrangement, insolvency, dissolution or liquidation proceedings shall be instituted by or against Lessee (each of the foregoing being herein called an "Event of Default"), then Lessor may declare this Agreement to be in default and may do one or more of the following with respect to any or all of the Equipment as Lessor in its sole discretion may 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 at its expense upon such demand, return the Equipment promptly to Lessor in the manner and condition required by and otherwise in accordance with the provisions of Section 2 hereof as if the Equipment were being returned at the expiration of its term of lease hereunder, or Lessor, at its option, may enter upon the premises where the Equipment is located and take possession of and remove the same by summary proceedings or otherwise, all without liability to Lessor for damage to property or otherwise; (b) sell the Equipment at public or private sale, with or without notice to Lessee or advertisement, or otherwise dispose of, hold, use, operate, lease to others or keep idle the Equipment as Lessor may determine, all free and clear of any rights of Lessee ~~with respect to any such equipment~~ (c) by written notice to Lessee, demand that Lessee pay and Lessee shall pay to Lessor, as liquidated damages for loss of a bargain and not as a penalty, on the payment date specified in such notice, an amount (together with interest thereon at the rate provided in Section 2 hereof from said date to the date of actual payment) equal to the amount by which the Stipulated Loss Value of the Equipment computed as of the Rent Payment Date occurring on or immediately preceding the payment date specified in such notice exceeds the Fair Market Sales Value of such Equipment; and (d) 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 Agreement. In addition, Lessee shall be liable for all unpaid rent and other amounts due hereunder before or during the exercise of any of the foregoing remedies and for all legal fees, taxes, governmental charges 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 placing any Equipment in the condition required by Section 7 hereof.

For the purpose of the preceding paragraph, the "Fair Market Sales Value" of any equipment shall mean such value to Lessor net of all expenses and costs whatsoever which would be incidental to the reclamation of the Equipment and the sale thereof as determined (at Lessee's expense) by an independent appraiser selected by Lessor; provided, however that (i) the "Fair Market Sales Value" of any Equipment shall be zero if Lessor is unable to recover possession thereof in accordance with the terms of clause (a) of the immediately preceding paragraph, and (ii) if Lessor shall have sold any Equipment prior to the giving of the notice referred to in clause (c) of the immediately preceding paragraph, the "Fair Market Sales Value" thereof shall be the net proceeds of such sale after deducting all costs and expenses incurred by Lessor in connection therewith. Except as expressly provided above, no remedy referred to in this Section is exclusive, but each shall be cumulative and in addition to any other remedy referred to herein or otherwise available to Lessor at law or 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 other remedies. No express or implied waiver by Lessor of an Event of Default shall constitute a waiver of any other or subsequent Event of Default. To the extent permitted by law, Lessee waives any rights now or hereafter conferred by statute or otherwise which may require Lessor to sell, lease or otherwise use the Equipment in mitigation of Lessor's damages or which may otherwise limit or modify any of Lessor's rights or remedies hereunder.

12. **LESSOR'S RIGHTS TO PERFORM.** If Lessee fails to make any payment required to be made hereunder or fails to comply with any other agreement contained herein, Lessor may make such payment or comply with such agreement, and the amount of such payment and the reasonable expenses of Lessor incurred in connection with such payment or compliance, shall be payable by Lessee on demand.

13. **FURTHER ASSURANCES.** Lessee will, at its expense, promptly and duly execute and deliver to Lessor such further documents and assurances and take such further action as Lessor may from time to time request in order to more effectively carry out the intent and purpose of this Agreement and to establish and protect the rights, interests and remedies intended to be created in favor of Lessor hereunder, including, without limitation, the execution and filing of financing statements and continuation statements with respect to the Equipment and this Agreement. Lessee authorizes Lessor to effect any such filing (including the filing of any financing statements without the signature of Lessee) and Lessor's expenses with respect thereto shall be payable by Lessee on demand.

14. **NOTICES.** All notices and other communications required to be given to any party hereunder shall be in writing and delivered or mailed by regular mail to such party at its address set forth above or at such other address as it may designate to the other parties.

15. **MISCELLANEOUS.** As used in this Agreement, the "Stipulated Loss Value" for any Equipment shall mean, as of any Rent Payment Date, an amount determined by multiplying the cost of such Equipment by the percentage specified opposite such Date in Schedule A annexed hereto. Any provision of this Agreement which is unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such unenforceability without invalidating the remaining provisions hereof, and any such unenforceability in any jurisdiction shall not render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, Lessee waives any provision of law which renders any provision hereof unenforceable in any respect. No provision of this Agreement may be changed, waived or terminated orally, but only by an instrument in writing signed by the party against which the enforcement of the change, waiver or termination is sought. This Agreement and the provisions hereof shall be binding on Lessor and its successors and assigns, and shall be binding on and to the extent permitted by law on Lessee and its successors and assigns. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

\*\* or cause to be maintained  
\*\*\* or cause to be furnished

6/28/79

**Interstate Commerce Commission**  
Washington, D.C. 20423

**OFFICE OF THE SECRETARY**

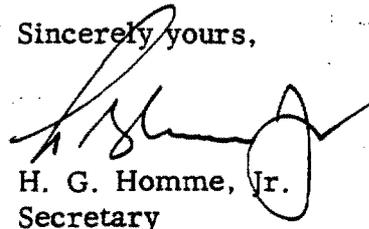
Peter A. Lopatin-Attorney  
Manufacturers Hanover Leasing Corporation  
30 Rockefeller Plaza  
New York , New York 10020

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C.

11303, on 6/28/79 at 4:40 pm , and assigned recordation number(s). 10548

Sincerely yours,



H. G. Homme, Jr.  
Secretary

Enclosure(s)

SE-30  
(3/79)

## RIDER A

Rider A attached to and made a part of that certain Master Lease Agreement, ("Agreement"), dated the 12th day of June, 1979, by and between MANUFACTURERS HANOVER LEASING CORPORATION ("Lessor") and MARYLAND AND PENNSYLVANIA RAILROAD COMPANY ("Lessee"). Terms defined in the Agreement shall have their respective defined meanings when used herein.

The provisions of the Agreement notwithstanding, Lessor and Lessee hereby agree as follows:

1. Lessor will finance (i) 80 percent of the Fair Market Value (as determined by Lessor), including sales tax, if any, of boxcars manufactured by Emons Railcar Corp. and/or (ii) 80 percent of the invoiced cost, including sales tax, if any, of boxcars purchased from other manufacturers. The amount financed by Lessor is referred to herein as "Lessor's Cost." The aggregate Lessor's Cost shall not exceed \$5,000,000. Lessor shall have no obligation to lease any item of Equipment hereunder after June 30, 1979.

2. As to each Supplement, Lessee shall pay to Lessor rent for each item of Equipment thereon, in one hundred eighty (180) consecutive monthly installments each of which shall be in an amount equal to 1.111 percent of Lessor's Cost of the Equipment. As to each Supplement, the first Rent Payment Date shall be thirty days following the Commencement Date of such Supplement with the succeeding Rent Payment Dates on the corresponding day of each month thereafter.

3. Lessee shall inform Lessor in writing of its intention to lease specific items of Equipment at least fifteen (15) days prior to the date on which such Equipment is to be accepted. In the case of boxcars manufactured by Emons Railcar Corp., Lessee shall furnish to Lessor the exact specifications of such Equipment and Lessor shall, within seven (7) days of the receipt thereof, advise Lessee of the Fair Market Value thereof and the amount representing Lessor's Cost thereof.

4. Section 2 of the Agreement is hereby amended by deleting the figure "10%" from Line 6 of Section 2 and inserting the figure "18%" in place thereof. Notwithstanding the provisions of Section 2 of the Agreement, late charges shall be assessed as follows: (i) Lessee shall pay no late

charges on any payment of rent made not more than 10 days late, provided that within the previous 12 month period Lessee shall not have made more than one late payment; (ii) Lessee shall pay late charges at the rate of 18% per annum on any payment of rent made more than 10 days from the due date thereof, such charges accruing from the 10th day following such due date, unless the due date of such payment falls within 12 months of the due date of the next previous late payment, in which case such late charges shall accrue from the due date of such payment.

5. Section 5 of the Agreement is hereby amended by deleting the parenthetical clause in the second line, reading as follows:

"(other than those measured by Lessor's net income.)"

and inserting therefor the following:

"(other than federal income taxes and taxes imposed by any other jurisdiction which are based on, or measured by, the net income of Lessor to the extent imposed by the jurisdiction in which the principal office of Lessor is located, or imposed by any other jurisdiction in which Lessor shall be subject to any taxes, fees or other charges based on or measured by, net income for reasons other than the ownership or leasing of property in such jurisdiction)".

6. Section 5 of the Agreement shall be hereby further amended by inserting in Line 5 of Section 5 after the word "Equipment" and before the "period" the following:

"or any part thereof (including, without limitation, latent or other defects, whether or not discoverable by Lessee or any other person, and any claim for patent or copyright infringement) or arising out of or in connection with the shipment of Equipment".

7. Section 10 of the Agreement is modified as follows: (i) the words "property damage, direct damage, and" in the first line of the Section are deleted; (ii) the semicolon after the word "Lessor" in the second line is changed to a period and the rest of the sentence is deleted; (iii) the words "and as loss payee" in the fourth line are deleted; and (iv) the words "at Lessor's option", in the fifth line, are deleted.

8. The following new Sections shall be added to the Agreement:

"16. CONDITIONS PRECEDENT. The obligation of Lessor contained in Section 1 of the Agreement shall be subject to the following conditions precedent: (a) Lessor shall have received good and marketable title for each item of Equipment; (b) there shall have occurred no material adverse change in the business or the financial condition of Lessee from the date hereof until the Commencement Date of any Supplement; (c) Lessee shall have furnished Lessor with a certificate or other evidence satisfactory to Lessor that insurance coverage as required by Section 10 of the Agreement is in effect as to the item of Equipment desired to be leased; (d) Lessee shall have furnished Lessor an opinion of counsel in form and substance acceptable to Lessor; and (e) all other instruments and legal and corporate proceedings in connection with the transaction contemplated by this Agreement shall be satisfactory in form and substance to Lessor, and counsel to Lessor shall have received copies of all documents which it may have requested in connection therewith. If any of the above conditions is not satisfied at the time Lessee submits any Supplement, Lessor shall have no obligation under this Agreement to lease the items of personal property covered thereby to Lessee.

"17. FINANCIALS. Lessee agrees that so long as any item of Equipment shall be leased under the Agreement, Lessee will deliver or cause to be delivered to Lessor (i) as soon as practicable, and in any event within sixty (60) days after the end of each quarterly period (other than the fourth quarterly period) in each fiscal year, the consolidated balance sheet of Emons Industries, Inc. as of the end of such quarterly period together with the related statements of income and surplus for such quarterly period all in reasonable detail prepared in accordance with generally accepted accounting principles consistently applied throughout the period involved and certified by the chief financial officer of Emons Industries, Inc.; and (ii) as soon as practicable, and in any event within ninety (90) days of the close of each fiscal year of Emons Industries, Inc., the audited consolidated balance sheet of Emons Industries, Inc. as of the end of such fiscal year together with the related statements of income and surplus for such fiscal year all in reasonable detail prepared in accordance with generally accepted accounting principals

consistently applied throughout the period involved and certified by an independent certified public accountant acceptable to Lessor. Lessee agrees that Peat Marwick & Mitchell are acceptable certified public accountants.

"18. REPRESENTATIONS, WARRANTIES AND COVENANTS.

Lessee represents, warrants and covenants that (a) Lessee is a corporation duly organized and validly existing in good standing under the laws of the Commonwealth of Pennsylvania and the State of Maryland and is duly qualified or licensed to do business as a foreign corporation in good standing in those jurisdictions where such qualifications are necessary to authorize Lessee to carry on its present business and operations and to own its properties or to perform its obligations hereunder; (b) Lessee has full power, authority and legal right to execute, deliver and carry out as Lessee the terms and provisions of this Agreement and any other documents in connection with this lease transaction; (c) Lessee's execution, delivery and performance of this Agreement and the other documents and agreements referred to herein, and the performance of its obligations under this Agreement have all been authorized by all necessary corporation action, do not require the approval or consent of any trustee or holders of any indebtedness or obligation of Lessee and will not violate any law, governmental rule, regulation, or order binding upon Lessee or any provision of any indenture, mortgage, contract or other agreement to which Lessee is a party or by which it is bound or to which it is subject, and will not violate any provision of the Certificate of Incorporation or By-Laws of Lessee; (d) there are no pending or threatened investigations, actions or proceedings before any court or administrative agency or other tribunal or body, which seek to question or set aside any of the transactions contemplated by this Agreement, or which if adversely determined would materially affect the condition, business or operation of Lessee; (e) Lessee is not in default in any material manner in the payment or performance of any of its obligations or in the performance of any contract, agreement or other instrument to which it is a party or by which it or any of its assets may be bound; (f) the consolidated balance sheets of Emons Industries, Inc., as at June 30, 1978, and the related profit and loss statements of Lessee for the fiscal year ended on said date including in each case the

related schedules and notes together with the Auditor's Report by Peat Marwick & Mitchell heretofore delivered to Lessor, are all true and correct and present fairly (x) the financial position of Emons Industries, Inc., as at the date of said balance sheet and (y) the results of the operations of Emons Industries, Inc., for said fiscal year; (g) all proceedings required to be taken to authorize the lease of the Equipment from Lessor and to protect Lessor's interest in such Equipment, free and clear of all liens and encumbrances whatsoever, have been taken; (h) Lessee has no significant liabilities (contingent or otherwise) which are not disclosed by or reserved against in the financial statements referred to in (f) above have been prepared in accordance with generally accepted accounting principles and practices applied on a basis consistently maintained throughout the period involved; (j) there has been no change which would have a material adverse effect on the business or financial condition of Emons Industries, Inc., and its subsidiaries including Lessee from that set forth in the balance sheet referred to in (f) above; (k) no authorization, consent, approval, license, exemption of or filing or registration with any court, governmental unit or department, commission, board, bureau, agency instrumentality or the like is required or necessary for the valid execution and delivery of the Agreement, any bill of sale, and the other documents and agreements referred to herein; (l) this Master Lease Agreement, the Supplements and any accompanying documents, having been duly authorized, executed and delivered to Lessor, constitute legal, valid and binding obligations of Lessee, enforceable against Lessee in accordance with the terms thereof except as such terms may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditor's rights generally; and (m) each item of the Equipment is personal property and neither real property nor a fixture.

"19. PURCHASE OPTION. Lessor and Lessee hereby agree that so long as no Event of Default shall have occurred and be continuing, Lessee shall have the option to purchase the Equipment at the expiration of the lease term for the price of \$1.00. In order to exercise said option with respect to any item of Equipment, Lessee must give Lessor written notice at least ninety (90) days prior to the expiration of the lease term with respect thereto, and remit the purchase price in cash to Lessor or its assigns on or before said expiration

date. After receipt of the purchase price in accordance with this paragraph, Lessor will transfer to Lessee all of its right, title and interest in the Equipment purchased as-is, where-is without recourse, representation or warranty of any kind, express or implied."

8. In the first line of Section 11 of the Agreement, delete the words "when due" and insert in place thereof the words "within 10 days of the due date hereof."

9. It shall constitute an additional Event of Default under the Agreement if there shall occur any event under the Guarantee of the Agreement by Emons Industries, Inc. resulting in acceleration of the Guarantor's obligations thereunder.

10. Lessee and Lessor hereby agree that except as expressly supplemented or modified hereby, the terms and conditions set forth in the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto set their had this 12th day of June, 1979.

MANUFACTURERS HANOVER  
LEASING CORPORATION

BY:

TITLE:

R. Hans Armstrong  
VP

MARYLAND AND PENNSYLVANIA  
RAILROAD COMPANY

BY:

TITLE:

Robert Grossman  
Vice President

ACCEPTANCE SUPPLEMENT

Supplement No. 1 to Master Equipment Lease No. \_\_\_\_\_

Commencement Date June 28, 1979; Expiration Date June 28, 1994.

THIS ACCEPTANCE SUPPLEMENT is executed and delivered by MANUFACTURERS HANOVER LEASING CORPORATION ("Lessor") and Maryland and Pennsylvania Railroad Company ("Lessee") pursuant to and in accordance with the Master Equipment Lease (the "Agreement") dated June 12, 1979, between Lessor and Lessee. Terms defined in the Agreement shall have their defined meanings when used herein.

A. The Equipment covered by this Acceptance Supplement consists of the following items:

<u>QTY.</u>	<u>MANUFACTURER/MODEL</u>	<u>DESCRIPTION</u>	<u>SERIAL #</u>	<u>COST</u>
_____	<u>See Exhibit A</u>	_____	_____	_____
_____	_____	_____	_____	_____

which Equipment is the subject of: (a) Lessor's Requisition No. \_\_\_\_\_ and/or Purchase Order No. dated 4/18/79; and/or (b) invoices from Lessee \_\_\_\_\_ to Lessor Invoice No. \_\_\_\_\_, Invoice Date June 28, 1979.

B. Lessee confirms that said Equipment has been delivered to it, duly assembled and in good working order and condition.

C. Lessee hereby: (a) confirms that said Equipment is of the size, design, capacity, and manufacture selected by it; (b) confirms that the Equipment meets the provisions of any purchase order pursuant to which Lessor has acquired title thereto; and (c) irrevocably accepts said Equipment as-is, where-is, for all purposes of the Agreement as of the Commencement Date set forth above.

D. The terms of lease of said Equipment under the Agreement shall commence as of the Commencement Date set forth above, and, unless earlier terminated pursuant to the provisions of the Agreement, shall expire on the Expiration Date set forth above.

E. As rent for said Equipment throughout the term of lease referred to in the preceding Paragraph D, Lessee shall pay to Lessor in accordance with the terms of the Agreement the sum of \$7,889,691.60 payable in 180 consecutive monthly installments of \$43,831.62 each, on the 28 day of each month, commencing July 28, 1979, to and including, June 28, 1994.

F. All of the provisions of the Agreement are hereby incorporated by reference in this Acceptance Supplement to the same extent as if fully set forth herein.

APPROVED AND AGREED TO by the parties hereto as of Commencement Date set forth above.

*Joseph G. Director*  
Attest

LESSEE: Maryland and Pennsylvania  
Railroad Company

The Undersigned affirms that he is duly authorized to execute and deliver this Acceptance Supplement on behalf of Lessee.

By *Herman Lazarus*  
Herman Lazarus

Title *President*  
President

LESSOR: Manufacturers Hanover Leasing  
Corporation

By *R. Hans Warming*

Title *VP*

EXHIBIT A

Exhibit A to that certain Acceptance Supplement dated to that certain Master Lease Agreement dated June 12, 1979, by and between MANUFACTURERS HANOVER LEASING CORPORATION ("MHLIC") and MARYLAND AND PENNSYLVANIA RAILROAD COMPANY ("Lessee").

<u>Boxcar Serial No.</u>	<u>Invoiced Cost</u>
12 boxcars - MPA 9588 through 9599, inclusive	\$ 397,200.00
100 boxcars - MPA 37600 through 37699, inclusive	\$3,977,500.00
14 boxcars - MPA 7700 through 7713, inclusive ✓	\$ 556,850.00

MANUFACTURERS HANOVER  
LEASING CORPORATION

BY: R. Hans Hanning

TITLE: VP

MARYLAND AND PENNSYLVANIA  
RAILROAD COMPANY

BY: Herman Lazarus

TITLE: President  
President



