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RECORDATION NO. 9584 Filed & Recorded

JUL 18 1978 2 22 PM

INTERNATIONAL COMMERCE COMMISSION

July 18, 1978

Guarantee Agreement Dated as of March 15, 1978,
Amending Conditional Sale Agreements
Filed with the ICC under
Recordation Nos. 9404, 9438 and 9437
and Leases Filed with the ICC under
Recordation Nos. 9404-B, 9438-B and 9437-B

Dear Sir:

Pursuant to Section 20c of the Interstate Commerce Act and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of Bethlehem Steel Corporation for filing and recordation ten counterparts of the following document:

Guarantee Agreement dated as of March 15, 1978, among Fourth HFC Leasing Corporation, Fifth HFC Leasing Corporation, Sixth HFC Leasing Corporation, The Connecticut Bank and Trust Company, as Trustee, Citicorp Leasing, Inc., Chemical Bank, Continental Illinois National Bank and Trust Company of Chicago, and Bethlehem Steel Corporation.

The names and addresses of the parties to the aforementioned Guarantee Agreement are as follows:

(1) Guarantor-Builder:

Bethlehem Steel Corporation
Bethlehem, Pennsylvania 18016

RECEIVED
I.C.C.
FEE OPERATION BRJ
JUL 18 2 18 PM '78

W. H. ...
Gary
Chasley

1-152-1124
No. ...
Date JUL 17 1978
Fee \$ 507.30
ICC Washington, D. C.

(2) Trustee-Vendee-Lessor:

The Connecticut Bank and Trust Company
1 Constitution Plaza
Hartford, Connecticut 06115

(3) Investors-Vendors-Assignees

Citicorp Leasing, Inc.
399 Park Avenue
New York, New York 10011

Continental Illinois National Bank and Trust Company
of Chicago
231 South La Salle Street
Chicago, Illinois 60693

Chemical Bank
55 Water Street, Suite 1822
New York, New York 10041

(4) Other Parties to the Transaction:

Fourth HFC Leasing Corporation
333 North Pennsylvania Avenue
Indianapolis, Indiana 46204

Fifth HFC Leasing Corporation
333 North Pennsylvania Avenue
Indianapolis, Indiana 46204

Sixth HFC Leasing Corporation
333 North Pennsylvania Avenue
Indianapolis, Indiana 46204

The Guarantee Agreement supplements three Conditional Sale Agreements, each dated as of March 15, 1978, previously filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act on May 25, 1978, at 3:45 p.m., Recordation Number 9404, on June 9, 1978, at 1:05 p.m., Recordation Number 9438, and on June 9, 1978, at 1:05 p.m., Recordation Number 9437, respectively. The Guarantee Agreement also supplements three Leases of Railroad Equipment, each dated as of March 15, 1978, previously filed and recorded as above with the Interstate Commerce

Miss Lee -
please index under each of the names in (1), (2) + (3) above
and cross index under each name in (4) above.
Also please cross index under Recordation Nos
9404
9437
9438

Commission on May 25, 1978, at 3:45 p.m., Recordation Number 9404-B, on June 9, 1978, at 1:05 p.m., Recordation Number 9438-B, and on June 9, 1978, at 1:05 p.m., Recordation Number 9437-B, respectively.

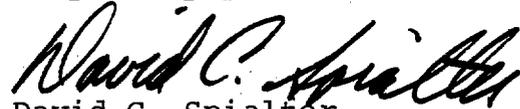
Please file and record the Guarantee Agreement submitted with this letter and cross-index it under the names of the Guarantor-Builder, the Trustee-Vendee-Lessor, the Investors-Vendors-Assignees and the Other Parties.

Please also cross-index this filing under Recordation Numbers 9404, 9438, 9437, 9404-B, 9438-B and 9437-B, and enter this filing in the index register under these numbers.

Enclosed is a check for \$50 payable to the Interstate Commerce Commission, for the required recordation fee.

Please stamp all ten counterparts of the enclosed document and the ten attached copies of this transmittal letter with your official recording stamp. You will wish to retain two copies of the instrument and the original of this transmittal letter for your files. It is requested that the eight remaining counterparts of the document and the ten copies of this transmittal letter be delivered to the bearer of this letter.

Very truly yours,



David C. Spialter,
As Agent for Bethlehem
Steel Corporation

Robert L. Oswald, Esq., Secretary,
Interstate Commerce Commission,
Washington, D.C. 20423

Encls.

8

BY HAND

Interstate Commerce Commission
Washington, D.C. 20423

7/18/78

OFFICE OF THE SECRETARY

David C. Spialter
Cravath, Swaine & Moore
One Chase Manhattan Plaza
New York, N.Y. 10005

Dear **Sir:**

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on **7/18/78** at **2:20pm** and assigned recordation number(s) **9584**

Sincerely yours,

H.G. Homme, Jr.,
Acting Secretary

Enclosure(s)

SE-30-T
(2/78)

JUL 18 1978 -2 22 PM

GUARANTEE AGREEMENT dated as of March 15, 1978
~~IMMEDIATE COMMERCE COMMISSION~~

(herein, as amended, supplemented or otherwise modified from time to time as permitted hereby, called the "Guarantee") among FOURTH HFC LEASING CORPORATION, FIFTH HFC LEASING CORPORATION and SIXTH HFC LEASING CORPORATION, each a Delaware corporation (each an "Owner" and, collectively, the "Owners"), THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut banking corporation (the "Trustee"), acting not in its individual capacity but solely as Trustee under three separate trust agreements, having substantially identical terms, with the three respective Owners (each such trust agreement being dated of even date herewith and being hereinafter referred to as a "Trust Agreement" and, collectively, as the "Trust Agreements"), CITICORP LEASING, INC., a Delaware corporation, CHEMICAL BANK, a New York banking corporation, and CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association (each an "Investor" and, collectively, the "Investors"), and BETHLEHEM STEEL CORPORATION, a Delaware corporation (the "Guarantor").

W I T N E S S E T H :

WHEREAS, pursuant to three separate conditional sale agreements having substantially identical terms, each dated of even date herewith (each a "CSA"), the Trustee has

agreed to purchase from the Guarantor such units of railroad equipment described in Annex B of the respective CSAs as are delivered to and accepted by the Trustee thereunder (collectively, the "Equipment");

WHEREAS, the Trustee and Consolidated Rail Corporation (the "Lessee") have entered into three separate Leases of Railroad Equipment having substantially identical terms, each dated of even date herewith (each a "Lease"), providing for the leasing by the Trustee to the Lessee of the Equipment;

WHEREAS, in order to provide security for the obligations of the Trustee under the respective CSAs, the Trustee has assigned the respective Leases to the respective Investors that are financing the Equipment pursuant to three separate Assignments of Lease and Agreements having substantially identical terms;

WHEREAS, the Guarantor has retained a security interest in the Equipment, which security interest has been assigned to the respective Investors pursuant to three separate Agreements and Assignments having substantially identical terms; and

WHEREAS, the respective Owners are willing to invest in the Equipment if the Guarantor will guarantee, to the extent herein provided, the obligations of the Lessee under the Leases.

NOW, THEREFORE, in consideration of (i) the investment to be made by the respective Owners in the Equipment, (ii) certain payments to be made by the respective Owners to the Guarantor, (iii) the sum of one dollar and other good and valuable consideration paid by each Investor to the Guarantor, the receipt of which is hereby acknowledged, and (iv) the agreements hereinafter contained, the parties hereto hereby agree as follows:

1. The Guarantor unconditionally guarantees to each Owner, and to the Trustee for the sole benefit of the respective Owners, (a) the full and punctual payment, when due, of each amount payable to each Owner and/or the Trustee by the Lessee under the respective Leases and (b) the punctual performance and observance of all obligations, undertakings and conditions to be performed or observed by the Lessee under each of the Leases, but only (except as otherwise provided in Paragraph 5 below) to the extent that such obligations, undertakings and conditions are susceptible of performance or observance by, or as a result of, the payment of money and to the extent that such obligations,

undertakings and conditions have been satisfied by the payment of money by the Owner and/or the Trustee on behalf of the Lessee; provided, however, that the obligations of the Guarantor hereunder shall be payable only in the manner hereinafter provided, and provided, further, that (except to the extent that the Guarantor shall elect to exercise one of the options set forth in subparagraphs 3(A) and 3(B) below) such obligations of the Guarantor hereunder shall not exceed the amount of \$12,000,000, and provided, further, that such obligations of the Guarantor hereunder shall terminate on January 2, 1991, except for claims and demands made by the Owners and/or the Trustee within one year thereafter in respect of claims and obligations that arose prior to such date.

2. If (a) an Event of Default shall have occurred under any Lease, (b) the Owner with respect to such Lease shall have caused the Trustee to exercise its right to cure such Event of Default pursuant to, and in accordance with the terms and conditions of, Article 15(f) of the related CSA, and (c) the amount expended by such Owner in order to cure such Event of Default, together with (i) any amounts expended by either or both of the other Owners in order to cure any event of default (an "Other Event of Default") that may have occurred under either or both of the other Leases concurrently with such Event of Default and (ii) any amounts

expended by such Owner or Owners in order to cure any other Event of Default or Other Event of Default, which latter amounts were not theretofore reimburseable hereunder by reason of the limitation contained in this subparagraph (c), shall have exceeded the amount of \$100,000 in the aggregate (exclusive of attorneys' fees incurred by such Owner or Owners by reason of the occurrence of any such Events of Default or Other Events of Default but including attorneys' fees incurred by such Owner or Owners and/or the Trustee in enforcing their respective rights hereunder), then and in such events, within 90 days after the date on which the Trustee shall have cured the most recent Event of Default under any Lease, such Owner may, but shall not be obligated to, call upon the Guarantor to reimburse all amounts expended by such Owner in order to effect such cure and to reimburse all other amounts referred to in clauses (i) and (ii) above.

2.1. Such Owner may exercise the rights hereinabove provided by giving to the Guarantor a notice, dated the date of delivery to the Guarantor or to the United States Postal Service, stating (a) that such Owner has paid to the Trustee an amount necessary to cure an Event of Default and (b) the amount so paid and any other amount paid to the Trustee by such Owner or, to the extent known to such Owner, paid to the Trustee by another Owner in order to cure any Other Event of Default or any Event of Default or Other Event

of Default referred to in clause (ii) of subparagraph 2(c) above (each such Event of Default or Other Event of Default as to which such notice is given, as provided in this Paragraph 2.1 or as provided in Paragraph 2.2, being hereinafter referred to as a "Reimbursable Event of Default"). A copy of any notice so given by any Owner shall be promptly sent by such Owner to each other party hereto and to the Lessee.

2.2. Within 15 days after its receipt of the notice referred to in Paragraph 2.1 (the "Notice"), the Guarantor shall pay to the respective Owners the amount or amounts specified therein unless, within ten days after the date of the Notice, the Guarantor shall have received a notice from an Owner (a "Subsequent Notice") to the effect that the amount specified in the Notice as having been paid by such Owner to the Trustee is not correct (which Subsequent Notice from such Owner shall also specify the correct amount), in which case the amount paid to such Owner by the Guarantor shall be the amount specified in such Subsequent Notice. Payment shall be made (a) by wire transfer to such bank or banks and in such manner as shall be specified in the Notice or the Subsequent Notice, as the case may be, and (b) in federal or other immediately available funds.

2.3 Payments so made by the Guarantor shall reduce its maximum obligation hereunder, it being the intention of the parties that (except to the extent that the Guarantor

shall elect to exercise one of the options set forth in subparagraphs 3(A) and 3(B) below) the Guarantor shall not be out-of-pocket, at any one time, more than \$12,000,000 in the aggregate in respect of its guarantee of the Lessee's obligations under the Leases.

2.4 In the event that any Owner shall receive any payment (other than a payment hereunder) from or for the account of the Lessee reimbursing such Owner for amounts that it has paid, or caused the Trustee to pay, in order to cure a Reimbursable Event of Default under a Lease, then such Owner shall, to the extent of such payment from or for the account of the Lessee, reimburse the Guarantor for such amounts as the Guarantor shall have paid to such Owner hereunder, and the obligations of the Guarantor under this Guarantee shall be restored to the extent of such reimbursement, it being the intention of the parties that the Guarantor shall remain liable up to, but (except to the extent that the Guarantor shall have elected to exercise one of the options set forth in subparagraphs 3(A) and 3(B) below) not in excess of, the amount of \$12,000,000 during the term of this Guarantee.

3. In the event that any Owner shall have caused the Trustee to exercise its right to cure a Reimbursable Event of Default under a Lease pursuant to, and in accordance with the terms and conditions of, Article 15(f) of the related

CSA, and in the further event that the Guarantor shall have made reimbursement, as and to the extent herein provided, for all amounts expended by the respective Owners to effect the cure of all Reimbursable Events of Default, then and in such events, within 180 days after the date on which occurred the event that, upon the giving of notice or the lapse of time or both, resulted in the most recent such Reimbursable Event of Default, the Guarantor may, but shall not be obligated to, do any one of the following:

A. Pay to each Investor (i) an amount equal to the Casualty Value (as defined in the Leases) of all of the Equipment then subject to the Lease assigned to such Investor, the Casualty Value of each unit of Equipment to be computed as of the date on which the immediately preceding rental payment was due under such Lease, (ii) interest accrued on such amount from such rental payment date until the date of payment of such amount, at the rate of 10% per annum, and (iii) an amount equal to all costs and expenses (not theretofore reimbursed) incurred by the Trustee, such Investor and the appropriate Owner (excluding, however, as to such Owner, attorneys' fees incurred by it, except as otherwise provided in Paragraph 2 above) by reason of the occurrence of Events of Default under such Lease.

A.1. In the event that the Guarantor makes the payments provided for in subparagraph 3(A) above, each Investor will apply such funds, first, to the prepayment of such Investor's CSA Indebtedness (as defined in the CSAs), plus interest accrued thereon but unpaid as of the date of such prepayment; second, to the reimbursement of costs and expenses (including attorneys' fees) incurred by such Investor by reason of the occurrence of such Events of Default; third, to reimburse the Trustee for costs and expenses (including attorneys' fees) incurred by it by reason of the occurrence of such Events of Default; and, fourth, to pay any balance to the appropriate Owner.

A.2. Upon the making by the Guarantor of the payment provided for in subparagraph 3(A) above, the Trustee and each Investor, respectively, will, at the Guarantor's expense, execute a bill or bills of sale for all of the Equipment financed by each such Investor that is then under lease, together with such other instruments as shall be necessary to convey to the Guarantor, free and clear of the security interest of the related CSA, such title as the Trustee and each such Investor, respectively, shall have received in such Equipment on the date of delivery of such Equipment by the Guarantor under such CSA.

B. In lieu of making the payment provided for in subparagraph 3(A) above, the Guarantor may assume all of the Lessee's obligations under all three Leases (provided, however, that the Guarantor shall not have the right to assume a Lease if, as a result of such assumption, an Investor would be placed in violation of its legal lending limit for loans to the Guarantor), by an instrument of assumption in the form annexed hereto as Exhibit A, in which event, subject to the provisions of Paragraph 9 below, the Guarantor shall be subrogated to the rights of the Trustee, such Owners and such Investors, against the Lessee with respect to those defaults cured by the Trustee and reimbursed by the Guarantor.

B.1. The modifications of the terms of the three Leases provided for in the instrument of assumption referred to in subparagraph 3(B) above shall be as follows, it being understood that each such modification shall become effective upon the assumption by the Guarantor of the Lessee's obligations under the Leases:

(a) The penultimate paragraph of § 7 of each of the Leases shall be deemed to have been amended as follows:

(i) by deleting the provisos appearing at the end of the first sentence thereof and by inserting in their stead the following proviso:

"provided, however, that, with respect to public liability insurance, the foregoing provisions of this sentence shall be deemed to have been satisfied if the Lessee at all times maintains (and from time to time, upon request therefor, furnishes proof satisfactory to the Lessor and the Vendor as to the maintenance thereof), with financially sound and reputable insurers, policies of insurance providing, in the aggregate, for general public liability coverage in the amount of at least \$20,000,000, subject to a deductible amount standard in the industry for Class I railroads"; and

(ii) by deleting the second and third sentences thereof.

(b) The first clause of §10(c) of each of the Leases, which reads "any of the representations and warranties of the Lessee contained in the Participation Agreement shall be or have been incorrect in any material respect as of the date when made and continue to be incorrect, or", shall be deemed to have been deleted.

(c) §10(f) of each of the Leases shall be deemed to have been deleted.

(d) The second paragraph of §12 of each of the Leases shall be deemed to have been amended as follows:

(i) by adding at the end of the first sentence thereof the following proviso:

"provided, further, that the Lessor and the Vendor hereby consent to the subleasing of any or all of the Units to any one or more of the majority - owned domestic subsidiaries of the Lessee, but only upon and subject to all of the terms and conditions of this Lease"; and

(ii) by revising the second sentence thereof to read as follows:

"No such sublease or usage shall relieve the Lessee of its obligations hereunder, which shall be and remain those of a principal and not a surety."

C. In lieu of exercising either of the options set forth in subparagraphs 3(A) and 3(B) above, the Guarantor may remit to the Owners pro rata, in accordance with the respective investments of such Owners in the Equipment then subject to the Leases,

an aggregate amount equal to the difference between \$12,000,000 and the amount theretofore paid by the Guarantor under this Guarantee (such difference being hereinafter referred to as the "Balance Due"), so that the Guarantor shall have paid to or for the benefit of the Owners pursuant hereto the aggregate amount of \$12,000,000. In the event that the Guarantor shall make such remittance, the Guarantor shall have a right of recoupment up to, but not in excess of, the amount so remitted by it.

C.1. The Guarantor's right of recoupment shall be limited to the proceeds received by the respective Owners from any sale or sales and/or any re-leasing or re-leasings of Equipment (such proceeds being hereinafter collectively referred to as the "Proceeds") effected subsequent to the date of the Guarantor's remittance of the Balance Due (the "Date of Remittance"). If the Guarantor shall have made such remittance, then, upon the expiration or earlier termination of the Leases, the appropriate Owner will (subject to the rights of the Investors under the respective CSAs) use its best efforts to sell and/or to re-lease its

units of Equipment on the best commercially reasonable terms then available, it being understood, however, that the Guarantor shall have no right to require any Owner and/or the Trustee to sell or to re-lease any particular unit or units of Equipment at any time.

C.2. Recoupment shall be achieved by the Guarantor as follows: If and after the Proceeds received subsequent to the Date of Remittance, together with all other amounts actually received by the Owners in respect of, or pursuant to, the Leases, shall have returned to the Owners both the after-tax rate of return and the after-tax cash flow that were contemplated by the Owners at the time that they invested in the Equipment (hereinafter collectively referred to as the "Owners' Return") then such Proceeds shall be paid as follows: first, to the Trustee to reimburse it for all costs and expenses incurred in selling and/or re-leasing the Equipment; second, to the Guarantor to reimburse the Guarantor for payments made by it under this Guarantee that have not been theretofore repaid, together with interest on such payments at the rate of 8% per annum from the Date of Remittance to the date of reimbursement thereof; and, third, to the respective Owners pro rata, in accordance with the respective investments of such

Owners in the Equipment under lease on the Date of Remittance.

4. If (a) an Event of Default shall have occurred under any Lease, (b) the Owner with respect to such Lease shall have caused the Trustee to cure the same pursuant to, and in accordance with the terms and conditions of, Article 15(f) of the related CSA, (c) the Guarantor shall have been called upon to make, and shall have made, reimbursement in connection with such cure, in accordance with the provisions of Paragraph 2 above, and (d) the Guarantor shall not have been fully reimbursed therefor pursuant to the provisions of Paragraph 2.4, then and in such events, upon the occurrence of a new Event of Default under any Lease, the Guarantor shall exercise one of the following two options: Either (i) the Guarantor shall pay to the Owners, pro rata, the Balance Due, promptly upon demand therefor, or (ii) the Guarantor shall (x) furnish to the appropriate Owner, promptly upon demand therefor, funds sufficient to cure such new Event of Default (whereupon such Owner shall promptly effect such cure) and (y) within 180 days after the date on which occurred the event that, upon the giving of notice or the lapse of time or both, resulted in such new Event of Default, exercise one of the options set forth in subparagraphs 3(A) and 3(B) above.

5. If (a) an Event of Default specified in § 10(d) or § 10(e) of any Lease shall have occurred and shall be continuing, or (b) an Event of Default specified in § 10(c) of any Lease shall have occurred and shall be continuing and the Investor to whom such Lease has been assigned shall intend, in the exercise of its remedies, either (i) to terminate such Lease, or (ii) to lease, sell or otherwise dispose of any unit of Equipment, or (iii) to make a Declaration of Default (as defined in the CSAs), then and in either of such events, such Investor shall notify the other parties hereto (x) of the occurrence of such Event of Default, and (y) with respect to any Event of Default specified in § 10(c), as to such intention on the part of such Investor. Upon the giving of such notice:

A. Within two business days of its receipt of such notice, each Owner shall notify the Guarantor whether or not it waives its rights against the Guarantor hereunder (provided, however, that if no such notice is given by an Owner, such Owner shall be deemed to have elected to enforce its rights hereunder); and

B. If one or more of the Owners shall have elected to enforce their respective rights hereunder, then, within five business days of its receipt of such notice from such Investor, the Guarantor shall

either (i) exercise one of the options specified in subparagraphs 3(A) and 3(B) above or (ii) pay to the Owners the Balance Due, pro rata, in accordance with the respective investments of the Owners in the Equipment under lease on the date of such payment.

6. To the extent specified herein, (a) this Guarantee is an unconditional and absolute Guarantee of the Lessee's performance under the Leases, and (b) if, for any reason, (i) the Lessee fails to perform or observe any obligation, undertaking or condition to be performed or observed by it under any Lease, but only (except as otherwise provided in Paragraph 5 above) if such obligation, undertaking or condition is susceptible of performance or observance by, or as a result of, the payment of money and if such obligation, undertaking or condition has been satisfied by the payment of money by an Owner and/or the Trustee on behalf of the Lessee, or (ii) any amount payable by the Lessee under any Lease shall not be promptly paid when due, then the Guarantor will make the payments provided for herein, regardless of any defense (other than payment or performance hereunder) or set-off or counterclaim that the Guarantor may have or assert, and regardless of whether or not the Trustee, any Owner or any Investor, or anyone acting on behalf of any

of them, shall have instituted any suit, action or proceeding or exhausted its remedies or taken any steps to enforce any rights against the Lessee or any other person to compel any such performance or to collect all or any part of any such amount, whether pursuant to the provisions of the respective CSAs or Leases, or at law or in equity or otherwise, and regardless of any other condition or contingency.

7. The Guarantor hereby unconditionally: (a) waives any requirement that any Owner or any Investor or the Trustee first make demand upon, or seek to enforce its remedies against, the Lessee or any other person before demanding payment from, or seeking to enforce this Guarantee against, the Guarantor, (b) covenants that this Guarantee will not be discharged except by the full and complete performance by the Guarantor of its obligations hereunder, (c) agrees that this Guarantee shall remain in full force and effect without regard to, and shall not be affected or impaired by, any invalidity, irregularity or unenforceability, in whole or in part, of any Lease or any other document executed in connection with or relating to any of the transactions hereinabove described (each an "Operative Document") or any limitation on the method or terms of payment thereunder that may now or hereafter be imposed in any manner

whatsoever, and (d) waives diligence, presentment and protest with respect to, and any notice of default in, the payment of any amount payable by the Lessee, except as and to the extent hereinabove provided.

8. The obligations, undertakings and conditions to be performed or observed by the Guarantor under this Guarantee shall not be affected or impaired by reason of (a) any assignment, subletting or mortgaging, or purported assignment, subletting or mortgaging, of all or any part of the interest of any Investor, any Owner and/or the Trustee in any of the Equipment or in any Trust Estate (as defined in the Trust Agreements), to the extent permitted by the Operative Documents, (b) any waiver by any party hereto, or by any other person, of the observance or performance by the Lessee or by the Guarantor of any obligations, undertakings or conditions contained herein or in any other Operative Document, except that a failure on the part of an Owner to exercise a then-exercisable right to make demand upon the Guarantor, within the time period set forth in Paragraph 2 above, with respect to payments made by such Owner in order to cure Events of Default under a Lease shall constitute a waiver of the Guarantor's obligations in respect of such payments made by such Owner but shall not impair the Guarantor's obligations in respect

of any payments made by such Owner in order to cure any subsequent Events of Default under such Lease or in respect of any payments made by any other Owner in order to cure any Other Events of Default, (c) subject to the provisions of Paragraph 14 below, any modification or amendment (whether material or otherwise) of any obligation, undertaking or condition to be performed by the Lessee under any of the Leases, or the taking of, or omission to take, any of the actions referred to in any of the Operative Documents, (d) any failure (except a failure on the part of an Owner to exercise a then-exercisable right to make demand upon the Guarantor, as described in clause (b) of this Paragraph 8), omission, delay or lack on the part of any Owner, any Investor or the Trustee to enforce, assert or exercise any right, power or remedy conferred on any of them in any Operative Document, or any action on the part of any of them granting indulgence or extension in any form under any Operative Document, (e) any failure of title with respect to the interest of the Trustee in any unit of Equipment or any component thereof or with respect to any of the Trust Estates, or any Event of Loss affecting any of the Equipment; (f) any event or circumstance that might otherwise constitute a legal or equitable discharge or defense of a guarantor, indemnitor or surety under the

laws of the State of New York or any other jurisdiction, (g) any change in circumstances or any other cause, whether similar or dissimilar to the foregoing; it being the intention of the Guarantor and the other parties hereto that this Guarantee shall be absolute and unconditional in any and all circumstances, except as herein specifically provided to the contrary, and that this Guarantee shall only be discharged by either (i) the payment in full of the amount of \$12,000,000 by the Guarantor hereunder, or (ii) the exercise by the Guarantor of one of the options set forth in subparagraphs 3(A) and 3(B) above, or (iii) the expiration of the term of this Guarantee, as provided in paragraph 1 above.

9. The Guarantor shall not exercise any rights that it may have acquired by way of subrogation under this Guarantee, unless either (a) the Guarantor shall have exercised one of the options set forth in subparagraphs 3(A) and 3(B) above or (b) the Trustee and each of the respective Owners and Investors shall have received all of the respective amounts payable to each of them under the respective CSAs and Leases. Prior to such time, if any payment shall be received by the Guarantor on account of such subrogation rights, each and every amount so received shall forthwith be paid over by the Guarantor to the appropriate

Investor to be credited and applied in accordance with the provisions of, and in the order of priorities set forth in, subparagraph 3.A.1 above.

10. As long as the Guarantor shall have any obligations hereunder, it shall deliver to each Owner and to each Investor a copy of each Annual Report on Form 10-K of the Guarantor promptly after the filing thereof with the Securities and Exchange Commission.

11. Any notice hereunder to any of the persons designated below shall be effective upon receipt and shall be delivered to such person or mailed to such person by registered or certified mail, postage prepaid and return receipt requested, at the following respective addresses:

If to the Trustee, at:

1 Constitution Plaza
Hartford, Connecticut 06115

Attention: Corporate Trust Department

If to any of the Owners, at:

333 North Pennsylvania Avenue
Indianapolis, Indiana 46204

Attention: John C. Salomone

If to the Guarantor, at:

Bethlehem, Pennsylvania 18016

Attention: Treasurer

If to Citicorp Leasing, Inc., at:

399 Park Avenue
New York, New York 10011

Attention: Manager of Contract Administration

If to Chemical Bank, at:

55 Water Street, Suite 1822
New York, New York 10041

Attention: Manager, Specialized Leasing

If to Continental Illinois National Bank and
Trust Company of Chicago, at:

231 South LaSalle Street
Chicago, Illinois 60693

Attention: Surface Transportation Division

If to the Lessee, at:

1310 Six Penn Center Plaza
Philadelphia, Pennsylvania 19104

Attention: Vice President - Treasurer

12. This Guarantee shall be binding upon, and shall inure to the benefit of and be enforceable by, each of the parties hereto and their respective successors and assigns. This Guarantee shall in all respects be governed by, and construed and enforced in accordance with, the laws of the State of New York, including all matters of construction, validity and performance. This Guarantee may be executed in any number of counterparts, all of which together shall constitute a single agreement, and it shall not be necessary, in making proof of this Guarantee, to account for more than one such counterpart signed by the party against which it is sought to be enforced.

13. If any provision of this Guarantee shall be held void, voidable, invalid, unenforceable or inoperative for any reason, such holding shall not affect any other provision of this Guarantee, which shall otherwise remain in full force and effect and be enforceable in accordance with its terms.

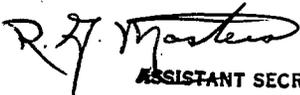
14. As long as the Guarantor shall have any obligations hereunder, no Lease shall be amended in any material respect without the prior written consent of the Guarantor (which shall not be unreasonably withheld).

15. Anything herein contained to the contrary notwithstanding, in the event that the aggregate number of units of Equipment subject to the several Leases is at any given time less than 2,000 units, then the maximum amount of the obligations of the Guarantor hereunder, as stated in Paragraph 1 above, shall be reduced, as of such time, by multiplying said amount by a fraction, the numerator of which shall be equal to the number of units of Equipment then subject to the several Leases (including in such number any unit of Equipment that shall have suffered a Casualty Occurrence unless and until the Casualty Value of such unit shall have been paid in full, in accordance with the provisions of the applicable Lease) and the denominator of which shall be 2,000 units; provided, however, that the foregoing provisions of this Paragraph 15 shall not be deemed to reduce or otherwise modify any obligations incurred by the Guarantor in connection with any exercise

by it of either of the options set forth in subparagraphs 3(A) and 3(B) above.

IN WITNESS WHEREOF, the parties hereto have caused this Guarantee to be executed by duly authorized officers as of the date first above written.

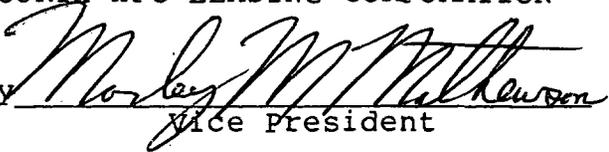
ATTEST:


ASSISTANT SECRETARY

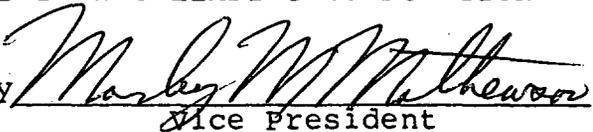
BETHLEHEM STEEL CORPORATION

By 
[Title] VICE PRESIDENT, FINANCE

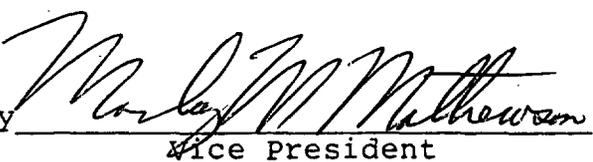
FOURTH HFC LEASING CORPORATION

By 
Vice President

FIFTH HFC LEASING CORPORATION

By 
Vice President

SIXTH HFC LEASING CORPORATION

By 
Vice President

THE CONNECTICUT BANK AND TRUST
COMPANY, acting not in its indi-
vidual capacity but solely as
Trustee, as aforesaid

By 
Authorized Officer

CITICORP LEASING, INC.

By 
Vice President

CHEMICAL BANK

By  VP
[Title]

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO

By _____
[Title]

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF LEHIGH,)

On this *23rd* day of *May* 1978, before me personally appeared DAVID ADAMS IV, to me personally known, who, being by me duly sworn, says that he is a Vice President of BETHLEHEM STEEL CORPORATION, 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.

Robert M. Warner

Notary Public

My Commission Expires
November 26, 1979
City of Bethlehem
Lehigh County

[Notarial Seal]

My Commission expires

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this *23rd* day of *May* 1978, before me personally appeared *F. W. KAWAM*, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and 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 a free act and deed of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand.

Margaret C. Miller

Notary Public

[Notarial Seal]

My Commission expires

MARGARET C. MILLER
Notary Public, State of New York
No. 24-4519940
Qualified in Kings County
Commission Expires March 30, 1980

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this 23rd day of May 1978, before me personally appeared MORLEY M. MATHEWSON, to me personally known, who, being by me duly sworn, says that he is Vice President of SIXTH HFC LEASING CORPORATION, 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.

Margaret C. Miller
Notary Public

[Notarial Seal]

My Commission expires

MARGARET C. MILLER
Notary Public, State of New York
No. 24-4519940
Qualified in Kings County
Commission Expires March 30, 1980

LEASE ASSUMPTION AGREEMENT

This Agreement, dated as of _____, 19____, between Bethlehem Steel Corporation, a Delaware corporation (the "New Lessee"), and The Connecticut Bank and Trust Company, a Connecticut banking corporation, acting not in its individual capacity but solely as Trustee (the "Lessor") under a Trust Agreement dated as of March 15, 1978 with _____ HFC Leasing Corporation (the "Owner").

WHEREAS, Consolidated Rail Corporation, a Pennsylvania corporation (the "Lessee"), has entered into a Lease of Railroad Equipment, dated as of March 15, 1978 (the "Lease"), with the Lessor;

WHEREAS, the New Lessee has entered into a Guarantee agreement, dated as of March 15, 1978 (the "Guarantee Agreement"), with the Lessor, the Owner and certain other parties named therein, pursuant to which the New Lessee has guaranteed certain obligations of the Lessee under the Lease;

WHEREAS, the Guarantee Agreement permits the New Lessee to assume the Lease upon the occurrence of certain events specified in the Guarantee Agreement; and

WHEREAS, the New Lessee represents and warrants that all of the conditions precedent to the assumption of the Lease by the New Lessee set forth in the Guarantee Agreement have been satisfied;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

1. Assumption of Lease. The New Lessee hereby agrees to accept, assume and be bound by all of the obligations of the Lessee under the Lease, as amended as provided in paragraph 2 hereof, and to perform and comply with all of

the terms and provisions of the Lease, as so amended, required to be performed or complied with by the Lessee as fully and to the same extent and with the same force and effect as if all the terms and provisions of the Lease, as so amended, were set forth in full in this Agreement. If so requested by the Lessor or the Owner, the New Lessee and the Lessor shall duly authorize, execute and deliver a new lease agreement containing all of the terms and provisions of the Lease, as amended as provided in paragraph 2 hereof.

2. Amendment of the Lease. Upon the assumption of the obligations of the Lessee under the Lease by the New Lessee pursuant to this Agreement, the Lease shall be amended, without the necessity of any further action by the parties hereto or thereto, as provided in subparagraph 3.B.1 of the Guarantee Agreement, and, as so amended and assumed hereby, the Lease shall be and remain in full force and effect.

3. Miscellaneous. This Agreement shall in all respects be governed by, and be construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania, including all matters of construction, validity and performance. Any provision of this Agreement that is prohibited or unenforceable shall be ineffective to the extent that the same is prohibited or unenforceable without invalidating the remaining provisions hereof. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Lessor and the New Lessee have caused this Agreement to be duly executed as of the day and year first above written.

BETHLEHEM STEEL CORPORATION

[Corporate Seal]

Attest:

By _____
Vice President

Assistant Secretary

THE CONNECTICUT BANK AND
TRUST COMPANY,
as Trustee as aforesaid

By *[Signature]*
Authorized Officer

[Corporate Seal]

Attest:

[Signature]
Authorized Officer

By its signature below, _____ HFC Leasing Corporation authorizes the Lessor to execute and deliver the foregoing Agreement.

_____ HFC LEASING CORPORATION

By _____
[Title]

Date: _____

By its signature below, [name of appropriate Investor] represents and warrants that the condition precedent set forth in the proviso to subparagraph 3(B) of the Guarantee Agreement has been satisfied.

[NAME OF APPROPRIATE INVESTOR]

By _____
[Title]

Date: _____

GUARANTEE AGREEMENT dated as of March 15, 1978
(herein, as amended, supplemented or otherwise modified from
time to time as permitted hereby, called the "Guarantee")
among FOURTH HFC LEASING CORPORATION, FIFTH HFC LEASING
CORPORATION and SIXTH HFC LEASING CORPORATION, each a
Delaware corporation (each an "Owner" and, collectively,
the "Owners"), THE CONNECTICUT BANK AND TRUST COMPANY, a
Connecticut banking corporation (the "Trustee"), acting
not in its individual capacity but solely as Trustee under
three separate trust agreements, having substantially
identical terms, with the three respective Owners (each
such trust agreement being dated of even date herewith and
being hereinafter referred to as a "Trust Agreement" and,
collectively, as the "Trust Agreements"), CITICORP LEASING,
INC., a Delaware corporation, CHEMICAL BANK, a New York banking
corporation, and CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST
COMPANY OF CHICAGO, a national banking association (each an
"Investor" and, collectively, the "Investors"), and BETHLEHEM
STEEL CORPORATION, a Delaware corporation (the "Guarantor").

W I T N E S S E T H :

WHEREAS, pursuant to three separate conditional
sale agreements having substantially identical terms, each
dated of even date herewith (each a "CSA"), the Trustee has

agreed to purchase from the Guarantor such units of railroad equipment described in Annex B of the respective CSAs as are delivered to and accepted by the Trustee thereunder (collectively, the "Equipment");

WHEREAS, the Trustee and Consolidated Rail Corporation (the "Lessee") have entered into three separate Leases of Railroad Equipment having substantially identical terms, each dated of even date herewith (each a "Lease"), providing for the leasing by the Trustee to the Lessee of the Equipment;

WHEREAS, in order to provide security for the obligations of the Trustee under the respective CSAs, the Trustee has assigned the respective Leases to the respective Investors that are financing the Equipment pursuant to three separate Assignments of Lease and Agreements having substantially identical terms;

WHEREAS, the Guarantor has retained a security interest in the Equipment, which security interest has been assigned to the respective Investors pursuant to three separate Agreements and Assignments having substantially identical terms; and

WHEREAS, the respective Owners are willing to invest in the Equipment if the Guarantor will guarantee, to the extent herein provided, the obligations of the Lessee under the Leases.

NOW, THEREFORE, in consideration of (i) the investment to be made by the respective Owners in the Equipment, (ii) certain payments to be made by the respective Owners to the Guarantor, (iii) the sum of one dollar and other good and valuable consideration paid by each Investor to the Guarantor, the receipt of which is hereby acknowledged, and (iv) the agreements hereinafter contained, the parties hereto hereby agree as follows:

1. The Guarantor unconditionally guarantees to each Owner, and to the Trustee for the sole benefit of the respective Owners, (a) the full and punctual payment, when due, of each amount payable to each Owner and/or the Trustee by the Lessee under the respective Leases and (b) the punctual performance and observance of all obligations, undertakings and conditions to be performed or observed by the Lessee under each of the Leases, but only (except as otherwise provided in Paragraph 5 below) to the extent that such obligations, undertakings and conditions are susceptible of performance or observance by, or as a result of, the payment of money and to the extent that such obligations,

undertakings and conditions have been satisfied by the payment of money by the Owner and/or the Trustee on behalf of the Lessee; provided, however, that the obligations of the Guarantor hereunder shall be payable only in the manner hereinafter provided, and provided, further, that (except to the extent that the Guarantor shall elect to exercise one of the options set forth in subparagraphs 3(A) and 3(B) below) such obligations of the Guarantor hereunder shall not exceed the amount of \$12,000,000, and provided, further, that such obligations of the Guarantor hereunder shall terminate on January 2, 1991, except for claims and demands made by the Owners and/or the Trustee within one year thereafter in respect of claims and obligations that arose prior to such date.

2. If (a) an Event of Default shall have occurred under any Lease, (b) the Owner with respect to such Lease shall have caused the Trustee to exercise its right to cure such Event of Default pursuant to, and in accordance with the terms and conditions of, Article 15(f) of the related CSA, and (c) the amount expended by such Owner in order to cure such Event of Default, together with (i) any amounts expended by either or both of the other Owners in order to cure any event of default (an "Other Event of Default") that may have occurred under either or both of the other Leases concurrently with such Event of Default and (ii) any amounts

expended by such Owner or Owners in order to cure any other Event of Default or Other Event of Default, which latter amounts were not theretofore reimburseable hereunder by reason of the limitation contained in this subparagraph (c), shall have exceeded the amount of \$100,000 in the aggregate (exclusive of attorneys' fees incurred by such Owner or Owners by reason of the occurrence of any such Events of Default or Other Events of Default but including attorneys' fees incurred by such Owner or Owners and/or the Trustee in enforcing their respective rights hereunder), then and in such events, within 90 days after the date on which the Trustee shall have cured the most recent Event of Default under any Lease, such Owner may, but shall not be obligated to, call upon the Guarantor to reimburse all amounts expended by such Owner in order to effect such cure and to reimburse all other amounts referred to in clauses (i) and (ii) above.

2.1. Such Owner may exercise the rights hereinabove provided by giving to the Guarantor a notice, dated the date of delivery to the Guarantor or to the United States Postal Service, stating (a) that such Owner has paid to the Trustee an amount necessary to cure an Event of Default and (b) the amount so paid and any other amount paid to the Trustee by such Owner or, to the extent known to such Owner, paid to the Trustee by another Owner in order to cure any Other Event of Default or any Event of Default or Other Event

of Default referred to in clause (ii) of subparagraph 2(c) above (each such Event of Default or Other Event of Default as to which such notice is given, as provided in this Paragraph 2.1 or as provided in Paragraph 2.2, being hereinafter referred to as a "Reimbursable Event of Default"). A copy of any notice so given by any Owner shall be promptly sent by such Owner to each other party hereto and to the Lessee.

2.2. Within 15 days after its receipt of the notice referred to in Paragraph 2.1 (the "Notice"), the Guarantor shall pay to the respective Owners the amount or amounts specified therein unless, within ten days after the date of the Notice, the Guarantor shall have received a notice from an Owner (a "Subsequent Notice") to the effect that the amount specified in the Notice as having been paid by such Owner to the Trustee is not correct (which Subsequent Notice from such Owner shall also specify the correct amount), in which case the amount paid to such Owner by the Guarantor shall be the amount specified in such Subsequent Notice. Payment shall be made (a) by wire transfer to such bank or banks and in such manner as shall be specified in the Notice or the Subsequent Notice, as the case may be, and (b) in federal or other immediately available funds.

2.3 Payments so made by the Guarantor shall reduce its maximum obligation hereunder, it being the intention of the parties that (except to the extent that the Guarantor

shall elect to exercise one of the options set forth in subparagraphs 3(A) and 3(B) below) the Guarantor shall not be out-of-pocket, at any one time, more than \$12,000,000 in the aggregate in respect of its guarantee of the Lessee's obligations under the Leases.

2.4 In the event that any Owner shall receive any payment (other than a payment hereunder) from or for the account of the Lessee reimbursing such Owner for amounts that it has paid, or caused the Trustee to pay, in order to cure a Reimbursable Event of Default under a Lease, then such Owner shall, to the extent of such payment from or for the account of the Lessee, reimburse the Guarantor for such amounts as the Guarantor shall have paid to such Owner hereunder, and the obligations of the Guarantor under this Guarantee shall be restored to the extent of such reimbursement, it being the intention of the parties that the Guarantor shall remain liable up to, but (except to the extent that the Guarantor shall have elected to exercise one of the options set forth in subparagraphs 3(A) and 3(B) below) not in excess of, the amount of \$12,000,000 during the term of this Guarantee.

3. In the event that any Owner shall have caused the Trustee to exercise its right to cure a Reimbursable Event of Default under a Lease pursuant to, and in accordance with the terms and conditions of, Article 15(f) of the related

CSA, and in the further event that the Guarantor shall have made reimbursement, as and to the extent herein provided, for all amounts expended by the respective Owners to effect the cure of all Reimbursable Events of Default, then and in such events, within 180 days after the date on which occurred the event that, upon the giving of notice or the lapse of time or both, resulted in the most recent such Reimbursable Event of Default, the Guarantor may, but shall not be obligated to, do any one of the following:

A. Pay to each Investor (i) an amount equal to the Casualty Value (as defined in the Leases) of all of the Equipment then subject to the Lease assigned to such Investor, the Casualty Value of each unit of Equipment to be computed as of the date on which the immediately preceding rental payment was due under such Lease, (ii) interest accrued on such amount from such rental payment date until the date of payment of such amount, at the rate of 10% per annum, and (iii) an amount equal to all costs and expenses (not theretofore reimbursed) incurred by the Trustee, such Investor and the appropriate Owner (excluding, however, as to such Owner, attorneys' fees incurred by it, except as otherwise provided in Paragraph 2 above) by reason of the occurrence of Events of Default under such Lease.

A.1. In the event that the Guarantor makes the payments provided for in subparagraph 3(A) above, each Investor will apply such funds, first, to the prepayment of such Investor's CSA Indebtedness (as defined in the CSAs), plus interest accrued thereon but unpaid as of the date of such prepayment; second, to the reimbursement of costs and expenses (including attorneys' fees) incurred by such Investor by reason of the occurrence of such Events of Default; third, to reimburse the Trustee for costs and expenses (including attorneys' fees) incurred by it by reason of the occurrence of such Events of Default; and, fourth, to pay any balance to the appropriate Owner.

A.2. Upon the making by the Guarantor of the payment provided for in subparagraph 3(A) above, the Trustee and each Investor, respectively, will, at the Guarantor's expense, execute a bill or bills of sale for all of the Equipment financed by each such Investor that is then under lease, together with such other instruments as shall be necessary to convey to the Guarantor, free and clear of the security interest of the related CSA, such title as the Trustee and each such Investor, respectively, shall have received in such Equipment on the date of delivery of such Equipment by the Guarantor under such CSA.

B. In lieu of making the payment provided for in subparagraph 3(A) above, the Guarantor may assume all of the Lessee's obligations under all three Leases (provided, however, that the Guarantor shall not have the right to assume a Lease if, as a result of such assumption, an Investor would be placed in violation of its legal lending limit for loans to the Guarantor), by an instrument of assumption in the form annexed hereto as Exhibit A, in which event, subject to the provisions of Paragraph 9 below, the Guarantor shall be subrogated to the rights of the Trustee, such Owners and such Investors, against the Lessee with respect to those defaults cured by the Trustee and reimbursed by the Guarantor.

B.1. The modifications of the terms of the three Leases provided for in the instrument of assumption referred to in subparagraph 3(B) above shall be as follows, it being understood that each such modification shall become effective upon the assumption by the Guarantor of the Lessee's obligations under the Leases:

(a) The penultimate paragraph of § 7 of each of the Leases shall be deemed to have been amended as follows:

(i) by deleting the provisos appearing at the end of the first sentence thereof and by inserting in their stead the following proviso:

"provided, however, that, with respect to public liability insurance, the foregoing provisions of this sentence shall be deemed to have been satisfied if the Lessee at all times maintains (and from time to time, upon request therefor, furnishes proof satisfactory to the Lessor and the Vendor as to the maintenance thereof), with financially sound and reputable insurers, policies of insurance providing, in the aggregate, for general public liability coverage in the amount of at least \$20,000,000, subject to a deductible amount standard in the industry for Class I railroads"; and

(ii) by deleting the second and third sentences thereof.

(b) The first clause of §10(c) of each of the Leases, which reads "any of the representations and warranties of the Lessee contained in the Participation Agreement shall be or have been incorrect in any material respect as of the date when made and continue to be incorrect, or", shall be deemed to have been deleted.

(c) §10(f) of each of the Leases shall be deemed to have been deleted.

(d) The second paragraph of §12 of each of the Leases shall be deemed to have been amended as follows:

(i) by adding at the end of the first sentence thereof the following proviso:

"provided, further, that the Lessor and the Vendor hereby consent to the subleasing of any or all of the Units to any one or more of the majority - owned domestic subsidiaries of the Lessee, but only upon and subject to all of the terms and conditions of this Lease"; and

(ii) by revising the second sentence thereof to read as follows:

"No such sublease or usage shall relieve the Lessee of its obligations hereunder, which shall be and remain those of a principal and not a surety."

C. In lieu of exercising either of the options set forth in subparagraphs 3(A) and 3(B) above, the Guarantor may remit to the Owners pro rata, in accordance with the respective investments of such Owners in the Equipment then subject to the Leases,

an aggregate amount equal to the difference between \$12,000,000 and the amount theretofore paid by the Guarantor under this Guarantee (such difference being hereinafter referred to as the "Balance Due"), so that the Guarantor shall have paid to or for the benefit of the Owners pursuant hereto the aggregate amount of \$12,000,000. In the event that the Guarantor shall make such remittance, the Guarantor shall have a right of recoupment up to, but not in excess of, the amount so remitted by it.

C.1. The Guarantor's right of recoupment shall be limited to the proceeds received by the respective Owners from any sale or sales and/or any re-leasing or re-leasings of Equipment (such proceeds being hereinafter collectively referred to as the "Proceeds") effected subsequent to the date of the Guarantor's remittance of the Balance Due (the "Date of Remittance"). If the Guarantor shall have made such remittance, then, upon the expiration or earlier termination of the Leases, the appropriate Owner will (subject to the rights of the Investors under the respective CSAs) use its best efforts to sell and/or to re-lease its

units of Equipment on the best commercially reasonable terms then available, it being understood, however, that the Guarantor shall have no right to require any Owner and/or the Trustee to sell or to re-lease any particular unit or units of Equipment at any time.

C.2. Recoupment shall be achieved by the Guarantor as follows: If and after the Proceeds received subsequent to the Date of Remittance, together with all other amounts actually received by the Owners in respect of, or pursuant to, the Leases, shall have returned to the Owners both the after-tax rate of return and the after-tax cash flow that were contemplated by the Owners at the time that they invested in the Equipment (hereinafter collectively referred to as the "Owners' Return") then such Proceeds shall be paid as follows: first, to the Trustee to reimburse it for all costs and expenses incurred in selling and/or re-leasing the Equipment; second, to the Guarantor to reimburse the Guarantor for payments made by it under this Guarantee that have not been theretofore repaid, together with interest on such payments at the rate of 8% per annum from the Date of Remittance to the date of reimbursement thereof; and, third, to the respective Owners pro rata, in accordance with the respective investments of such

Owners in the Equipment under lease on the Date of Remittance.

4. If (a) an Event of Default shall have occurred under any Lease, (b) the Owner with respect to such Lease shall have caused the Trustee to cure the same pursuant to, and in accordance with the terms and conditions of, Article 15(f) of the related CSA, (c) the Guarantor shall have been called upon to make, and shall have made, reimbursement in connection with such cure, in accordance with the provisions of Paragraph 2 above, and (d) the Guarantor shall not have been fully reimbursed therefor pursuant to the provisions of Paragraph 2.4, then and in such events, upon the occurrence of a new Event of Default under any Lease, the Guarantor shall exercise one of the following two options: Either (i) the Guarantor shall pay to the Owners, pro rata, the Balance Due, promptly upon demand therefor, or (ii) the Guarantor shall (x) furnish to the appropriate Owner, promptly upon demand therefor, funds sufficient to cure such new Event of Default (whereupon such Owner shall promptly effect such cure) and (y) within 180 days after the date on which occurred the event that, upon the giving of notice or the lapse of time or both, resulted in such new Event of Default, exercise one of the options set forth in subparagraphs 3(A) and 3(B) above.

5. If (a) an Event of Default specified in § 10(d) or § 10(e) of any Lease shall have occurred and shall be continuing, or (b) an Event of Default specified in § 10(c) of any Lease shall have occurred and shall be continuing and the Investor to whom such Lease has been assigned shall intend, in the exercise of its remedies, either (i) to terminate such Lease, or (ii) to lease, sell or otherwise dispose of any unit of Equipment, or (iii) to make a Declaration of Default (as defined in the CSAs), then and in either of such events, such Investor shall notify the other parties hereto (x) of the occurrence of such Event of Default, and (y) with respect to any Event of Default specified in § 10(c), as to such intention on the part of such Investor. Upon the giving of such notice:

A. Within two business days of its receipt of such notice, each Owner shall notify the Guarantor whether or not it waives its rights against the Guarantor hereunder (provided, however, that if no such notice is given by an Owner, such Owner shall be deemed to have elected to enforce its rights hereunder); and

B. If one or more of the Owners shall have elected to enforce their respective rights hereunder, then, within five business days of its receipt of such notice from such Investor, the Guarantor shall

either (i) exercise one of the options specified in subparagraphs 3(A) and 3(B) above or (ii) pay to the Owners the Balance Due, pro rata, in accordance with the respective investments of the Owners in the Equipment under lease on the date of such payment.

6. To the extent specified herein, (a) this Guarantee is an unconditional and absolute Guarantee of the Lessee's performance under the Leases, and (b) if, for any reason, (i) the Lessee fails to perform or observe any obligation, undertaking or condition to be performed or observed by it under any Lease, but only (except as otherwise provided in Paragraph 5 above) if such obligation, undertaking or condition is susceptible of performance or observance by, or as a result of, the payment of money and if such obligation, undertaking or condition has been satisfied by the payment of money by an Owner and/or the Trustee on behalf of the Lessee, or (ii) any amount payable by the Lessee under any Lease shall not be promptly paid when due, then the Guarantor will make the payments provided for herein, regardless of any defense (other than payment or performance hereunder) or set-off or counterclaim that the Guarantor may have or assert, and regardless of whether or not the Trustee, any Owner or any Investor, or anyone acting on behalf of any

of them, shall have instituted any suit, action or proceeding or exhausted its remedies or taken any steps to enforce any rights against the Lessee or any other person to compel any such performance or to collect all or any part of any such amount, whether pursuant to the provisions of the respective CSAs or Leases, or at law or in equity or otherwise, and regardless of any other condition or contingency.

7. The Guarantor hereby unconditionally: (a) waives any requirement that any Owner or any Investor or the Trustee first make demand upon, or seek to enforce its remedies against, the Lessee or any other person before demanding payment from, or seeking to enforce this Guarantee against, the Guarantor, (b) covenants that this Guarantee will not be discharged except by the full and complete performance by the Guarantor of its obligations hereunder, (c) agrees that this Guarantee shall remain in full force and effect without regard to, and shall not be affected or impaired by, any invalidity, irregularity or unenforceability, in whole or in part, of any Lease or any other document executed in connection with or relating to any of the transactions hereinabove described (each an "Operative Document") or any limitation on the method or terms of payment thereunder that may now or hereafter be imposed in any manner

whatsoever, and (d) waives diligence, presentment and protest with respect to, and any notice of default in, the payment of any amount payable by the Lessee, except as and to the extent hereinabove provided.

8. The obligations, undertakings and conditions to be performed or observed by the Guarantor under this Guarantee shall not be affected or impaired by reason of (a) any assignment, subletting or mortgaging, or purported assignment, subletting or mortgaging, of all or any part of the interest of any Investor, any Owner and/or the Trustee in any of the Equipment or in any Trust Estate (as defined in the Trust Agreements), to the extent permitted by the Operative Documents, (b) any waiver by any party hereto, or by any other person, of the observance or performance by the Lessee or by the Guarantor of any obligations, undertakings or conditions contained herein or in any other Operative Document, except that a failure on the part of an Owner to exercise a then-exercisable right to make demand upon the Guarantor, within the time period set forth in Paragraph 2 above, with respect to payments made by such Owner in order to cure Events of Default under a Lease shall constitute a waiver of the Guarantor's obligations in respect of such payments made by such Owner but shall not impair the Guarantor's obligations in respect

of any payments made by such Owner in order to cure any subsequent Events of Default under such Lease or in respect of any payments made by any other Owner in order to cure any Other Events of Default, (c) subject to the provisions of Paragraph 14 below, any modification or amendment (whether material or otherwise) of any obligation, undertaking or condition to be performed by the Lessee under any of the Leases, or the taking of, or omission to take, any of the actions referred to in any of the Operative Documents, (d) any failure (except a failure on the part of an Owner to exercise a then-exercisable right to make demand upon the Guarantor, as described in clause (b) of this Paragraph 8), omission, delay or lack on the part of any Owner, any Investor or the Trustee to enforce, assert or exercise any right, power or remedy conferred on any of them in any Operative Document, or any action on the part of any of them granting indulgence or extension in any form under any Operative Document, (e) any failure of title with respect to the interest of the Trustee in any unit of Equipment or any component thereof or with respect to any of the Trust Estates, or any Event of Loss affecting any of the Equipment; (f) any event or circumstance that might otherwise constitute a legal or equitable discharge or defense of a guarantor, indemnitor or surety under the

laws of the State of New York or any other jurisdiction, (g) any change in circumstances or any other cause, whether similar or dissimilar to the foregoing; it being the intention of the Guarantor and the other parties hereto that this Guarantee shall be absolute and unconditional in any and all circumstances, except as herein specifically provided to the contrary, and that this Guarantee shall only be discharged by either (i) the payment in full of the amount of \$12,000,000 by the Guarantor hereunder, or (ii) the exercise by the Guarantor of one of the options set forth in subparagraphs 3(A) and 3(B) above, or (iii) the expiration of the term of this Guarantee, as provided in paragraph 1 above.

9. The Guarantor shall not exercise any rights that it may have acquired by way of subrogation under this Guarantee, unless either (a) the Guarantor shall have exercised one of the options set forth in subparagraphs 3(A) and 3(B) above or (b) the Trustee and each of the respective Owners and Investors shall have received all of the respective amounts payable to each of them under the respective CSAs and Leases. Prior to such time, if any payment shall be received by the Guarantor on account of such subrogation rights, each and every amount so received shall forthwith be paid over by the Guarantor to the appropriate

Investor to be credited and applied in accordance with the provisions of, and in the order of priorities set forth in, subparagraph 3.A.1 above.

10. As long as the Guarantor shall have any obligations hereunder, it shall deliver to each Owner and to each Investor a copy of each Annual Report on Form 10-K of the Guarantor promptly after the filing thereof with the Securities and Exchange Commission.

11. Any notice hereunder to any of the persons designated below shall be effective upon receipt and shall be delivered to such person or mailed to such person by registered or certified mail, postage prepaid and return receipt requested, at the following respective addresses:

If to the Trustee, at:

1 Constitution Plaza
Hartford, Connecticut 06115

Attention: Corporate Trust Department

If to any of the Owners, at:

333 North Pennsylvania Avenue
Indianapolis, Indiana 46204

Attention: John C. Salomone

If to the Guarantor, at:

Bethlehem, Pennsylvania 18016

Attention: Treasurer

If to Citicorp Leasing, Inc., at:

399 Park Avenue
New York, New York 10011

Attention: Manager of Contract Administration

If to Chemical Bank, at:

55 Water Street, Suite 1822
New York, New York 10041

Attention: Manager, Specialized Leasing

If to Continental Illinois National Bank and
Trust Company of Chicago, at:

231 South LaSalle Street
Chicago, Illinois 60693

Attention: Surface Transportation Division

If to the Lessee, at:

1310 Six Penn Center Plaza
Philadelphia, Pennsylvania 19104

Attention: Vice President - Treasurer

12. This Guarantee shall be binding upon, and shall inure to the benefit of and be enforceable by, each of the parties hereto and their respective successors and assigns. This Guarantee shall in all respects be governed by, and construed and enforced in accordance with, the laws of the State of New York, including all matters of construction, validity and performance. This Guarantee may be executed in any number of counterparts, all of which together shall constitute a single agreement, and it shall not be necessary, in making proof of this Guarantee, to account for more than one such counterpart signed by the party against which it is sought to be enforced.

13. If any provision of this Guarantee shall be held void, voidable, invalid, unenforceable or inoperative for any reason, such holding shall not affect any other provision of this Guarantee, which shall otherwise remain in full force and effect and be enforceable in accordance with its terms.

14. As long as the Guarantor shall have any obligations hereunder, no Lease shall be amended in any material respect without the prior written consent of the Guarantor (which shall not be unreasonably withheld).

15. Anything herein contained to the contrary notwithstanding, in the event that the aggregate number of units of Equipment subject to the several Leases is at any given time less than 2,000 units, then the maximum amount of the obligations of the Guarantor hereunder, as stated in Paragraph 1 above, shall be reduced, as of such time, by multiplying said amount by a fraction, the numerator of which shall be equal to the number of units of Equipment then subject to the several Leases (including in such number any unit of Equipment that shall have suffered a Casualty Occurrence unless and until the Casualty Value of such unit shall have been paid in full, in accordance with the provisions of the applicable Lease) and the denominator of which shall be 2,000 units; provided, however, that the foregoing provisions of this Paragraph 15 shall not be deemed to reduce or otherwise modify any obligations incurred by the Guarantor in connection with any exercise

by it of either of the options set forth in subparagraphs 3(A) and 3(B) above.

IN WITNESS WHEREOF, the parties hereto have caused this Guarantee to be executed by duly authorized officers as of the date first above written.

BETHLEHEM STEEL CORPORATION

By _____
[Title]

FOURTH HFC LEASING CORPORATION

By _____
Vice President

FIFTH HFC LEASING CORPORATION

By _____
Vice President

SIXTH HFC LEASING CORPORATION

By _____
Vice President

THE CONNECTICUT BANK AND TRUST
COMPANY, acting not in its indi-
vidual capacity but solely as
Trustee, as aforesaid

By _____
Authorized Officer

CITICORP LEASING, INC.

By _____
Vice President

CHEMICAL BANK

By _____
[Title]

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO

BY *Robert W. Hauer*
[Title]
Vice President

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this day of 1978, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and 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 a free act and deed of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand.

Notary Public

[Notarial Seal]

My Commission expires

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this ^{23rd} day of ^{May} 1978, before me personally appeared ^{PETER D. NORDE}, to me personally known, who, being by me duly sworn, says that he is a Vice President of CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, that one of the seals affixed to the foregoing instrument is the seal of said bank and that said instrument was signed and sealed on behalf of said bank 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 bank.

Lileen Hedson

Notary Public

[Notarial Seal]

My Commission expires

9-22-78

LEASE ASSUMPTION AGREEMENT

This Agreement, dated as of _____, 19____, between Bethlehem Steel Corporation, a Delaware corporation (the "New Lessee"), and The Connecticut Bank and Trust Company, a Connecticut banking corporation, acting not in its individual capacity but solely as Trustee (the "Lessor") under a Trust Agreement dated as of March 15, 1978 with _____ HFC Leasing Corporation (the "Owner").

WHEREAS, Consolidated Rail Corporation, a Pennsylvania corporation (the "Lessee"), has entered into a Lease of Railroad Equipment, dated as of March 15, 1978 (the "Lease"), with the Lessor;

WHEREAS, the New Lessee has entered into a Guarantee agreement, dated as of March 15, 1978 (the "Guarantee Agreement"), with the Lessor, the Owner and certain other parties named therein, pursuant to which the New Lessee has guaranteed certain obligations of the Lessee under the Lease;

WHEREAS, the Guarantee Agreement permits the New Lessee to assume the Lease upon the occurrence of certain events specified in the Guarantee Agreement; and

WHEREAS, the New Lessee represents and warrants that all of the conditions precedent to the assumption of the Lease by the New Lessee set forth in the Guarantee Agreement have been satisfied;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

1. Assumption of Lease. The New Lessee hereby agrees to accept, assume and be bound by all of the obligations of the Lessee under the Lease, as amended as provided in paragraph 2 hereof, and to perform and comply with all of

the terms and provisions of the Lease, as so amended, required to be performed or complied with by the Lessee as fully and to the same extent and with the same force and effect as if all the terms and provisions of the Lease, as so amended, were set forth in full in this Agreement. If so requested by the Lessor or the Owner, the New Lessee and the Lessor shall duly authorize, execute and deliver a new lease agreement containing all of the terms and provisions of the Lease, as amended as provided in paragraph 2 hereof.

2. Amendment of the Lease. Upon the assumption of the obligations of the Lessee under the Lease by the New Lessee pursuant to this Agreement, the Lease shall be amended, without the necessity of any further action by the parties hereto or thereto, as provided in subparagraph 3.B.1 of the Guarantee Agreement, and, as so amended and assumed hereby, the Lease shall be and remain in full force and effect.

3. Miscellaneous. This Agreement shall in all respects be governed by, and be construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania, including all matters of construction, validity and performance. Any provision of this Agreement that is prohibited or unenforceable shall be ineffective to the extent that the same is prohibited or unenforceable without invalidating the remaining provisions hereof. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Lessor and the New Lessee have caused this Agreement to be duly executed as of the day and year first above written.

BETHLEHEM STEEL CORPORATION

[Corporate Seal]

Attest:

By _____
Vice President

Assistant Secretary

THE CONNECTICUT BANK AND
TRUST COMPANY,
as Trustee as aforesaid

By _____
Authorized Officer

[Corporate Seal]

Attest:

Authorized Officer

By its signature below, _____ HFC Leasing
Corporation authorizes the Lessor to execute and deliver the
foregoing Agreement.

HFC LEASING CORPORATION

By _____
[Title]

Date: _____

By its signature below, [name of appropriate
Investor] represents and warrants that the condition pre-
cedent set forth in the proviso to subparagraph 3(B) of
the Guarantee Agreement has been satisfied.

[NAME OF APPROPRIATE INVESTOR]

By _____
[Title]

Date: _____