



RECORDATION NO. 8757-0 Filed & Recorded RECORDATION NO. 8757-0 Filed & Recorded

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MAR 23 1977-10 25 AM

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March 19, 1977

MAR 23 1977-10 25 AM

INTERSTATE COMMERCE COMMISSION INTERSTATE COMMERCE COMMISSION

INTERSTATE COMMERCE COMMISSION

Fee \$ 120 - *120*

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

RECORDATION NO. 8757-A Filed & Recorded Washington, D. C.

Attention: Secretary

MAR 23 1977-10 25 AM

Gentlemen:

INTERSTATE COMMERCE COMMISSION

Enclosed herewith for filing and recording, pursuant to Section 20c of the Interstate Commerce Act, are 8 executed counterparts of the following:

1. Conditional Sale Agreement dated as of February 1, 1977, among Thrall Car Manufacturing Company, *Vendor* Connell Leasing, Inc. and Oklahoma Gas and Electric Company; *Fee*
2. Agreement and Assignment dated as of February 1, 1977, between Thrall Car Manufacturing Company and First National Bank and Trust Company of Oklahoma City, as Agent;
3. Lease of Railroad Equipment dated as of February 1, 1977, between Connell Leasing, Inc. and Oklahoma Gas and Electric Company; and
4. Assignment of Lease and Agreement dated as of February 1, 1977, between Connell Leasing, Inc. and First National Bank and Trust Company of Oklahoma City, as Agent.

The foregoing documents relate to the purchase and financing of:

- 341 100-ton (4,000 cu. ft.) high-side steel gondola cars with swivel couplers (Car Nos. OGEX 243 through 580, both inclusive and OGEX 5006, 5007, 5008).

Enclosed is our check in the amount of \$120 in payment of the applicable recording fees.

Virginia P. Corney

RECEIVED
MAR 23 10 16 AM '77
I.C.C.
FEE OPERATION BR.

Cornell Leasing

Interstate Commerce Commission
Page 2
March 19, 1977

Please deliver 5 counterparts, each bearing recordation data with respect to the filing pursuant to the provisions of Section 20c of the Interstate Commerce Act, to the bearer of this letter.

For your records, the names and addresses of the parties to the several instruments are as follows:

First National Bank and Trust Company
of Oklahoma City, as Agent
P. O. Box 25189
Oklahoma City, Oklahoma 73125
Attention: Mr. Jake L. Riley
Vice President and Trust Officer

Connell Leasing, Inc.
45 Cardinal Drive
Westfield, New Jersey 07092
Attention: Mr. Grover Connell
President

Thrall Car Manufacturing Company
P. O. Box 218
Chicago Heights, Illinois 60401
Attention: Mr. John P. Lynch
Vice President - Sales

Oklahoma Gas and Electric Company
321 North Harvey Avenue
Oklahoma City, Oklahoma 73101
Attention: Mr. R. Drake Keith
Vice President and Treasurer

Very truly yours,



R. Drake Keith
Vice President and Treasurer

Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

3/23/77

R. Drake Keith
Vice President & Treasurer
Oklahoma Gas & Electric Company
321 North Harvey, P.O. Box 321
Oklahoma 73101

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 3/23/77 at 10:25am,
and assigned recordation number(s)

8757, 8757-A, 8757-B, & 8757-C

Sincerely yours,


Robert L. Oswald
Secretary

Enclosure(s)

SE-30
(5/76)

8757
RECORDATION NO. Filed & Recorded

MAR 23 1977 - 10 23 AM

STATE COMMERCE COMMISSION

CONDITIONAL SALE AGREEMENT

Dated as of February 1, 1977

among

THRALL CAR MANUFACTURING COMPANY,

CONNELL LEASING, INC.

and

OKLAHOMA GAS ELECTRIC COMPANY
AND

341 ONE HUNDRED-TON
STEEL GONDOLA COAL CARS

CONDITIONAL SALE AGREEMENT

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CONDITIONAL SALE AGREEMENT dated as of February 1, 1977 among THRALL CAR MANUFACTURING COMPANY (hereinafter called the Vendor or Builder as more particularly set forth in Article 1), CONNELL LEASING, INC. (hereinafter called the Vendee) and OKLAHOMA GAS AND ELECTRIC COMPANY (hereinafter called the Lessee).

WHEREAS, the Builder has agreed to construct, sell and deliver to the Vendee, and the Vendee has agreed to purchase, the railroad equipment described in Annex A hereto (hereinafter called the Equipment); and

WHEREAS, the Vendee is entering into a Lease of Railroad Equipment dated as of the date hereof (hereinafter called the Lease), substantially in the form of Annex C hereto, with the Lessee;

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. Assignment; Definitions. The parties hereto contemplate (subject to the limitations set forth in the third paragraph of Article 3 and the first paragraph of Article 4) that Connell Rice & Sugar Co., Inc. (hereinafter called the Interim Lender) will furnish the Purchase Price, as defined in Article 4, for the Equipment by delivering to the Builder the Notes of the Interim Lender pursuant to a Finance Agreement dated as the date hereof (hereinafter called the Finance Agreement), with the Builder, the Lessee, the Vendee, the Interim Lender and the Investors named therein and that the Interim Lender will receive payment for that portion of the Purchase Price for the Equipment as is required under subparagraph (a) of the fourth paragraph of Article 4 on the due date thereof and that an amount equal to the balance of such Purchase Price shall be paid to the Interim Lender on the Settlement Date, as defined in the Finance Agreement, by an assignee of the Builder's right, title and interest under this Agreement pursuant to an Agreement and Assignment dated as the date hereof (hereinafter called the Assignment) between the Builder and First National Bank and Trust Company of Oklahoma City, as Agent (hereinafter called the Assignee) under the Finance Agreement.

The term "Vendor," whenever used in this Agreement, means, before any assignment of its rights hereunder, the party hereto which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained

and excluded from any such assignment; and the term "Builder," whenever used in this Agreement, means, both before and after any such assignment, the party hereto which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business. In case of such assignment, the Vendee will assign to the Vendor, as security for the payment and performance of all the Vendee's obligations hereunder, certain rights, titles and interests of the Vendee in and to the Lease pursuant to an Assignment of Lease and Agreement dated as of the date hereof (hereinafter called the Lease Assignment), substantially in the form of Annex D hereto.

ARTICLE 2. Construction and Sale. Pursuant to this Agreement, the Builder shall construct the Equipment at its plant set forth in Annex A hereto and will sell and deliver to the Vendee, and the Vendee will purchase from the Builder and accept delivery of and pay for as hereinafter provided, the Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Annex A hereto and in accordance with such modifications thereof as may be agreed upon in writing between the Builder, the Vendee and the Lessee (which specifications and modifications, if any, are hereinafter called the Specifications). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture thereof, to all United States Department of Transportation and Interstate Commerce Commission requirements and standards for new equipment and to all standards recommended by the Association of American Railroads reasonably interpreted as being applicable to railroad equipment of the character of such units; and each such unit and its component parts will be new railroad equipment.

ARTICLE 3. Inspection and Delivery. The Builder will deliver the units of the Equipment to the Vendee at the place specified in Annex A hereto, freight charges, if any, prepaid, in accordance with the delivery schedule set forth in Annex A hereto; provided, however, that delivery of any unit of the Equipment shall not be made except concurrently with the settlement therefor on a Closing Date pursuant to Article 4, and in no event until this Agreement and the Lease shall have been filed pursuant to Section 20c of the Interstate Commerce Act.

The Builder's obligation as to time of delivery is subject, however, to delays resulting from causes beyond the Builder's reasonable control, including, but not limited to, acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion,

sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors.

Notwithstanding the preceding provisions of this Article 3, any Equipment not delivered, accepted and settled for on or before June 27, 1977, shall be excluded from this Agreement and not included in the term "Equipment." In the event of any such exclusion, the parties hereto shall execute an agreement supplemental hereto limiting this Agreement to the Equipment not so excluded herefrom; and if the Builder's failure to deliver the Equipment so excluded resulted from one or more of the causes set forth in the immediately preceding paragraph, the Lessee shall be obligated to purchase such Equipment and pay the full purchase price therefor, determined as provided in this Agreement, if and when such Equipment shall be completed and delivered by the Builder. Such payment shall be in cash on the delivery of such Equipment, either directly or, if the Builder and the Lessee shall mutually agree, by means of a conditional sale agreement, equipment trust or other appropriate method of financing.

During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Vendee (who may be employees of the Lessee), and the Builder shall grant to such authorized inspectors reasonable access to its plant. The Builder agrees to inspect all materials used in the construction of the Equipment in accordance with the standard quality control practices of the Builder. Upon completion of a Group (as defined in Article 4) of units of the Equipment, such units shall be presented on the Closing Date therefor (as hereinafter defined in Article 4) to an inspector of the Vendee or its duly appointed agent for inspection at the place specified for delivery of such units, and if each such unit conforms to the specifications, requirements and standards applicable thereto, such inspector or an authorized representative of the Vendee (who may be an employee of the Lessee) shall on such Closing Date execute and deliver to the Vendee, with a copy to the Builder, a certificate of acceptance (hereinafter called a Certificate of Acceptance) stating that such units have been inspected and accepted on behalf of the Vendee and are marked in accordance with Article 10; provided, however, that the Builder shall not thereby be relieved of its warranty referred to in Article 14. By Section 2 of the Lease, the Vendee is appointing the Lessee its agent to inspect and accept delivery of each unit of the Equipment on the Closing Date therefor. Acceptance of any unit of Equipment by the Lessee (or its employees or agents, as aforesaid) shall be deemed to be acceptance of such unit by the Vendee.

On delivery and acceptance of each such unit hereunder on a Closing Date at the place specified for delivery, the Builder shall have no further responsibility for, nor bear any risk of, any damage to or the destruction or loss of such unit; provided, however, that the Builder shall not thereby be relieved of its warranties referred to in Article 14.

ARTICLE 4. Purchase Price and Payment. The base price per unit of the Equipment is set forth in Annex A hereto. Such base price is subject to such increase or decrease as is agreed to by the Builder, the Vendee and the Lessee prior to the presentation by the Builder of its invoice in the manner described in the next paragraph. The term "Purchase Price" shall mean the base price as so increased or decreased. The Purchase Price of each Unit shall include the sales tax, storage charges prior to delivery and freight charges to place of delivery, in each case, if any. If on any Closing Date (as hereinafter defined in this Article 4) the aggregate invoiced Purchase Price of Equipment for which settlement has theretofore been and is then being made under this Agreement would, but for the provisions of this sentence, exceed \$10,435,649, the Builder (and any assignee of the Builder) and the Lessee will, upon request of the Vendee, enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for and specified by the Vendee as will, after giving effect to such exclusion, reduce such aggregate invoiced Purchase Price of all units delivered and accepted under this Agreement to not more than \$10,435,649. The Lessee agrees to purchase any unit or units of Equipment so excluded from this Agreement from the Builder for cash on the date such unit or units would otherwise have been settled for under this Agreement, either directly or, if the Builder and the Lessee shall mutually agree, by means of a conditional sale agreement, equipment trust or other appropriate method of financing.

The Equipment shall be settled for in not more than six groups of units of the Equipment (each consisting of not less than 50 units) to be delivered to and accepted by the Vendee (each such group being hereinafter called a Group). The term "Closing Date" with respect to each Group shall mean such date, not earlier than March 1, 1977 and not later than June 27, 1977, and shall occur not more than ten Business Days following presentation by the Builder to the Vendee of the Invoice for such Group and the Certificates of Acceptance in respect thereof and written notice thereof by the Builder to the Lessee, as shall be fixed by the Lessee by written notice delivered to the Vendee at least six Business Days prior to the Closing Date designated therein.

The term "Business Days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York or Oklahoma City, Oklahoma are authorized or obligated to remain closed.

Subject to the provisions of the final paragraph of this Article 4, the Vendee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay in cash to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

(a) On the first to occur of July 6, 1977, or the date occurring 30 days after the Closing Date with respect to each Group, an amount equal to 36.038% of the aggregate Purchase Price of such Group; and

(b) In 30 consecutive semi-annual installments, as hereinafter provided, an amount equal to the aggregate Purchase Price of the units of Equipment for which settlement is then being made, less the aggregate amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph.

The portion of the Purchase Price payable pursuant to subparagraph (b) of the preceding paragraph (hereinafter called the Conditional Sale Indebtedness) shall be payable on January 6 and July 6 of each year, commencing January 6, 1978 and terminating July 6, 1992 (or if any such date is not a Business Day, on the next following Business Day), each such date being hereinafter called a Payment Date. The installment of principal payable on each Payment Date shall be calculated on such a basis that the amount and allocation of principal and interest payable on each Payment Date shall be substantially in proportion to the amount and allocation of principal and interest on such Payment Date set forth in Annex B hereto. The unpaid balance of the Conditional Sale Indebtedness shall bear interest from the first to occur of July 6, 1977, or the date occurring 30 days after the Closing Date in respect of which such indebtedness was incurred at the rate of 8% per annum and such interest shall be payable, to the extent accrued, on January 6 and July 6 of each year, commencing July 6, 1977 and terminating July 6, 1992. The Vendee will furnish to the Vendor and the Lessee promptly after each Closing Date a schedule in such number of counterparts as shall be requested by the Vendor, showing the respective amounts of Conditional Sale Indebtedness and interest payable on each Payment Date and the amount of interest payable on July 6, 1977.

Interest under this Agreement shall be determined on the basis of a 360-day year of twelve 30-day months.

Subject to the provisions of the final paragraph of this Article 4, the Vendee will pay interest, to the extent legally enforceable, at a rate equal to the higher of (i) 9.75% per annum, or (ii) 3% per annum in excess of the per annum rate charged by First National Bank and Trust Company of Oklahoma City from time to time to its largest and most credit worthy commercial borrowers on 90-day commercial loans upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof or such lesser amount as shall be legally enforceable, anything herein to the contrary notwithstanding.

All payments provided for in this Agreement shall be made by wire transfer of immediately available Federal funds. Except as provided in Article 7 and Article 8, the Vendee shall not have the privilege of prepaying any portion of the Conditional Sale Indebtedness prior to the date it becomes due.

The obligation of the Vendee to pay to the Vendor any amount required to be paid pursuant to the fourth paragraph of this Article 4 with respect to any Group is specifically subject to the fulfillment, on or before the Closing Date in respect of such Group, of the following conditions (any of which may be waived by the Vendee, and a delivery by the Interim Lender of a Note in the principal amount of the Purchase Price with respect to such Group shall be conclusive evidence that such conditions have been fulfilled or irrevocably waived as of the Closing Date with respect to such Group):

(a) no event of default specified herein or Event of Default of the Lessee under the Lease, nor any event which, with notice, demand and/or lapse of time provided for herein or in the Lease, would constitute such an event of default or Event of Default shall have occurred and be continuing; and

(b) the Vendee shall have received (i) the opinion of counsel required by Section 16 of the Lease, (ii) the documents and opinions required by Section 5 of the Assignment, and (iii) such other documents and opinions as the Vendee may reasonably request.

Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 16 and 17), it is understood and agreed by the Vendor that the liability of the Vendee for all payments to be made by it under and pursuant to this Agreement, with the exception only of the payments to be made pursuant to subparagraph (a) of the fourth paragraph of this Article 4, shall not exceed an amount equal to, and shall be payable only out of the "income and proceeds from the Equipment" as hereinafter defined, and such payments shall be made by the Vendee only to the extent that the Vendee or any assignee of the Vendee shall have actually received sufficient "income and proceeds from the Equipment" to make such payments. Except as provided in the next preceding sentence, the Vendor agrees that the Vendee shall have no personal liability to make any payments under this Agreement whatsoever except from the "income and proceeds from the Equipment" to the extent actually received and finally collected by the Vendee or any assignee of the Vendee. In addition, the Vendor agrees that the Vendee (i) makes no representation or warranty, and is not responsible for, the due execution, validity, sufficiency or enforceability of the Lease (or any document referred to therein or relative thereto) in so far as it relates to the Lessee or of any of the Lessee's obligations thereunder and (ii) shall not be responsible for the performance or observance by the Lessee of any of its agreements, representations, indemnities, obligations or other undertakings under the Lease, it being understood that as to all such matters the Vendor will look solely to the Vendor's rights under this Agreement against the Lessee and the Equipment and to the Vendee's rights under the Lease against the Lessee and the Equipment. As used herein, the term "income and proceeds from the Equipment" shall mean (i) if one of the events of default specified in Article 16 shall have occurred and while it shall be continuing, so much of the following amounts as are free and clear of all claims and liens by or through the Lessee received by the Vendee or the Assignee at any time after any such event of default and during the continuance thereof: (a) all amounts of rental and amounts in respect of Casualty Occurrences (as hereinafter defined in Article 7) or of a Termination Occurrence (as hereinafter defined in Article 8) paid for or with respect to the Equipment pursuant to the Lease, (b) any and all payments or proceeds received by the Vendee or any assignee of the Vendee for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition up to an amount equal to that portion of the Conditional Sale Indebtedness then remaining unpaid, and (c) any and all other payments received by the Vendee or

any assignee of the Vendee under Section 11 of the Lease; and (ii) at any other time, only that portion of the amounts referred to in the foregoing clauses (a) and (b) as are free and clear of all claims and liens by or through the Lessee received by the Vendee or the Assignee and as shall equal the portion of the Conditional Sale Indebtedness (including prepayments thereof required in respect of Casualty Occurrences or a Termination Occurrence) and/or interest and premium thereon due and payable on the date such amounts received by the Vendee or any assignee of the Vendee were required to be paid over pursuant to the Lease or as shall equal any other payments then due and payable under this Agreement; it being understood that "income and proceeds from the Equipment" shall in no event include amounts referred to in the foregoing clauses (a) and (b) which were received by the Vendee or any assignee of the Vendee prior to the declaration of such an event of default and which exceeded the amounts required to discharge the portion of the Conditional Sale Indebtedness (including prepayments thereof required in respect of Casualty Occurrences or a Termination Occurrence) and/or interest and premium thereon due and payable on the date on which amounts with respect thereto received by the Vendee or any assignee of the Vendee were required to be paid over pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were payable under the Lease. It is further understood and agreed that nothing contained herein limiting the liability of the Vendee shall derogate from the right of the Vendor to proceed against the Equipment for the full unpaid Purchase Price of the Equipment and interest and premium thereon and for all other payments and obligations hereunder. Notwithstanding anything contained in Article 16 or Article 17, the Vendor or any successor or assign of the Vendor agrees that in the event it shall obtain a judgment against the Vendee for an amount in excess of the amounts payable by the Vendee on account of the limitations set forth in this paragraph, it will, accordingly, limit its execution of such judgment to amounts payable within the limitations set forth in this paragraph.

ARTICLE 5. Security Interest in the Equipment. The Vendor shall and hereby does retain a security interest in the Equipment until the Vendee shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding any provision of this Agreement limiting the liability of the Vendee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee and the Lessee as provided in this Agreement. Any and all additions to the Equipment, and any and all parts installed on and additions and replacements made to any unit of the Equipment title to which vests in the Lessor under the Lease, shall

constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

Except as otherwise specifically provided in Article 7 and Article 8, when and only when the Vendor shall have been paid the full Purchase Price of the Equipment, together with interest and all other payments as herein provided, and all the Vendee's obligations herein contained shall have been performed, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee without further transfer or action on the part of the Vendor; however, the Vendor, if so requested by the Vendee, will (a) execute a bill or bills of sale for the Equipment releasing its security interest therein to the Vendee, or upon its order, free of all liens, security interests and other encumbrances created or retained hereby or which result from claims against the Vendor not related to its security interest in the Equipment, the performance of the Vendor's duties and responsibilities under this Agreement or any instrument referred to herein or any other transaction pursuant to or contemplated by this Agreement or any instrument referred to herein and deliver such bill or bills of sale to the Vendee at its address referred to in Article 21, (b) execute and deliver to the same place, for filing, recording, registering or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Vendee to the Equipment and (c) pay to the Vendee any money paid to the Vendor pursuant to Article 7 or Article 8 and not theretofore applied as therein provided. The Vendee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeiture or damages for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments within a reasonable time after written demand by the Vendee.

ARTICLE 6. Taxes. All payments to be made by the Vendee hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any local, state, federal or foreign taxes (other than net income taxes, gross receipts taxes [except gross receipts taxes in the nature of or in lieu of sales, use or rental taxes], franchise taxes measured by net income based upon receipt of such payments, excess profits taxes and similar taxes), license fees, assessments, charges, fines

or penalties hereafter levied or imposed upon or in connection with or measured by this Agreement, or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called collectively Impositions), all of which Impositions the Vendee assumes and agrees to pay on demand. The Vendee will also pay promptly all Impositions which may be imposed upon the Equipment delivered to it or for the use or operation thereof or upon the earnings arising therefrom or upon the Vendor solely by reason of its ownership thereof (except as excluded above) and will keep at all times all and every part of the Equipment free and clear of all Impositions which might in any way affect the title of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Vendee shall be under no obligation to pay any Imposition so long as it is contesting in good faith and by appropriate legal proceedings such Imposition and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the security title, property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any Imposition shall have been charged or levied against the Vendor directly and paid by the Vendor, the Vendee shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by the Vendor shall be secured by and under this Agreement; provided, however, that the Vendee shall not be obligated to reimburse the Vendor for any Imposition so paid unless the Vendor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Vendor, which counsel is satisfactory to the Vendee) or unless the Vendee shall have approved the payment thereof.

ARTICLE 7. Maintenance; Casualty Occurrences; Insurance. The Vendee, at its own cost and expense, shall maintain and keep each unit of the Equipment in good order and repair.

In the event that any unit of the Equipment shall become lost, stolen, destroyed, irreparably damaged from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of the Lease or for an indefinite period, but only, in the case of an indefinite period, after such taking or requisition continues for one year, or by any other governmental entity resulting in the loss of possession by the Lessee for a period of one year (such occurrences being hereinafter called Casualty Occurrences), the Vendee shall, promptly after it shall have determined that such unit has suffered a Casualty Occurrence, cause the Vendor to be fully informed in regard thereto. On the next succeeding Payment Date for the payment of an installment of principal and interest on the Conditional Sale Indebtedness following such notice

(hereinafter called a Casualty Payment Date), the Vendee shall pay a sum equal to the Casualty Value (as hereinafter defined in this Article 7) of such unit as of the Casualty Payment Date and shall file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of such unit or units. Any money paid to the Vendor pursuant to this paragraph or received as the proceeds of insurance maintained in accordance with this Article 7 shall be applied to prepay, without penalty or premium, ratably in accordance with the unpaid balance thereof, each installment of the Conditional Sale Indebtedness, and the Vendee will promptly furnish to the Vendor and the Lessee a revised schedule of payments of installments of Conditional Sale Indebtedness and interest thereafter to be made, in such number of counterparts as the Assignee may request, calculated as provided in the fourth paragraph of Article 4. To the extent that any money paid to the Vendor pursuant to this paragraph or received as proceeds of insurance maintained in accordance with this Article 7 exceeds the unpaid balance of the Conditional Sale Indebtedness, plus any interest owing with respect thereto, such excess will be paid over to the Vendee by the Vendor.

Upon payment by the Vendee to the Vendor of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence, absolute right to the possession of, title to and property in such unit shall pass to and vest in the Vendee, without further transfer or action on the part of the Vendor; however, the Vendor, if so requested by the Vendee, will execute and deliver to the Vendee, at the expense of the Vendee, a bill of sale for such unit releasing the Vendor's security interest therein to the Vendee, or upon its order, free of all liens, security interests and other encumbrances created or retained hereby or which result from claims against the Vendor not related to the ownership of the Equipment, the performance of the Vendor's duties and responsibilities under this Agreement or any instrument referred to herein or any other transaction pursuant to or contemplated by this Agreement or any instrument referred to herein.

The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence for purposes of this Article 7 shall be deemed to be that portion of the original Purchase Price thereof remaining unpaid on the date as of which such Casualty Value shall be determined plus interest accrued thereon but unpaid as of such date. For the purpose of this paragraph, each payment of the Purchase Price in respect of Equipment made pursuant to Article 4 shall be deemed to be a payment on each unit of the Equipment in like proportion as the original Purchase Price of such unit bears to the aggregate original Purchase Price of all the Equipment.

The Lessee, so long as it is the Lessee under the Lease, will at all times prior to the payment of the full indebtedness

in respect of the Purchase Price of the Equipment, together with interest thereon and all other payments required hereby, at its own expense, cause to be carried and maintained property insurance in respect of the Equipment at the time subject hereto, and public liability insurance, in amounts and against risks customarily insured against by companies owning property of a similar character and engaged in a business similar to that engaged in by the Lessee, and in any event in amounts and against risks comparable to those insured against by the Lessee on equipment similar to the Equipment which is owned or leased by the Lessee; provided, however, that in the case of property insurance, the Lessee will be permitted to self-insure to the extent it self-insures property of a similar nature to the Equipment and to the extent consistent with prudent industry practice. Such insurance, except to the extent the Lessee is permitted to and does self-insure, shall be maintained with insurance companies, underwriters or funds which shall be satisfactory to the Vendor and the Vendee and which shall be authorized to do business in the jurisdictions in which the Units may from time to time be located. All such policies of insurance shall provide that the same shall not be cancelled nor shall any material change in the coverage so provided be made without not less than 30 days' prior written notice of such cancellation or change in coverage to the Vendee, the Interim Lender and the Vendor. The proceeds of liability insurance shall be payable to the Vendor, the Vendee and the Lessee as their interests may appear.

Any property insurance proceeds or condemnation payments received by the Vendor in respect of units suffering a Casualty Occurrence shall be deducted from the amounts payable by the Vendee to the Vendor pursuant to the second paragraph of this Article 7. All property insurance proceeds or condemnation payments received by the Vendor in respect of any unit or units of Equipment not suffering a Casualty Occurrence shall be paid to the Vendee upon receipt by the Vendor of a certificate signed by an authorized officer of the Lessee to the effect that any damage to the unit in respect of which such proceeds were paid has been fully repaired.

ARTICLE 8. Termination Occurrence. In the event that the Lease shall be terminated and all the units of the Equipment shall be sold, all as permitted by and in accordance with Section 8 of the Lease, the Vendee shall pay to the Vendor, on or prior to the Termination Date (as defined in the Lease), a sum equal to the Casualty Value (as defined in Article 7) of the units of the Equipment as of such Termination Date, plus a sum equal to the applicable premium provided for in the next succeeding sentence, and shall file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of each unit. Any money paid to the Vendor pursuant to this paragraph shall be applied to prepay in full the unpaid balance of each installment of the Conditional Sale Indebtedness, to-

gether with interest accrued and unpaid thereon to the date of prepayment, plus a premium equal to the applicable percentage of the principal amount of the Conditional Sale Indebtedness being prepaid as set forth below:

<u>If Prepaid On:</u>	<u>Payment Premium Percentage</u>
July 6, 1987.....	2.71
January 6, 1988.....	2.41
July 6, 1988.....	2.11
January 6, 1989.....	1.81
July 6, 1989.....	1.51
January 6, 1990.....	1.21
July 6, 1990.....	0.91
January 6, 1991.....	0.60
July 6, 1991.....	0.30
January 6, 1992.....	None
July 6, 1992.....	None

Upon payment by the Vendee to the Vendor of the sums in this Article 8 provided, absolute right to the possession of, title to and property in all units of the Equipment shall vest in the Vendee, without further transfer or action on the part of the Vendor; however, the Vendor, if so requested by the Vendee, will execute and deliver to the Vendee, at the expense of the Vendee, a bill of sale for all such units releasing the Vendor's security interest therein free of all liens, security interests and other encumbrances created or retained hereby or which result from claims against the Vendor not related to the ownership of the Equipment, the performance of the Vendor's duties and responsibilities under this Agreement or any instrument referred to herein or any other transaction pursuant to or contemplated by this Agreement or any instrument referred to herein.

ARTICLE 9. Reports and Inspections. On or before March 31 in each year, commencing with the year 1978, the Vendee shall cause to be furnished to the Vendor an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all units of the Equipment then being leased under the Lease and covered by this Agreement, the amount, description and numbers of all units of the Equipment that have suffered a Casualty Occurrence or are undergoing repairs, other than running repairs during the preceding calendar year (or since the date of this Agreement in the case of the first such statement) and such other information regarding the condition and state of repair of the Equipment as the Vendor may reasonably request and (b) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Article 10 have been preserved or replaced. The Vendor or its duly appointed agent shall have the right to inspect the Equipment and the Lessee's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement.

ARTICLE 10. Marking of Equipment. The Vendee will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Annex A hereto, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "Connell Leasing, Inc., Lessor Subject to a Security Agreement Filed under the Interstate Commerce Act, Section 20c" or other appropriate words designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's interest in the Equipment and its rights under this Agreement. The Vendee will not permit any such unit to be placed in operation or exercise any control or dominion over the same until such markings shall have been made thereon and will replace or will cause to be replaced promptly any such markings which may be removed, defaced or destroyed. The Vendee will not permit the identifying number of any unit of the Equipment to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor and filed, recorded, registered and deposited by the Vendee in all public offices where this Agreement shall have been filed, recorded, registered and deposited.

Except as provided in the immediately preceding paragraph, the Vendee will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Equipment may be lettered with the name or initials or other insignia customarily used by the Lessee.

ARTICLE 11. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will comply, and will cause every user of the Equipment to comply, in all respects with all laws (including, without limitation, laws with respect to the use, maintenance and operation of the Equipment) of the jurisdictions in which operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment; and in the event that such laws or rules require any alteration, replacement or addition of or to any part of any unit of the Equipment, the Vendee will conform therewith at its own

expense; provided, however, that the Vendee or the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 12. Possession and Use. The Vendee, so long as an event of default shall not have occurred and be continuing under this Agreement, shall be entitled, from and after delivery of the Equipment by the Builder to the Vendee, to the possession of the Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement.

The Vendee may only lease the Equipment to the Lessee as permitted by, and for use as provided in, the Lease, but the rights of the Lessee and its permitted assigns under the Lease shall at all times be subordinated and junior in rank to the rights, and shall be subject to the remedies, of the Vendor under this Agreement; provided, however, that so long as the Lessee shall not be in default under the Lease or under this Agreement, the Lessee shall be entitled to the possession and use of the Equipment; and provided further, that no unit of equipment may be delivered to, or accepted or used by, the Lessee under the Lease prior to the settlement for such unit on the Closing Date therefor, as provided in Article 4 hereof. The Lessee acknowledges and agrees to the subordination of the Lease as provided in the next preceding sentence. The Vendee hereby agrees that it will not exercise any of the remedies permitted in the case of an Event of Default under the Lease until the Vendor shall have received notice in writing of the Vendee's intended exercise thereof, and hereby further agrees to furnish to the Vendor copies of all summonses, writs, processes and other documents served by the Vendee upon the Lessee or served by the Lessee upon it in connection therewith. The Lease shall not be amended, modified, or terminated (except in accordance with its terms) without the prior written consent of the Vendor.

ARTICLE 13. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge, security interest or other encumbrance on or with respect to the Equipment, or any unit thereof, equal or superior to the Vendor's security interest therein, and will promptly discharge any such lien, charge, security interest or other encumbrance which arises; provided, however, that the Vendee shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate

legal proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise adversely affect its rights under this Agreement. Any amounts paid by the Vendor in discharge of liens, charges, security interests or other encumbrances upon the Equipment shall be secured by and under this Agreement.

This covenant will not be breached by reason of the existence of liens for taxes, assessments or governmental charges or levies, in each case so long as not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

ARTICLE 14. Indemnities and Warranties. The Vendee agrees to indemnify, protect and hold harmless the Vendor and the Builder, and their respective successors, assigns, agents and servants, from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including counsel fees and expenses, penalties and interest, arising out of or as the result of the entering into or the performance of this Agreement, the retention by the Vendor of title to or a security interest in the Equipment, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any of the Equipment, any accident in connection with the operation, use, condition, possession, storage or return of any of the Equipment resulting in damage to property or injury or death to any person during the period when the Vendor or its assignee holds a security interest in the Equipment or arising out of the transfer of the security interest in the Equipment by the Vendor pursuant to any of the provisions of this Agreement, except, however, any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort, breach of warranty or failure to perform any covenant hereunder by the Builder. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Purchase Price of, and the release of the security interest in, the Equipment, as provided in Article 5, or the termination of this Agreement in any manner whatsoever.

The Builder represents and warrants to the Vendee that, at the time of delivery and acceptance of each unit of the equipment under this Agreement, the Vendee will have good and marketable title to such unit, free and clear of all claims, liens,

security interests and other encumbrances of any nature except only the rights of the Vendor under this Agreement and the rights of the Lessee under the Lease.

The Vendee will bear the responsibility for and risk of, and shall not be released from its obligations hereunder in the event of any damage to or the destruction or loss of any unit of or all the Equipment.

The Builder warrants to the Vendee and the Lessee that the Equipment will be built in accordance with the Specifications, requirements and standards set forth in Article 2 and warrants the Equipment will be free from defects in material or design (except as to articles, materials or designs incorporated therein which were specified or supplied by the Vendee or the Lessee and not manufactured or designed by the Builder) and workmanship under normal use and service, the Builder's obligation under this paragraph being limited to repairing or replacing at its plant any part or parts of any unit of the Equipment which shall be returned, within one year after the delivery of such unit to the Vendee, to the Builder with transportation charges prepaid, and which the Builder's examination shall disclose to its satisfaction to have been thus defective. THE FOREGOING WARRANTY OF THE BUILDER IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND OF ALL OTHER OBLIGATIONS OR LIABILITIES OF THE BUILDER EXCEPT UNDER ARTICLES 2, 3, 4 AND 14, and the Builder neither assumes nor authorizes any person to assume for it any other liability in connection with the construction and delivery of the Equipment except as aforesaid and except as provided in the immediately succeeding paragraph. It is further understood and agreed that in no event shall the Builder be liable for indirect or consequential damages of any kind. The Builder further agrees with the Vendee and the Lessee that neither the inspection as provided in Article 3 nor any examination or acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Vendee and the Lessee of any of their rights under this Article 14.

Except in cases of articles or materials specified by the Lessee or the Vendee and not manufactured by the Builder and in cases of designs, systems, processes, formulae or combinations specified by the Lessee or the Vendee and not developed or purported to be developed by the Builder, the Builder agrees to indemnify, protect and hold harmless the Lessee, the Interim Lender and the Vendee from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Lessee, the Interim Lender, the Vendee or their assigns because of the use in or about the construction or operation of any of the Equipment of any design, system, process, formula, combination, article

or material which infringes or is claimed to infringe on any patent or other right. The Vendee likewise will indemnify, protect and hold harmless the Vendor, the Interim Lender and the Lessee from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendor, the Interim Lender or the Lessee because of the use in or about the construction or operation of any of the Equipment of any article or material specified by the Vendee and not manufactured by the Builder or of any design, system, process, formula or combination specified by the Vendee and not developed or purported to be developed by the Builder which infringes or is claimed to infringe on any patent or other right. The Lessee likewise will indemnify, protect and hold harmless the Vendor, the Interim Lender and the Vendee from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendor, the Interim Lender or the Vendee because of the use in or about the construction or operation of any of the Equipment of any article or material specified by the Lessee and not manufactured by the Builder or of any design, system, process, formula or combination specified by the Lessee and not developed or purported to be developed by the Builder which infringes or is claimed to infringe on any patent or other right. In case any of the Equipment is determined to infringe on any patent or other similar right in respect of which liability may be charged against the Builder and the use of any of the Equipment is enjoined, the Builder shall, at its own expense, at its option, either procure for the Vendee and the Lessee the right to continue using such Equipment or replace the same with non-infringing equipment or modify the same so it becomes non-infringing. The Builder agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, assign, set over and deliver to the Vendee, the Interim Lender and the Lessee every claim, right and cause of action which the Builder has or hereafter shall have against the seller or sellers of any designs, systems, processes, formulae, combinations, articles or materials specified by the Vendee or the Lessee and purchased or otherwise acquired by the Builder for use in or about the construction or operation of any of the Equipment on the ground that any such design, system, process, formula, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right; and the Builder further agrees to execute and deliver to the Vendee, the Interim Lender or the Lessee all and every such further assurance as may be reasonably requested by the Vendee, the Interim Lender or the Lessee more fully to effectuate the assignment and delivery of every such claim, right and cause of action. The Builder will give prompt notice to the Vendee, the Interim

Lender, the Assignee and the Lessee of any claim known to the Builder from which liability may be charged against the Vendee, the Interim Lender or the Lessee hereunder, and each of the Vendee, the Interim Lender and the Lessee will give prompt notice to the Builder, the Interim Lender the Assignee and to each other of any claim known to any of them from which liability may be charged against the Builder or one of them hereunder. Such covenants of indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under this Agreement, the satisfaction and discharge of this Agreement or the termination of this Agreement in any manner.

ARTICLE 15. Assignments. The Vendee will not (a) except as provided in Article 12, transfer the right to possession of any unit of the Equipment or (b) sell, assign, transfer or otherwise dispose of its rights under this Agreement unless such sale, assignment, transfer or disposition (i) is made expressly subject in all respects to the rights and remedies of the Vendor hereunder (including, without limitation, rights and remedies against the Vendee and the Lessee) and (ii) such sale, assignment, transfer or disposition is made to a subsidiary of the Vendee or to a corporation owning or controlling, directly or indirectly, as of the date of such sale or assignment, all of the issued and outstanding stock of the Vendee or a wholly-owned subsidiary of such corporation and such vendee, assignee or transferee expressly assumes, in writing, in form and substance satisfactory to the Vendor, all of the obligations of the Vendee hereunder. Subject to the preceding sentence, any such sale, assignment, transfer or disposition may be made by the Vendee without the vendee, assignee or transferee assuming any of the obligations of the Vendee hereunder.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Vendee and the benefits arising from the undertakings of the Lessee hereunder, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve the Builder from, any of the obligations of the Builder to construct and deliver the Equipment in accordance herewith or to respond to its warranties and indemnities contained or referred to in Article 14, or relieve the Vendee or the Lessee of their respective obligations to the Builder under Articles 2, 3, 4, 6 and 14, or any other obligation which, according to its terms and context, is intended to survive an assignment.

Upon any assignment or reassignment referred to in the immediately preceding paragraph, either the assignor or the assignee shall give written notice to the Vendee, the Interim Lender and the Lessee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such

assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Vendee and the Lessee, respectively, of the notification of any such assignment, all payments thereafter to be made by the Vendee or the Lessee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Vendee and the Lessee recognize that it is the custom of railroad equipment manufacturers or sellers to assign agreements of this character and understand that the assignment of this Agreement, or of some of or all the rights of the Vendor hereunder, is contemplated. The Vendee and the Lessee expressly represent, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder, and for the purpose of inducing such acquisition, that in the event of such assignment by the Vendor, as hereinbefore provided, the rights of such assignee to the entire unpaid indebtedness in respect of the Purchase Price of the Equipment, or such part thereof as may be assigned, together with interest and premium, if any, thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever arising out of any breach of any obligation of the Builder in respect of the Equipment, or the manufacture, construction, delivery or warranty thereof, or in respect of any indemnity herein contained, nor subject to any defense, set-off, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee or the Lessee by the Builder. Any and all such obligations, indebtedness or liability, howsoever arising, shall be and remain enforceable by the Vendee or the Lessee, as the case may be, against and only against the Builder.

In the event of any such assignment by the Vendor or successive assignments, the Vendee will, upon request by the assignee, change the markings on each side of each unit of the Equipment so as to be consistent with the interest of such assignee in the Equipment, to the extent necessary to conform to any requirements of the laws of the jurisdictions in which the Equipment shall be operated. The cost of such markings in the event of an assignment of all the Equipment at the time covered by this Agreement shall be borne by the Vendee, and in the event of an assignment of less than all such Equipment shall be borne by such assignee.

In the event of any such assignment by the Vendor, the Vendee and the Lessee will (a) in connection with each settlement for a Group of Equipment, deliver to the assignee, at the time of delivery of notice fixing the Closing Date for such Group, all documents required by the terms of such assignment to be delivered by each of them, respectively, in connection with such settlement, in such number of counterparts or copies as may reasonably be requested, and (b) furnish to such assignee such number of counterparts of any other certificate or paper required by the Vendor as may reasonably be requested.

If the Builder shall not receive on any Closing Date a Note of the Interim Lender, pursuant to the Finance Agreement, in the principal amount equal to the full Purchase Price in respect of all of the Equipment proposed to be settled for on such Closing Date, the Builder will promptly notify the Vendee and the Lessee of such event and, if such Note shall not have been previously delivered, the parties hereto will, upon the request of the Builder, enter into an appropriate written agreement excluding from this Agreement those units of Equipment for which a Note shall not have been delivered, and the Lessee will, not later than 90 days after such Closing Date, pay or cause to be paid to the Builder the unpaid Purchase Price of such units, together with interest thereon from such Closing Date to the date of payment by the Lessee at the per annum rate charged on such Closing Date by The First National Bank and Trust Company of Oklahoma City to its largest and most credit worthy borrowers.

ARTICLE 16. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Vendee shall fail to pay in full when due any installment of the Conditional Sale Indebtedness (irrespective of any provision of this Agreement limiting the liability of the Vendee), and such default shall continue for 10 days;

(b) the Vendee shall fail to pay in full any sum, other than installments of the Conditional Sale Indebtedness, payable by the Vendee when payment thereof shall be due hereunder (irrespective of any provision of this Agreement limiting the liability of the Vendee), and such default shall continue for 10 days after written notice from the Vendor to the Vendee specifying such failure of payment and demanding that the same be paid;

(c) the Vendee shall, for more than 20 days after the Vendor shall have demanded performance thereof by written notice to the Vendee, fail or refuse to comply with any other covenant, agreement, term or provision

of this Agreement, or of any agreement entered into concurrently herewith relating to the financing or lease of the Equipment, on the part of the Vendee to be kept or performed or to make provision satisfactory to the Vendor for such compliance; or

(d) an Event of Default shall have occurred under the Lease, as defined in Section 11 thereof;

(e) any proceedings shall be commenced by or against the Vendee for any relief under any bankruptcy or insolvency law, or any law relating to the relief of debtors, readjustment of indebtedness, reorganization, arrangement, composition or extension, and, if such proceedings have been commenced against the Vendee, such proceedings shall not have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all of the obligations of the Vendee under this Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Vendee or for its respective property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever is earlier, or the Vendee shall make a general assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due; or

(f) the Vendee shall make or suffer any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Vendee and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) subject to the rights of the Lessee set forth in Article 12, cause the Lease immediately (upon such notice) to terminate (and the Vendee and the Lessee each acknowledge the right of the Vendor to terminate the Lease); provided, however, that in no case shall there be a default under this Agreement where the Agent has received all monies which are due, but has failed to transmit the same; and provided further that such termination shall not be in derogation of or impair the

rights of the Vendee (under the assignment thereof), as the case may be, to enforce compliance by the Lessee with any of its covenants and agreements under the Lease or to enforce any of its rights and remedies under Section 11 of the Lease (subject to the Vendor's rights to repossess and sell the Equipment as provided in this Agreement), including the rights of the Vendee to sue for and recover damages provided for in Section 11 of the Lease upon the occurrence of an event of default under the Lease, and/or (ii) declare (hereinafter called a Declaration of Default) the entire unpaid indebtedness in respect of the Purchase Price of the Equipment, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest and premium, if any, shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. Upon a Declaration of Default, the Vendor, subject to the ninth paragraph of Article 4 and Article 22, shall be entitled to recover judgment for the entire unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment so payable, with interest and premium, if any, as aforesaid, and to collect such judgment out of any property of the Vendee wherever situated. The Vendee or the Lessee, as the case may be, shall promptly notify the Vendor of any event which has come to its or their attention which constitutes, constituted, or with notice, demand and/or lapse of time could constitute, an event of default under this Agreement and the action taken or proposed to be taken with respect thereto.

If the Vendee shall have paid in full all sums then payable by the Vendee hereunder, the Vendor shall waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Vendee and the Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default or notice of termination of the Lease had been made or given. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Vendee and the Lessee that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 17. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, subject to the

rights of the Lessee set forth in Article 12, and compliance with any mandatory requirements of law then in force and applicable to the action to be taken by the Vendor, take or cause to be taken by its agent or agents immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Vendee or the Lessee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 17 expressly provided, and may remove the same from the possession and use of the Vendee, the Lessee or any other person having such possession and use and for such purpose may enter upon the premises of the Vendee or the Lessee or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Vendee or the Lessee.

In case the Vendor shall rightfully demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Vendor, the Vendee and the Lessee shall (subject to the rights of the Lessee set forth in Article 12), at the Lessee's expense, forthwith and in the usual manner, cause the Equipment to be moved to such point or points and shall there deliver the Equipment or cause it to be delivered to the Vendor. At the option of the Vendor, the Vendor may keep the Equipment, at the expense of the Lessee, on any lines of railroad or premises approved by the Vendor until the Vendor shall have leased, sold or otherwise disposed of the same. The agreement to deliver the Equipment as hereinbefore provided is of the essence of this Agreement, and, upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree against the Vendee and/or the Lessee requiring specific performance hereof. The Vendee and the Lessee hereby expressly waive any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 17 provided) may, at its election and upon such notice as is hereinafter set forth, retain the Equipment in satisfaction of the entire indebtedness in respect of the Purchase Price of the Equipment and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Vendee and the Lessee by telegram or registered mail, addressed as provided in Article 21, and to any other persons to whom the law

may require notice, within 30 days after such election. In the event that the Vendor should elect to retain the Equipment, all the Vendee's rights in the Equipment shall thereupon terminate and all payments made by the Vendee and the Lessee may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Vendee, before the expiration of the 30-day period described in the next proviso, should pay or cause to be paid to the Vendor the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid (but without premium except as provided in Article 8) and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee; and provided further, that if the Vendee, the Lessee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 17.

At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession of the Equipment, at its election and upon reasonable notice to the Vendee, the Lessee and any other persons to whom the law may require notice of the time and place, may, subject to the rights of the Lessee set forth in Article 12, sell the Equipment, or one or more units thereof, free from any and all claims of the Vendee, the Lessee or any other person claiming from, through or under the Vendee or the Lessee at law or in equity, at public or private sale and with or without advertisement, as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Vendee should tender full payment of the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid (but without premium except as provided in Article 8) and all other payments due under this Agreement, as well as the expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, such sale and the Vendor's reasonable attorney's fees, then

in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee. The proceeds of any sale or other disposition, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at Chicago, Illinois or at such other place or places and at such time or times as the Vendor may specify, in one lot and as an entirety or in separate lots, and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be in a commercially reasonable manner. The Vendee, the Lessee and all other persons to whom the law requires notice shall be given written notice of such sale not less than 30 days prior thereto, by telegram or registered mail, addressed as provided in Article 21. If such sale is to be a private sale, it shall be subject to the rights of the Vendee and the Lessee to purchase or provide a purchaser, within 10 days prior to the proposed sale date, at the same price offered by the intending purchaser or a better price. The Vendor, the Vendee or the Lessee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. In the event that the Vendor shall be the purchaser thereof, it shall not be accountable to the Vendee or the Lessee (except to the extent of surplus money received as hereinafter provided in this Article 17), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all sums due to the Vendor hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy, and no renewal or extension of any payments due hereunder, shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Vendee or the Lessee shall not otherwise alter or affect the Vendor's rights or the Vendee's or the Lessee's obligations hereunder. The Vendor's acceptance

of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Vendee's or the Lessee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

The Vendee will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Article 17 are subject in all respects to all mandatory requirements of law at the time in force and applicable thereto.

ARTICLE 18. Severability and Applicable Laws. Any provision of this Agreement prohibited or unenforceable by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Vendee and the Lessee to the full extent permitted by law, to the end that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Vendee and the Lessee, to the full extent permitted by law, hereby waive all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 19. Recording. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed and recorded in accordance with Section 20c of the Interstate Commerce Act; and the Vendee and the Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the

Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its security title to the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Vendee or the Lessee will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 20. Article Headings; Effect and Modification of Agreement. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

This Agreement, including the Annexes hereto, exclusively and completely states the rights of the Vendor, the Vendee and the Lessee hereunder with respect to the Equipment and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor, the Vendee and the Lessee.

ARTICLE 21. Notices. Any notice hereunder to any of the persons designated below shall be deemed to have been properly served if delivered personally or if mailed, when mailed registered mail postage prepaid, at the following specified addresses:

(a) To the Builder, Post Office Box 218, Chicago Heights, Illinois 60401, attention of Vice President-Finance, with a copy to Carroll, Connelley, Hartigan & Hillery, One North LaSalle Street, Chicago, Illinois 60602, attention of John M. Hartigan;

(b) To the Assignee, Post Office Box 25189, Oklahoma City, Oklahoma 73125, attention of Jake L. Riley, Vice President;

(c) To the Vendee, 45 Cardinal Drive, Westfield, New Jersey 07092, attention of President;

(d) To the Interim Lender, 45 Cardinal Drive, Westfield, New Jersey 07092, attention of Ted Connell, Vice President and Treasurer;

(e) To the Lessee, 321 North Harvey Avenue, Oklahoma City, Oklahoma 73101, attention of Vice President and Treasurer;

(f) To any other assignee of the Vendor or of the Vendee, at such address as may have been furnished in writing to the other parties hereto by such assignee;

or to such other address as may have been furnished in writing by such person to the other parties to this Agreement and shall be deemed to have been given for all purposes under this Agreement on the date of such delivery or mailing.

ARTICLE 22. Immunities of Certain Individuals; Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, director or officer, past, present or future, of the Builder (or the Vendor) or of the Lessee or the Vendee, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors or officers being forever released as a condition of and as consideration for the execution of this Agreement.

The obligations of the Vendee under the second and seventh paragraphs of Article 17 and under Articles 3, 6, 7 (other than the second and third sentences of the second paragraph thereof), 9, 10, 11, 13, 14, 15, and 19 shall be deemed in all respects satisfied by the Lessee's undertakings contained in the Lease. The Vendee shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed they shall constitute the basis for an event of default pursuant to Article 16, provided that the failure of the Lessee to perform such obligations shall not constitute an event of default hereunder unless and until the Lessee is declared to be in default under the Lease. No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor.

ARTICLE 23. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Oklahoma; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording, registering or depositing, if any, of this Agreement or of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded, registered or deposited.

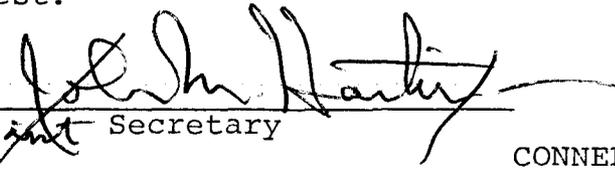
ARTICLE 24. Execution. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument, which shall be sufficiently evidenced by any such original counterpart. Although this Agreement is dated as of February 1, 1977 for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this Agreement to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

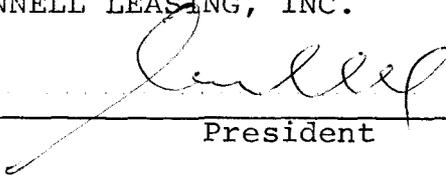
THRALL CAR MANUFACTURING COMPANY

By 
Vice President

(Corporate Seal)
Attest:


Secretary

CONNELL LEASING, INC.

By 
President

(Corporate Seal)
Attest:


Secretary

OKLAHOMA GAS AND ELECTRIC COMPANY

By 
Vice President

(Corporate Seal)
Attest:


Secretary

STATE OF ILLINOIS)
)
) SS
COUNTY OF C O O K)

On this 17th day of March, 1977, before me personally appeared S.O. CHRISTMASON, to me personally known who, being by me duly sworn, says that he is a Vice President of Thrall Car Manufacturing Company, that one of the seals 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 the free act and deed of said corporation.

Jodi Faulstich
Notary Public

(Notarial Seal)

My commission expires

8/30/80

STATE OF NEW JERSEY)
)
) SS
COUNTY OF UNION)

On this 15th day of March, 1977, before me personally appeared Grover Connell, to me personally known, who, being by me duly sworn, says that he is the President of Connell Leasing, Inc., that one of the seals 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 the free act and deed of said corporation.

Natalie Guremann
Notary Public

(Notarial Seal)

My commission expires

NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Nov. 30, 1977

STATE OF OKLAHOMA)
)
) SS
COUNTY OF OKLAHOMA)

On this 10th day of March, 1977, before me personally appeared R. D. Keith, to me duly sworn, says that he is a Vice President of Oklahoma Gas and Electric Company, that one of the seals 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 the free act and deed of said corporation.

Ruth Ann Chappin
Notary Public

(Notarial Seal)

My commission expires

September 23, 1980

<u>Type</u>	<u>Builder's Specifications</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Car Numbers</u>	<u>Unit Base Price</u>	<u>Maximum Purchase Price</u>	<u>Estimated Time and Place of Delivery</u>
100-ton (4,000 cu.ft.) highside steel gondola cars with swivel couplers	GN-100-46-140-A	Chicago Heights, Illinois	341	OGEX 243-580, both inclusive; OGEX 5006, 5007, 5008	\$29,100	\$10,435,649	March- June, 1977 St. Louis, Missouri

Annex A to
Conditional Sale Agreement

Annex B to
Conditional Sale Agreeeme

Allocation Schedule of Each \$1,000,000 of
Conditional Sale Indebtedness

DATE	BEGINNING PRINCIPAL	DEBT SERVICE	INTEREST	PRINCIPAL	REMAINING BALANCE
January 6, 1978	1,000,000.00	63,314.62	40,000.00	23,314.62	976,685.38
July 6, 1978	976,685.38	63,314.62	39,067.42	24,247.20	952,438.18
January 6, 1979	952,438.18	63,314.62	38,097.53	25,217.09	927,221.09
July 6, 1979	927,221.09	63,314.62	37,088.84	26,225.78	900,995.31
January 6, 1980	900,995.31	63,314.62	36,039.81	27,274.81	873,720.50
July 6, 1980	873,720.50	63,314.62	34,948.82	28,365.80	845,354.70
January 6, 1981	845,354.70	63,314.62	33,814.19	29,500.43	815,854.27
July 6, 1981	815,854.27	63,314.62	32,634.17	30,680.45	785,173.82
January 6, 1982	785,173.82	63,314.62	31,406.95	31,907.67	753,266.15
July 6, 1982	753,266.15	63,314.62	30,130.65	33,183.97	720,082.18
January 6, 1983	720,082.18	63,314.62	28,803.29	34,511.33	685,570.85
July 6, 1983	685,570.85	63,314.62	27,422.83	35,891.79	649,679.06
January 6, 1984	649,679.06	63,314.62	25,987.16	37,327.46	612,351.60
July 6, 1984	612,351.60	63,314.62	24,494.06	38,820.56	573,531.04
January 6, 1985	573,531.04	63,314.62	22,941.24	40,373.38	533,157.66
July 6, 1985	533,157.66	63,314.62	21,326.31	41,988.31	491,169.35
January 6, 1986	491,169.35	60,723.55	19,646.77	41,076.78	450,092.57
July 6, 1986	450,092.57	59,894.94	18,003.70	41,891.24	408,201.33
January 6, 1987	408,201.33	53,641.22	16,328.05	37,313.17	370,888.16
July 6, 1987	370,888.16	52,890.78	14,835.53	38,055.25	332,832.91
January 6, 1988	332,832.91	46,730.87	13,313.32	33,417.55	299,415.36
July 6, 1988	299,415.36	46,042.96	11,976.61	34,066.35	265,349.01
January 6, 1989	265,349.01	39,961.23	10,613.96	29,347.27	236,001.74
July 6, 1989	236,001.74	39,367.12	9,440.07	29,927.05	206,074.69
January 6, 1990	206,074.69	36,052.66	8,242.99	27,809.67	178,265.02
July 6, 1990	178,265.02	35,505.46	7,130.60	28,374.86	149,890.16
January 6, 1991	149,890.16	34,942.62	5,995.61	28,947.01	120,943.15
July 6, 1991	120,943.15	34,348.52	4,837.73	29,510.79	91,432.36
January 6, 1992	91,432.36	48,935.31	3,657.29	45,278.02	46,154.34
July 6, 1992	46,154.34	48,000.51	1,846.17	46,154.34	-0-
		1,650,071.67	650,071.67	1,000,000.00	

Annex C to
Conditional Sale Agreement

LEASE OF RAILROAD EQUIPMENT

Dated as of February 1, 1977

between

CONNELL LEASING, INC.

and

OKLAHOMA $\frac{\text{GAS}}{\text{AND}}$ ELECTRIC COMPANY

341 ONE HUNDRED-TON STEEL

GONDOLA COAL CARS

LEASE OF RAILROAD EQUIPMENT

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LEASE OF RAILROAD EQUIPMENT dated as of February 1, 1977, between CONNELL LEASING, INC. (hereinafter called the Lessor) and OKLAHOMA GAS AND ELECTRIC COMPANY (hereinafter called the Lessee).

WHEREAS, the Lessor and the Lessee have entered into a Conditional Sale Agreement dated as of the date hereof (hereinafter called the Conditional Sale Agreement) with Thrall Car Manufacturing Company (hereinafter called the Builder) covering the construction, sale and delivery, on the conditions therein set forth, by the Builder and the purchase by the Lessor of the railroad equipment described in Annex A hereto (hereinafter called the Equipment);

WHEREAS, the Builder and First National Bank and Trust Company of Oklahoma City, as Agent (hereinafter called the Assignee) under a Finance Agreement dated as of the date hereof (hereinafter called the Finance Agreement) with the Builder, the Lessor, the Lessee, the Interim Lender and the Investors named therein, have entered into an Agreement and Assignment dated as of the date hereof (hereinafter called the Assignment) assigning to the Assignee the right, security title and interest of the Builder under the Conditional Sale Agreement as security for the payment of the Notes, as described in the Finance Agreement and of the Conditional Sale Indebtedness (as defined in the Conditional Sale Agreement);

WHEREAS, the Lessee desires to lease all the units of the Equipment, or such lesser number as are delivered, accepted and settled for under the Conditional Sale Agreement, at the rentals, for the terms and upon the conditions hereinafter stated (such number of units as are delivered, accepted and settled for under the Conditional Sale Agreement being hereinafter called the Units); and

WHEREAS, in order to provide further security for the payment of the Conditional Sale Indebtedness and as an inducement to the Builder to construct and deliver the Equipment and to accept the Notes in payment therefor and to the Interim Lender to issue the Notes and to the Investors to invest in the Conditional Sale Indebtedness, the Lessor will, concurrently with its execution and delivery of this Lease, enter into an Assignment of Lease and Agreement dated as of the date hereof (hereinafter called the Lease Assignment) with the Assignee assigning for security purposes certain of its rights in, to and under this Lease to the Assignee;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions:

SECTION 1. Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or set-off against rent, including, but not limited to, abatements, reductions or set-offs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor under this Lease or under the Conditional Sale Agreement, including the Lessee's rights of subrogation thereunder to the Builder or the Assignee or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or failure of title of the Lessor to any of the Units or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the taking or requisitioning of any of the Units by condemnation or otherwise, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or the bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final, and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

SECTION 2. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee as its agent for the inspection and acceptance of, and the approval of all invoices relating to, the Units pursuant to the Conditional Sale Agreement and the Assignment. Each Unit is to be delivered to the Lessee, acting as such agent of the Lessor, by the Builder under the Conditional Sale Agreement at the place of delivery designated in the Conditional Sale Agreement and in Annex A hereto. As provided in Article 3 of the Conditional Sale Agreement, each

Unit is to be delivered, inspected and accepted concurrently with the settlement therefor on the Closing Date for such Unit pursuant to Article 4 of the Conditional Sale Agreement. Upon such delivery on such Closing Date, the Lessee will cause an employee of the Lessee or an authorized representative of the Lessee to inspect the same and, if such Unit is found to be acceptable, to accept delivery of such Unit on such Closing Date on behalf of the Lessor under the Conditional Sale Agreement and on its own behalf hereunder and execute and deliver to the Lessor and the Builder a certificate of acceptance (hereinafter called a Certificate of Acceptance), in accordance with the provisions of Article 3 of the Conditional Sale Agreement, stating that such Unit has been inspected and accepted on behalf of the Lessee and the Lessor on such Closing Date and is marked in accordance with Section 5, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall thereafter be subject to all the terms and conditions of this Lease, and the Lessee may, upon, but not prior to, completion of the settlement for such Unit in accordance with Article 4 of the Conditional Sale Agreement commence its use of such Unit pursuant to Section 13 hereof.

SECTION 3. Rentals. The Lessee agrees to pay to the Lessor, as rental for each Unit subject to this Lease, 31 consecutive semi-annual payments on January 6 and July 6 in each year, commencing July 6, 1977. The rental payment due on July 6, 1977 shall be in an amount equal to .0181% of the Purchase Price (as defined in the Conditional Sale Agreement) of each Unit then subject to this Lease for each day (computed on the basis of a 360-day year of twelve 30-day months) elapsed from the first to occur of July 6, 1977, or the date occurring 30 days after the Closing Date (as defined in the Conditional Sale Agreement) for such Unit to and including the date of such payment. The next 30 semi-annual rental payments shall each be in an amount equal to 4.04973% of the Purchase Price of each Unit then subject to this Lease.

If any of the semi-annual rental payment dates referred to above is not a Business Day (as defined in Article 4 of the Conditional Sale Agreement) the semi-annual rental payment otherwise payable on such date shall be payable on the next following Business Day.

The Lessor irrevocably instructs the Lessee to make all the payments provided for in this Lease at the principal

office of the Assignee, for the account of the Lessor, in care of the Assignee, with instructions to the Assignee first to apply such payments to satisfy the obligations of the Lessor under the Conditional Sale Agreement known to the Assignee to be due and payable on the date such payments are due and payable hereunder and thereunder and second, so long as no event of default under the Conditional Sale Agreement shall have occurred and be continuing, to pay any balance by wire transfer of immediately available funds on the date so received to the Lessor at such address as may be specified by the Lessor to the Assignee in writing. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph by 11:00 A.M., Chicago Time, in Federal funds current in the city where such payment is to be made.

SECTION 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder in accordance with the provisions of Section 2 hereof and, subject to the provisions of Sections 7, 8, 11, 14 and 23, shall terminate on the date on which the final payment of rent in respect thereof is due pursuant to Section 3.

Anything herein to the contrary notwithstanding, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Assignee under the Conditional Sale Agreement and the Assignment. Subject only to the rights of the Lessor against the Lessee referred to in Article 16 of the Conditional Sale Agreement, if an Event of Default shall occur and be continuing under the Conditional Sale Agreement, the Assignee may terminate this Lease (or rescind its termination), all as provided herein, unless the Lessee is not in default under this Lease.

SECTION 5. Identification Marks. The Lessee will cause each Unit to be kept numbered with an identifying number as set forth in Annex A hereto, or in the case of any Unit not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "Connell Leasing, Inc., Lessor Subject to a Security Agreement Filed under the Interstate Commerce Act, Section 20c" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by applicable rules, regulations and laws, including without limitation

the rules and regulations of the Association of American Railroads, in order to protect the Lessor's and the Assignee's title to and property interest in such Unit and the rights of the Lessor under this Lease and of the Assignee under the Conditional Sale Agreement. In the event that the Lessor shall become obligated to change any markings on any Unit or to incur any cost in connection therewith pursuant to Article 15 of the Conditional Sale Agreement, the Lessee shall, at the request of the Lessor, make such marking changes and pay to the Lessor such additional amounts as will enable the Lessor to fulfill such obligations under said Article 15. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such markings shall have been made thereon and will replace promptly any such markings which may be removed, defaced or destroyed. The Lessee will not change the identifying number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Assignee and the Lessor and filed, recorded, registered and deposited by the Lessee in all public offices where this Lease and the Conditional Sale Agreement shall have been filed, recorded, registered and deposited and (ii) the Lessee shall have furnished to the Assignee and the Lessor an opinion of counsel for the Lessee with respect thereto satisfactory to the Assignee and the Lessor.

Except as provided in the immediately preceding paragraph, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Units may be lettered with the names or initials or other insignia customarily used by the Lessee.

SECTION 6. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state, Federal or foreign taxes (other than any United States Federal income tax and, to the extent that the Lessor receives credit therefor against its United States Federal income tax liability, any foreign income tax payable by the Lessor in consequence of the receipt of payments provided herein and other than the aggregate of all state and city income taxes and franchise taxes measured by net income based on such receipts or gross income or gross receipts taxes other than gross receipts taxes in the nature of sales or use taxes, up to the amount of any such taxes which would be payable to the respective state and political subdivisions thereof in which the Lessor has from time to

time its principal place of business without apportionment to any other state or city, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided), assessments, documentary stamp taxes, or license fees and any charges, fines or penalties in connection therewith (hereinafter called collectively Impositions) now or hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use payment, shipment, delivery or transfer of title under the terms hereof or the Conditional Sale Agreement or any assignment hereof or thereof, all of which Impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all Impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all Impositions which might in any way affect the title of the Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any Impositions so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the advance opinion of the Lessor or the Assignee, adversely affect the title, property or rights of the Lessor hereunder or the rights of the Assignee under the Conditional Sale Agreement. If any Impositions shall have been charged or levied against the Lessor or the Assignee directly and paid by the Lessor, the Lessee shall reimburse the Lessor or the Assignee on presentation of an invoice therefor.

In the event that the Lessor shall become obligated to make any payment to the Builder or the Assignee pursuant to Article 6 of the Conditional Sale Agreement not covered by the foregoing paragraph of this Section 6, the Lessee shall pay such additional amounts (which shall also be deemed Impositions hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said Article 6.

The amount which the Lessee shall be required to pay in accordance with this Section 6 shall be an amount sufficient to restore the Lessor to the same after-tax position, after considering the effect of the receipt of such payment by the Lessor on its United States Federal, state or local income taxes or franchise taxes based on net income, that the Lessor would have been in had such taxes not been imposed.

In the event any reports with regard to Impositions are required to be made on the basis of individual Units or otherwise, the Lessee will, where permitted to do so under applicable rules or regulations, make and timely file such reports in such manner as to show the interests of the Lessor and the Builder or the Assignee in the Units as shall be satisfactory to the Lessor

and the Assignee or, where not so permitted, will notify the Lessor and the Assignee of such requirement and will prepare and deliver such reports to the Lessor and the Assignee within a reasonable time prior to the time such reports are to be filed in such manner as shall be satisfactory to the Lessor and the Assignee.

In the event that, during the term of this Lease, including any renewal thereof, the Lessee becomes liable for the payment or reimbursement of any Impositions, pursuant to this Section 6, such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

SECTION 7. Payment for Casualty Occurrences; Insurance.
In the event that any Unit shall become lost, stolen, destroyed, irreparably damaged from any cause whatsoever or taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of the Lease or for an indefinite period, but only in the case of an indefinite period, after such taking or requisition continues for a period of one year, or by any other governmental entity resulting in loss of possession by the Lessee for a period of one year during the term of this Lease (such occurrences being hereinafter called Casualty Occurrences), the Lessee shall promptly and fully notify the Lessor and the Assignee with respect thereto. On the rental payment date next succeeding such notice, the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect to such Unit not theretofore paid and which are due and payable on or prior to such date plus a sum equal to the Casualty Value (as hereinafter defined) of such Unit as of the date of such payment in accordance with the schedule set out below. Upon (but not prior to) the making of such payments by the Lessee in respect of any Unit, the rental for such Unit shall thereafter cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee as its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof at the best price obtainable on an "as is, where is" basis. If the Lessee shall have previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent that such proceeds do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

The Casualty Value of each Unit as of the rental payment date on which payment is to be made as aforesaid shall be that percentage of the Purchase Price of such Unit as is set forth in the following schedule opposite such date:

<u>Rental Payment Date</u>	<u>Percentage</u>
July 6, 1977.....	108.371
January 6, 1978.....	107.364
July 6, 1978.....	106.324
January 6, 1979.....	105.245
July 6, 1979.....	104.118
January 6, 1980.....	102.941
July 6, 1980.....	101.709
January 6, 1981.....	93.714
July 6, 1981.....	92.358
January 6, 1982.....	90.938
July 6, 1982.....	89.445
January 6, 1983.....	81.171
July 6, 1983.....	79.522
January 6, 1984.....	77.788
July 6, 1984.....	69.258
January 6, 1985.....	60.633
July 6, 1985.....	58.613
January 6, 1986.....	56.486
July 6, 1986.....	54.255
January 6, 1987.....	51.917
July 6, 1987.....	49.482
January 6, 1988.....	46.951
July 6, 1988.....	44.334
January 6, 1989.....	41.627
July 6, 1989.....	38.851
January 6, 1990.....	35.995
July 6, 1990.....	33.068
January 6, 1991.....	30.068
July 6, 1991.....	26.995
January 6, 1992.....	23.845
July 6, 1992.....	20.000

Except as hereinabove in this Section 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

Whenever any Unit shall suffer a Casualty Occurrence after expiration of this Lease and before such Unit shall have been returned in the manner provided in Section 15 hereof or during the 120 day storage period provided for such Unit in said Section 15, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to 20% of the Purchase Price of such Unit.

In the event of the requisition for use by the United States Government or any other governmental entity (hereinafter called the Government) of any Unit during the term of this Lease or any renewal thereof, all of the Lessee's obligations under this Lease with respect to such Unit shall continue to

the same extent as if such requisition had not occurred, except to the extent the Lessee's obligations are modified pursuant to the first paragraph of this Section 7 with respect to any such requisition which represents a Casualty Occurrence, as defined therein; provided, however, that if any Unit requisitioned by the Government is returned by the Government at any time after the end of the term of this Lease or any renewal thereof, the Lessee shall be obligated to return such Unit to the Lessor pursuant to Section 12 or Section 15 hereof, as the case may be, promptly upon such return by the Government rather than at the end of the term of this Lease or any renewal thereof, but the Lessee shall in all other respects comply with the provisions of said Section 12 or Section 15, as the case may be, with respect to such Unit. All payments received by the Lessor or the Lessee from the Government for the use of such Unit during the term of this Lease or any renewal thereof shall be paid over to, or retained by, the Lessee provided no Event of Default (or other event which after notice, demand and/or lapse of time would become an Event of Default) shall have occurred and be continuing; and all payments received by the Lessor or the Lessee from the Government for the use of such Unit after the term of this Lease or any renewal thereof, shall, to the extent of the Casualty Value theretofore paid by the Lessee, be paid over to, or retained by the Lessee, and any such amounts paid in excess of such Casualty Value shall be paid over to, or retained by, the Lessor.

The Lessee will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained property insurance in respect of the Units at the time subject hereto, and public liability insurance, in amounts and against risks customarily insured against by companies owning property of a similar character and engaged in a business similar to that engaged in by the Lessee, and in any event in amounts and against risks comparable to those insured against by the Lessee on equipment similar to the Units which is owned by the Lessee; provided, however, that in the case of property insurance, the Lessee will be permitted to self-insure to the extent it self-insures property of a similar nature to the Units and to the extent consistent with prudent industry practice. Such insurance, except to the extent the Lessee is permitted to and does self-insure, shall be maintained with insurance companies, underwriters or funds which shall be satisfactory to the Lessor and the Assignee and which shall be authorized to do business in the jurisdictions in which the Units may from time to time be located. All such policies of insurance shall provide that the same shall not be cancelled nor shall any material change in the coverage as provided be made without not less than 30 days' prior written notice of such cancellation or change in coverage to the Assignee and the Lessor. All such public liability insurance shall protect the Lessee, the Lessor and the Assignee in respect of risks arising out

of the condition, maintenance, use, ownership or operation of the Units and shall provide that amounts payable thereunder shall be paid to the respective insureds as their interests may appear. All such property insurance shall cover the Lessee, the Lessor and the Assignee and shall provide that losses in respect of the Units shall be payable to such insureds as their respective interests may appear; provided that so long as any indebtedness under the Conditional Sale Agreement shall remain unpaid, losses under such property insurance shall be payable to the Assignee under a standard mortgage loss payable clause satisfactory to the Assignee. Any net property insurance proceeds resulting from insurance carried by the Lessee received by the Lessor in respect of Units suffering a Casualty Occurrence shall be deducted from the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to this Section 7. If the Lessor shall receive any such net property insurance proceeds or condemnation payments after the Lessee shall have made payments pursuant to this Section 7 without deduction for such net property insurance proceeds or such condemnation payments, the Lessor shall pay such net property insurance proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value with respect to a Unit paid by the Lessee unless an Event of Default or other event which, with notice, demand and/or lapse of time, would constitute such an Event of Default shall have occurred and be continuing, in which case the amount otherwise payable to the Lessee may be retained by the Lessor and applied to discharge the liabilities of the Lessee under Section 11. The balance of such net insurance proceeds or condemnation payments shall remain the property of the Lessor. All net insurance proceeds received by the Lessor or the Lessee with respect to a Unit not suffering a Casualty Occurrence shall be applied in payment of the cost of repairing the damage to such Unit, and any balance remaining after the completion of such repairs shall be paid to the Lessee unless an Event of Default or other event which, with notice, demand and/or lapse of time, would constitute an Event of Default shall have occurred and be continuing, in which case the amount otherwise payable to the Lessee may be retained by the Lessor and applied to discharge the liabilities of the Lessee under Section 11. Except as otherwise hereinabove provided, any condemnation payments received with respect to a Unit not suffering a Casualty Occurrence shall be the property of the Lessor.

Copies of all insurance policies issued pursuant to the provisions of the preceding paragraph shall be delivered to the Assignee and the Lessor.

SECTION 8. Voluntary Termination. Unless an Event of Default or other event which, with notice, demand and/or lapse of time, would constitute an Event of Default shall have occurred and be continuing hereunder, the Lessee shall

be entitled, at its option, upon at least 120 days' prior written notice to the Lessor and the Assignee, to terminate this Lease if the Lessee shall have made a good faith determination that all (but not less than all) of the Units have become obsolete or economically unserviceable to the Lessee's operations, which notice shall be accompanied by a certified copy of resolutions adopted by the Board of Directors of the Lessee making such determination and a written statement of the President or a Vice President of the Lessee setting forth a summary of the basis for such determination; provided, however, that such termination shall become effective only on a rental payment date (hereinafter in this Section 8 called the Termination Date) and, in no event, prior to July 6, 1987; and provided further, that such termination shall not take effect unless the Lessee shall have fully complied with the succeeding paragraphs of this Section 8. For the purposes of this Section 8, interest rates or similar finance charges payable by the Lessee in connection with the acquisition of similar equipment under conditional sales contracts, leases or other arrangements for deferred payment of the purchase price thereof, shall be disregarded in the determination of economic obsolescence or unserviceability.

During the period from the giving of such notice to the Termination Date, the Lessee, as agent for the Lessor, shall use its best efforts to obtain bids for the purchase of all the Units on an "as is, where is" basis, and the Lessee shall certify to the Lessor in writing the amount of each bid received and the name and address of the person (who shall not be the Lessee or any person, firm or corporation affiliated with the Lessee) submitting such bid. An "affiliate" of the Lessee shall mean any person which possesses, directly or indirectly, the right to vote at least 20% of the voting securities of the Lessee, and any person which, directly or indirectly, controls or is controlled by or is under common control with the Lessee, and "control" (including "controlled by" and "under common control with"), as used with respect to any person, shall mean the possession, directly or indirectly, of the power to direct or control the direction of the management and policies of such person, whether through the ownership of voting securities, by contract or otherwise. On the Termination Date, the Lessor shall, without recourse or warranty, sell all the Units for cash to whomsoever shall have submitted the highest bid therefor prior to the Termination Date, and thereupon the Lessee shall cause to be delivered the Units to the Lessor in accordance with the terms of Section 15. If the sale of all the Units shall not occur on the Termination Date, the Lessee shall not cause such delivery of the Units to the Lessor; and this Lease

shall continue in full force and effect. The Lessor shall be under no duty to (but may) solicit bids, to inquire into the efforts of the Lessee to obtain bids or otherwise to take any action in connection with any such sale other than as expressly provided in this Section 8.

The total sale price realized at any such sale of the Units shall be retained by the Lessor and, in addition, the Lessee shall pay to the Lessor the excess, if any, of (i) the Termination Value (as hereinafter specified) of the Units computed as of the Termination Date over (ii) the proceeds of such sale less all expenses including reasonable counsels' fees incurred by the Lessor in connection with such sale or with the collection or distribution of such payment. The Lessee shall also be obligated to pay the Lessor (x) any and all rentals and other sums due hereunder with respect to the Units accrued up to and including the Termination Date and (y) an amount equal to the prepayment premium payable by the Lessor pursuant to Article 8 of the Conditional Sale Agreement. In the event of such sale and compliance by the Lessee with all the provisions of this Section 8, the obligations of the Lessee to pay rental hereunder on all rental payment dates commencing after the Termination Date shall terminate.

The Termination Value of each Unit as of the rental payment date on which payment is to be made as aforesaid shall be that percentage of the Purchase Price of such Unit as is set forth in the following schedule opposite such date:

<u>Termination Date</u>	<u>Percentage</u>
July 6, 1987	49.482
January 6, 1988	46.951
July 6, 1988	44.334
January 6, 1989	41.627
July 6, 1989	38.851
January 6, 1990	35.995
July 6, 1990	33.068
January 6, 1991	30.068
July 6, 1991	26.995
January 6, 1992	23.845
July 6, 1992	20.000

SECTION 9. Reports. On or before May 31 in each year, commencing with the year 1978, the Lessee will furnish to the Lessor and the Assignee an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder and covered by the Conditional Sale Agreement, the amount, description and numbers of all Units that have suffered a Casualty

Occurrence or are then undergoing repairs (other than running repairs) or have been withdrawn from use pending repairs (other than running repairs) during the preceding calendar year and such other information regarding the condition and state of repair of the Units as the Lessor or the Assignee may reasonably request and (b) stating that, in the case of all Units repaired or repainted during the period covered by such statement, the numbers and markings required by Section 5 and the Conditional Sale Agreement have been preserved or replaced. The Lessor and/or its duly appointed agents shall have the right to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the term of this Lease.

The Lessee will promptly furnish to the Lessor and the Assignee copies of all reports or other documents filed by the Lessee with the Securities and Exchange Commission, copies of each annual report of the Lessee and copies of each other report furnished by the Lessee to its stockholders, copies of its Uniform Statistical Report, which it prepares annually, and (i) as soon as available, and in any event within 45 days after the end of each of the first three quarterly periods of each fiscal year of the Lessee, copies of the income statements for the portion of the Lessee's fiscal year ended with such period and for the 12 months' period then ended and the balance sheet of the Lessee as of the end of such quarterly period, all of which financial statements may be unaudited, and (ii) as soon as possible after the end of each fiscal year, income statements of the Lessee and the balance sheet of the Lessee as at the end of such fiscal year, all in reasonable detail and accompanied by a copy of the certificate of report thereon of the Lessee's independent certified public accountants.

At the time of the delivery of financial statements pursuant to clauses (i) and (ii) of the preceding paragraph, the Lessee will deliver to the Lessor and the Assignee a certificate signed by the President, any Vice President, the Treasurer or any Assistant Treasurer of the Lessee stating that a review of the activities of the Lessee during the accounting period covered by such financial statements has been made under his supervision with a view to determining whether the Lessee has kept, observed, performed and fulfilled all of its covenants and obligations under this Lease and the Conditional Sale Agreement and that, to the best of his knowledge, the Lessee during such accounting period has kept, observed, performed and fulfilled each and every covenant and obligation contained herein and in the Conditional Sale Agreement, or if an Event of Default under this Lease or the Conditional Sale Agreement shall exist, existed or if

an event has occurred which, with notice, demand and/or lapse of time, would constitute such an Event of Default, specifying such Event of Default or such event and the nature and status thereof.

Within 120 days after the end of each of its fiscal years the Lessee will cause to be delivered to the Lessor and the Assignee a certificate signed by the Lessee's independent certified public accountants stating that in the course of the regular audit of the Lessee's business, which audit was conducted by such accountants in accordance with generally accepted auditing standards applied on a consistent basis, such accountants have obtained no knowledge of an Event of Default under this Lease or the Conditional Sale Agreement or, if an Event of Default under this Lease or the Conditional Sale Agreement shall exist, existed or if an event has occurred which, with notice, demand and/or lapse of time would constitute such an Event of Default, specifying such Event of Default and the nature and status thereof.

SECTION 10. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee as its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Builder under the provisions of Article 14 of the Conditional Sale Agreement; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor or its successors and assigns may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Unit or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Unit or any risks relating thereto; (iii)

any interruption of service, loss of business or anticipated profits or consequential damages of any person; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that the Units described therein are in all of the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees for the benefit of the Lessor and the Assignee, to comply in all respects with all laws (including, without limitation, laws with respect to the use, maintenance and operation of each Unit) of the jurisdictions in which operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units; and in the event that such laws or rules require any alteration, replacement or addition of or to any part of any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may, at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or the Assignee, adversely affect the property title or rights of the Lessor or the Assignee under this Lease or under the Conditional Sale Agreement.

The Lessee agrees that, at its own cost and expense, it will be responsible for ordinary maintenance and repairs required to maintain and keep each Unit which is subject to this Lease in good operating order, repair and condition.

Any and all additions to any Unit, and any and all parts installed on and additions and replacements made to any Unit, shall constitute accessions to such Unit and ownership thereof, free from any lien, charge, security interest or encumbrance (except for those created by the Conditional Sale Agreement or this Lease), shall immediately be vested in the Lessor and the Assignee as their respective interests appear in such Unit.

The Lessee agrees to indemnify, protect and hold harmless the Lessor, the Interim Lender and the Assignee, and their respective successors, assigns, agents and servants, from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including

counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of the Conditional Sale Agreement or this Lease, including without limitation, those in any way relating to or arising or alleged to arise out of: (i) the manufacture, construction, financing, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, possession, sublease, transport, storage, use, operation, condition, maintenance, sale, return or other disposition of any Unit or portion thereof, (ii) any latent and other defects whether or not discoverable by the Lessor or the Lessee, (iii) any claim for patent, trademark or copyright infringement, (iv) any claims based on strict liability in tort, (v) any injury to or the death of any person or any damage to or loss of property on or near the Units or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of the Units or of any other equipment in connection with the Units, resulting or allegedly resulting from the condition of any thereof, and (vi) any violation or alleged violation, of any provision of this Lease or of any agreement, law, rule, regulation, ordinance or restriction, affecting or applicable to the Units or the lease, ownership, use, replacement, adaptation or maintenance thereof. In the event that the Lessor shall become obligated to make any payment to the Builder pursuant to Article 14 of the Conditional Sale Agreement not covered by the foregoing sentence, the Lessee shall pay such additional amounts to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said Article 14. The amount which the Lessee shall be required to pay with respect to any indemnification under this Section 10 shall be an amount sufficient to restore the indemnified party to the same net after-tax position, after considering the net after-tax effect of the receipt of such indemnification by the indemnified party on its United States Federal, state and local income taxes or franchise taxes based on net income, that the indemnified party would have been in had such taxes not been imposed. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of this Lease or any renewal term hereof.

The Lessee agrees to prepare, deliver to the Lessor for execution within a reasonable time prior to the required date of filing and file (or, to the extent permissible, to prepare for and file on behalf of the Lessor directly) any and all reports (other than income tax returns) to be filed by the Lessor with any federal, state or other regulatory authority by reason of the ownership by the Lessor or the Assignee of the Units or the leasing thereof to the Lessee.

SECTION 11. Default. If during the continuance of this Lease or any renewal term hereof one or more of the following

events (each such event being hereinafter sometimes called an Event of Default) shall occur:

(A) default shall be made in payment of any part of the rental provided in Section 3, and such default shall continue for ten days;

(B) default shall be made in payment of any amount required to be paid by the Lessee hereunder, other than the rental provided in Section 3, and such default shall continue for ten days after written notice from the Lessor to the Lessee specifying such failure of payment and demanding that the same be paid;

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

(D) the Lessee shall fail to maintain insurance in accordance with Section 7;

(E) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained in this Lease, in the Conditional Sale Agreement or in any other agreement entered into concurrently herewith relating to the financing or leasing of the Units, and such default shall continue for 20 days after written notice from the Lessor to the Lessee and the Assignee specifying such default and demanding that the same be remedied;

(F) any proceedings shall be commenced by or against the Lessee for any relief under any bankruptcy or insolvency law, or any law relating to the relief of debtors, readjustment of indebtedness, reorganization, arrangement, composition or extension, and, if such proceedings have been commenced against the Lessee, such proceedings shall not have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue) within 60 days after such proceedings shall have been commenced, or the Lessee shall make a general assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due; or

(G) any representations or warranties made by the Lessee herein or in any other agreement, statement or certificate furnished to the Lessor or the Assignee in connection with this Lease or the transaction contemplated hereby, proves untrue in any material respect as of the date of issuance thereof;

then, in any such case, the Lessor, at its option, may:

(1) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof, including net after-tax losses of federal and state income tax benefits to which the Lessor would otherwise be entitled under this Lease; or

(2) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the possession and use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may, by its agents, enter upon the premises of the Lessee or any other premises where any of the Units may be located and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatsoever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (a) as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum, with respect to each Unit, which represents the excess of the present worth, at the time of such termination, of all rentals therefor which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then fair rental value of such Unit for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of the Unit during such period, such present worth to be computed in each case on a basis of a 2.61% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, or (y) an amount equal to the excess, if any, of the Casualty Value of such Unit as of the rental payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value thereof at such time; provided, however, that in the event the Lessor shall have sold any Unit, the Lessor, in lieu

of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this clause (a) with respect thereto, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value of such Unit, as of the rental payment date on or next preceding the date of termination over the net proceeds of such sale, and (b) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of rental.

It is expressly understood and agreed that upon the occurrence of any of the defaults or conditions described in clauses (A) through (G), both inclusive, of the first paragraph of this Section 11, and prior to the time that such default or condition shall constitute an Event of Default hereunder, the Lessor may make such payment or perform such other act as will cure such default or condition, and the amount of all payments by the Lessor on behalf of the Lessee, plus the amount of all reasonable expenses incurred in connection therewith, together with interest thereon at the rate equal to the greater of (i) 9.75% per annum, or (ii) 3% per annum in excess of the per annum rate charged by First National Bank and Trust Company of Oklahoma City from time to time to its largest and most credit worthy commercial borrowers on 90-day commercial loans from the date of expenditure to the date of reimbursement (computed in each case on the basis of a 360-day year of twelve 30-day months), shall constitute additional rental payable hereunder from the Lessee to the Lessor on demand.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise any of the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

The Lessor or the Lessee shall each give notice to the other and to the Assignee of any Event of Default of which the Lessor or the Lessee shall have knowledge.

The foregoing provisions of this Section 11 are subject in all respects to all mandatory requirements of law at the time in force and applicable thereto.

SECTION 12. Return of Units upon Default. If this Lease shall terminate pursuant to Section 11, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, and shall meet all applicable standards of the Department of Transportation and comply with the applicable Interchange Rules of the Mechanical Division of the Association of American Railroads. For the purpose of delivering possession of any Unit or Units as above required, the Lessee shall at its own cost, expense and risk:

- (a) place the Unit or Units in the standard of condition as specified above;
- (b) forthwith place such Units upon such storage tracks as the Lessor reasonably may designate;
- (c) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge for insurance or storage until such Units have been sold, leased or otherwise disposed of by the Lessor; and
- (d) cause the same to be delivered to any carrier for shipment as directed by the Lessor.

The assembling, delivery, storage and transporting of the Units as in this Section 12 provided shall be at the expense and risk of the Lessee for a period of nine months following such termination and are of the essence of this Lease, and, upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the same. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Units in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of any such Unit, to inspect the same. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored as hereinabove provided within thirty days after such termination, the Lessee shall, in addition to any amounts payable by the Lessee in accordance with Section 11, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which

0.0225% of the Purchase Price of such Unit for each such day exceeds the actual earnings received by the Lessor on such Unit for each such day.

Without in any way limiting the obligations of the Lessee under the foregoing provisions of this Section 12, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney-in-fact of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

SECTION 13. Assignment; Possession and Use; Liens. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. Such rights and obligations of the Lessor hereunder as shall be so assigned shall inure to the benefit of the Lessor's assigns. Whenever the term "Lessor" is used in this Lease, it shall apply and refer to the Lessor and each assignee of the Lessor.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not assign, sublease or transfer its leasehold interest under this Lease in the Units or any of them; provided, however, that this sentence shall not be deemed to prohibit any lien attaching to the leasehold interest of the Lessee under this Lease by reason of the existence of an after-acquired property clause in any mortgage to which the Lessee is a party covering substantially all of its utility property; and provided further, that in no event shall any Unit be delivered to, or accepted or used by, the Lessee under this Lease prior to the settlement for such Unit on the Closing Date therefor as provided in Article 4 of the Conditional Sale Agreement. The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any person which, if unpaid, might become a lien, charge, security interest or other encumbrance on or with respect to any Unit, including any accession thereto, or the interest of the Lessor, the Assignee or the Lessee therein, and will promptly discharge any such lien, charge, security interest or other encumbrance which arises; provided, however, that the Lessee shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Lessor, adversely affect the title of the Lessor in or to the Units or otherwise adversely affect its

rights or the rights of the Assignee under this Lease or the Conditional Sale Agreement; and provided further, that this covenant will not be breached by reason of the existence of liens for taxes, assessments or governmental charges or levies, in each case so long as not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the immediately succeeding paragraph.

So long as the Lessee shall not be in default under this Lease or under the Conditional Sale Agreement, the Lessee shall be entitled to the possession and use of the Units only for a unit train to haul coal within the United States of America.

SECTION 14. Renewal Options. Provided this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Lessor not less than 180 days prior to the end of the original term of this Lease elect to extend the term of this Lease in respect of not less than all of such Units then covered by this Lease for one additional three-year period commencing on the scheduled expiration of the original term of this Lease. In the event that the term of this Lease is extended pursuant to the preceding sentence, the Lessee shall pay rentals at the "Fair Market Rental" of such Units in semi-annual payments on January 6 and July 6 in each year of such extended term.

Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the rental which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use or storage shall not be a deduction from such rental. If, after 60 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, such rental shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed

within 20 Business Days (as defined in Article 4 of the Conditional Sale Agreement) after such notice is given, each party shall appoint an independent appraiser within 25 Business Days after such notice is given, and the two appraisers so appointed shall within 35 Business Days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 35 Business Days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental of the Units subject to the proposed extended term within 60 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Rental of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the Fair Market Rental. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne equally by the Lessee and the Lessor.

SECTION 15. Return of Units upon Expiration of Term

As soon as practicable on or after the expiration of the original or any extended term of this Lease, the Lessee will, at its cost and expense, at the request of the Lessor, deliver such Units to the Lessor upon such storage tracks as the Lessor may reasonably designate, or, in the absence of such designation, as the Lessee may select, and store such Units on such tracks for a period not exceeding 120 days and cause the same to be delivered, at any time within such 120-day period as may be designated by the Lessor upon 20-days' prior written notice to the Lessee, to any interchange point (located no further than 800 miles from Oklahoma City, Oklahoma) directed by the Lessor. The movement and storage of such Units shall be at the expense and risk of the Lessee. During any such storage period, the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of such

Units, may inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the right of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this Section 15 shall: (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted and (ii) meet all applicable standards of the Department of Transportation and to comply with any applicable Interchange Rules of the Mechanical Division of the Association of American Railroads. The assembling, delivery, storage and transporting of the Units as in this Section 15 provided are of the essence of this Lease, and, upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the same. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored as hereinabove provided, within thirty days after such termination, the Lessee shall in addition pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which 0.0225% of the Purchase Price of such Unit for each such day exceeds the actual earnings received by the Lessor on such Unit for each such day.

SECTION 16. Opinion of Counsel. On each Closing Date, the Lessee will deliver to the Lessor fifteen counterparts of the written opinions of counsel for the Lessee, addressed to the Lessor, to the effect provided in subparagraphs (g) and (h) of the first paragraph of Section 5 of the Assignment.

SECTION 17. Recording. The Lessee, at its own expense, will cause this Lease, the Lease Assignment, the Conditional Sale Agreement and the Assignment, and any amendments or supplements hereto or thereto, and any further assignments hereof and thereof, to be filed and recorded in accordance with Section 20c of the Interstate Commerce Act, and the Lessee will undertake the filing, registering, depositing and recording required of the Lessor under the Conditional Sale Agreement and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record (and will refile, re-register, re-deposit or re-record whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Assignee for the purpose of proper protection, to their satisfaction, of the Lessor's and the Assignee's respective interests in the Units, or for the

purpose of carrying out the intention of and their respective rights under this Lease, the Lease Assignment, the Conditional Sale Agreement and the Assignment; and the Lessee will promptly furnish to the Lessor and the Assignee evidences of all such filing, registering, depositing and recording and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Lessor and the Assignee and their respective counsel. On or before March 1 in each year during the term of this lease, including any renewal thereof, beginning with the year 1978, the Lessee shall furnish to the Lessor and the Assignee an opinion of counsel for the Lessee stating that, as of the preceding December 31, any and all filings, refileings, recordings and re-recordings necessary to protect the rights of the Lessor and the Assignee in and to the Units, this Lease, the Lease Assignment, the Conditional Sale Agreement and the Assignment have been timely made and that no other filings or recordings are necessary for the protection of the Lessor and the Assignee either with the Interstate Commerce Commission or in any state of the United States of America or in the District of Columbia. This Lease and the Conditional Sale Agreement shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

SECTION 18. Interest on Overdue Rentals. Anything herein to the contrary notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, an amount equal to the greater of (i) 9.75% per annum, or (ii) 3% per annum in excess of the per annum rate charged by First National Bank and Trust Company of Oklahoma City from time to time to its largest and most credit worthy commercial borrowers on 90-day commercial loans of the overdue rentals and other obligations for the period of time during which they are overdue (computed in each case on the basis of a 360-day year of twelve 30-day months) or such lesser amount as may be legally enforceable.

SECTION 19. Federal Income Taxes. The Lessor has assumed that it will be treated as the owner of the Units and intends to claim such deductions, credits and other benefits as are provided by the Internal Revenue Code of 1954, as amended from time to time, to an owner of property, including, without limitation, the maximum depreciation deduction with respect to the Units authorized under Section 167 of the Internal Revenue Code of 1954, as amended to the date of the latest acknowledgment hereof (hereinafter called the Code), utilizing, for the purpose of calculating such deduction, the lower limit for Asset

Guideline Class 00.25 prescribed in accordance with Section 167(m) of the Code (such deduction being hereinafter called the ADR Deduction) and any investment credit with respect to the Purchase Price of the Units pursuant to Section 38 and related sections of the Internal Revenue Code of 1954, as amended from time to time (such credit being hereinafter called the Investment Credit), and interest expense deductions for all interest paid on the Conditional Sale Indebtedness.

The Lessee agrees that neither it, nor any corporation controlled by, in control of or under common control with, it, directly or indirectly, will at any time take any action or file any returns or other documents inconsistent with the foregoing assumptions and that each of such corporations will file such returns, take such actions and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent hereof.

The Lessee represents and warrants that (i) at the time the Lessor becomes the owner of the Units, the Units will constitute "new section 38 property" within the meaning of Section 48(b) of the Code and will not have been used by any person so as to preclude "the original use of such property" within the meaning of Sections 48(b) and 167(c)(2) of the Code from commencing with the Lessor; (ii) at all times during the term of this Lease, the Lessee will not do anything with respect to any Unit which will cause such Unit to cease to be "section 38 property" within the meaning of Section 48(a) of the Code; (iii) none of the Units will be used predominantly outside the United States within the meaning of said Section 48(a) (or any exception thereto); (iv) the Lessee will maintain sufficient records to verify such use; and (v) upon request of the Lessor, the Lessee will provide written reports establishing such use.

If by reason of the inaccuracy in law or in fact of the representations and warranties set forth in the preceding paragraph or any act or omission of the Lessee, the Lessor shall lose, or shall not have, or shall lose the right to claim, or shall suffer a disallowance of or shall be required to recapture (any such event being hereinafter called a Loss), all or any portion of the ADR Deduction or the Investment Credit with respect to all or part of any Unit, then the rentals for such Unit set forth in Section 3 shall, on the next succeeding rental payment date after written notice to the Lessee by the Lessor of such fact, be increased to such amount or amounts as shall, in the reasonable opinion of the Lessor, cause the Lessor's net after-tax return to equal the net return that would have been realized by the Lessor if the Lessor had been entitled to utilize all the ADR Deduction or the Investment Credit from the Closing Date relating to such Unit, and the Lessee shall forthwith pay to

the Lessor as additional rental an amount which after deduction of all taxes imposed with respect to such payment equals the amount of any interest and/or penalties which may be assessed by the United States of America against the Lessor attributable to the Loss of all or such portion of the ADR Deduction or the Investment Credit; provided, however, that such rental rate shall not be so increased if the Lessor shall have lost, or shall not have, or shall have lost the right to claim or shall have suffered a disallowance of, or shall have been required to recapture, all or any portion of the ADR Deduction or the Investment Credit with respect to all or part of such Unit as a direct result of the occurrence of any of the following events:

(i) a Casualty Occurrence with respect to such Unit, if the Lessees shall have paid to the Lessor the amounts stipulated under Section 7;

(ii) a voluntary transfer or other voluntary disposition by the Lessor of any interest in such Unit or the voluntary reduction by the Lessor of its interest in the rentals from such Unit under this Lease, unless, in each case, an Event of Default shall have occurred and be continuing;

(iii) the failure of the Lessor to claim in a timely or proper manner the ADR Deduction or the Investment Credit;

(iv) the failure of the Lessor to have sufficient income or United States Federal income tax liability to benefit from the ADR Deduction or the Investment Credit.

The Lessor agrees to use its best efforts to avert a Loss which would occasion an increase in the rental rates or other costs of the Lessee as above provided in this Section 19. In the event the rental rates shall be adjusted as in this Section 19 provided, the Casualty Values set forth in Section 7 and the damages and amounts set forth in subparagraph (2) of the first paragraph of Section 11 shall be adjusted accordingly. Any such adjustment in rental rates and Casualty Values shall be effective retroactive to July 6, 1977.

SECTION 20. Capital Expenditures. In the event and to the extent that the cost of any improvement and/or addition (the "Alterations") to a Unit made by the Lessee during the term of this Lease, including any extension thereof, is required to be included in the gross income of the Lessor for United States Federal income tax purposes, then the Lessee shall pay to the Lessor (in addition to all other amounts payable by the terms of this Lease) on the first rental payment date occurring after the date on which the Lessee is required to furnish

written notice of such inclusion to the Lessor pursuant to the last paragraph of this Section 20, such sum which is sufficient to restore the Lessor to the same after-tax position, after considering the net after-tax effect of the receipt of such payment by the Lessor on its United States Federal income taxes and state and city income taxes or franchise taxes based on income that the Lessor would have been in had the cost of such Alterations not been included in the Lessor's gross income.

For purposes of this Section 20, the cost of Alterations made by the Lessee shall be deemed to be "required to be included in the gross income of the Lessor for United States Federal income tax purposes" if such inclusion is required by (i) any private ruling letter issued to the Lessor by the Internal Revenue Service that has not been revoked or otherwise rendered inapplicable at the time the cost of said Alterations is incurred; (ii) any provision of the Internal Revenue Code of 1954, as amended from time to time or the applicable regulations thereunder; or (iii) any published Revenue Ruling or other pronouncement of the Internal Revenue Service which has not been held invalid by a court having ultimate appellate jurisdiction over the Federal income tax liability of the Lessor; or (iv) in connection with the audit of any tax returns.

The Lessor agrees that it will, upon the written request and at the sole expense of the Lessee (A) seek a modification of any private ruling letter described in clause (i) of the preceding paragraph to eliminate the requirement that the cost of Alterations be included in the Lessor's gross income and (B) contest the inclusion of the cost of Alterations in its gross income if such inclusion is required pursuant to clauses (ii) or (iii) of the preceding paragraph in such forum as it, in its sole judgment shall select; provided, however, that the Lessor shall not be required to contest such inclusion unless it has received an opinion from independent counsel selected by the Lessee and acceptable to the Lessor and its special counsel that there is a reasonable basis for contesting such inclusion and the Lessee has advanced to the Lessor such sums as the Lessor may reasonably deem necessary to pay the costs of such contest.

The Lessee agrees that, within 30 days after the close of any calendar year (or in the event the Lessor gives the Lessee written notice that the Lessor's taxable year closes on a date specified therein other than December 31, within 30 days after said date) in which the Lessee has made Alterations which are required to be included in the gross income of the Lessor for Federal income tax purposes, the Lessee will give written notice thereof to the Lessor describing such Alterations

in reasonable detail and specifying the cost thereof with respect to each Unit.

SECTION 21: Notices. Any notice hereunder to any of the persons designated below shall be deemed to have been properly served if delivered personally or if mailed, when mailed registered mail postage prepaid, at the following specified addresses:

(a) To the Lessor, 45 Cardinal Drive, Westfield, New Jersey 07092, attention of Grover Connell, President;

(b) To the Interim Lender, 45 Cardinal Drive, Westfield, New Jersey 07092, attention of Ted Connell, Vice President and Treasurer;

(c) To the Lessee, 321 North Harvey Street, Oklahoma City, Oklahoma 73101, attention of Vice President and Treasurer;

(d) To the Assignee, Post Office Box 25189, Oklahoma City, Oklahoma 73125, attention of Jake L. Riley, Vice President;

or to such other address as may have been furnished in writing by such person to the other parties to this Agreement.

SECTION 22. Payment of Expenses. The Lessee agrees to pay (i) all of the costs and expenses incurred by the Lessee in connection with the preparation, execution and delivery of this Lease, the Finance Agreement, the Conditional Sale Agreement, the Assignment and the Lease Assignment, or any amendments, supplements or waivers with respect hereto or thereto, including the reasonable fees and disbursements of (A) Gardner, Carton & Douglass as special counsel for the Lessee and (B) Rainey, Wallace, Ross & Cooper as counsel for the Lessee and (ii) any and all commissions, fees, judgments or expenses of any nature or kind which may become payable by reason of any claim by or on behalf of brokers, finders or agents in connection with the transactions contemplated by the Finance Agreement or any litigation or similar proceedings arising from such claims, other than the fees and disbursements of Bache Halsey Stuart Inc. and any other amount claimed by or on behalf of any broker, finder or agent by reason of any arrangement or understanding directly with the person or persons asserting any rights under this sentence. The Lessor agrees to pay (i) the reasonable fees and disbursements of Isham, Lincoln & Beale, special counsel for the Investors and the Assignee incurred in connection with the preparation, reproduction, execution and delivery of this Lease, the Finance Agreement, the Conditional Sale Agreement, the Assignment and the Lease Assignment, or any amendments, supplements or

waivers with respect hereto or thereto, up to a maximum of \$22,500 (ii) the fees and disbursements of the Assignee, up to a maximum of .125% of the Conditional Sale Indebtedness (as defined in Article 4 of the Conditional Sale Agreement) existing on July 6, 1977, which fee shall be payable 40% on July 6, 1977 with the balance payable in 30 equal consecutive semi-annual installments, without interest, on January 6 and July 6 in each year commencing January 6, 1978 and (iii) the fees of Bache Halsey Stuart Inc. of .375% of the Purchase Price of all Units of the equipment subject to this Lease through June 30, 1977.

SECTION 23. Severability; Effect and Modification of Lease. Any provision of this Lease prohibited or unenforceable by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Lessee to the full extent permitted by law, to the end that this Lease shall be enforced as written.

This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and of the Lessee.

All Section headings are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

SECTION 24. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Oklahoma; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording, registering or depositing, if any, of this Lease and the Lease Assignment as shall be conferred by the laws of the several jurisdictions in which this Lease or the Lease Assignment shall be filed, recorded, registered or deposited.

SECTION 25. Execution. This Lease may be executed in any number of counterparts, but the counterpart delivered to the Assignee shall be deemed to be the original counterpart. Although this Lease is dated as of February 1, 1977 for

convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this Lease to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

CONNELL LEASING, INC.

By _____
President

(Corporate Seal)
Attest:

Secretary

OKLAHOMA GAS AND ELECTRIC COMPANY

By _____
Vice President

(Corporate Seal)
Attest:

Secretary

STATE OF NEW JERSEY)
) SS
COUNTY OF _____)

On this ____ day of March, 1977, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is President of Connell Leasing, Inc., that one of the seals 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 the free act and deed of said corporation.

Notary Public

(Notarial Seal)

My commission expires

STATE OF OKLAHOMA)
) SS
COUNTY OF OKLAHOMA)

On this ____ day of March, 1977, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is a Vice President of Oklahoma Gas and Electric Company, that one of the seals 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 the free act and deed of said corporation.

Notary Public

(Notarial Seal)

My commission expires

Annex A
Lease of Railroad Equipment

<u>Type</u>	<u>Quantity</u>	<u>Car Numbers</u>	<u>Estimated Time and Place of Delivery</u>
100-ton (4,000 cu. ft.) high- side steel gondola cars with swivel couplers	341	OGEX 243-580 both inclusive; OGEX 5006, 5007, 5008	March through June, 1977 St. Louis, Missouri

Annex D to
Conditional Sale Agreement

ASSIGNMENT OF LEASE AND AGREEMENT

Dated as of February 1, 1977

between

CONNELL LEASING, INC.

and

FIRST NATIONAL BANK AND
TRUST COMPANY OF OKLAHOMA CITY,

as Agent

ASSIGNMENT OF LEASE AND AGREEMENT dated as of February 1, 1977 (hereinafter called Assignment) between CONNELL LEASING, INC. (hereinafter called the Vendee) and FIRST NATIONAL BANK AND TRUST COMPANY OF OKLAHOMA CITY, as Agent (hereinafter called the Assignee) under a Finance Agreement dated as of the date hereof (hereinafter called the Finance Agreement).

WHEREAS, the Vendee; THRALL CAR MANUFACTURING COMPANY (hereinafter called the Builder); and OKLAHOMA GAS AND ELECTRIC COMPANY (hereinafter called the Lessee) have entered into a Conditional Sale Agreement dated as of the date hereof (hereinafter called the Conditional Sale Agreement) covering the construction, sale and delivery, on the conditions therein set forth, by the Builder and the purchase by the Vendee of the railroad equipment described in Annex A to the Conditional Sale Agreement (hereinafter called the Equipment);

WHEREAS, the Builder and the Assignee have entered into an Agreement and Assignment dated as of the date hereof (hereinafter called the Conditional Sale Assignment) assigning to the Assignee the right, security title and interest of the Builder under the Conditional Sale Agreement as security for the payment of the Notes, as described in the Finance Agreement and of the Conditional Sale Indebtedness (as defined in the Conditional Sale Agreement);

WHEREAS, the Vendee and the Lessee have entered into a Lease of Railroad Equipment dated as of the date hereof (hereinafter called the Lease) providing for the lease to the Lessee of the Equipment; and

WHEREAS, in order to provide further security for the payment of the Conditional Sale Indebtedness and as an inducement to the Builder to construct and deliver the Equipment and to accept the Notes in payment therefor and to the Interim Lender, as defined in the Finance Agreement, to issue the Notes and to the Investors (as defined in the Finance Agreement) to invest in the Conditional Sale Indebtedness, the Vendee has agreed to assign for security purposes certain of its rights in, to and under the Lease to the Assignee;

NOW, THEREFORE, in consideration of the sum of One Dollar and other good and valuable consideration paid by the Assignee to the Vendee, the receipt of which is hereby acknowledged, as well as of the mutual covenants herein contained, the parties hereto do hereby agree as follows:

SECTION 1. The Vendee hereby assigns, transfers and sets over unto the Assignee, its successors and assigns, as collateral security for the payment and performance of the obligations of

the Vendee under the Conditional Sale Agreement, all the Vendee's right, title and interest (other than the rights of the Vendee pursuant to the second full paragraph of Section 11 of the Lease regarding the cure of certain Events of Default under the Lease and except as hereinafter in this paragraph provided) as lessor under the Lease, including without limitation, the immediate right to receive and collect all rentals and other sums payable to or receivable by the Vendee under or pursuant to the provisions of the Lease, whether as rent, casualty payment, termination payment, indemnity, liquidated damages or otherwise (such moneys being hereinafter called the Payments), it being expressly understood and agreed by the Assignee that such assignment of the Payments shall not thereby increase the amount of funds applicable to the payment or prepayment of the Conditional Sale Indebtedness or interest or premium, if any, thereon as provided in the last paragraph of Article 4 of the Conditional Sale Agreement; and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease and to do any and all other things whatsoever which the Vendee as lessor is or may become entitled to do under the Lease; provided, however, that the term Payments shall not include and no assignment is made hereby of the right of the Vendee to receive from the Lessee the reimbursements for taxes and other items pursuant to Section 6 of the Lease, the indemnification payments pursuant to the penultimate paragraph of Section 10 of the Lease and the tax indemnification payments pursuant to Sections 19 and 20 of the Lease. In furtherance of the foregoing assignment and transfer, the Vendee hereby authorizes and empowers the Assignee, in the Assignee's own name or in the name of the Assignee's nominee, or in the name of or as attorney hereby irrevocably constituted for the Vendee as lessor, to ask, demand, sue for, collect, receive and enforce any and all sums to which the Assignee is or may become entitled under this Assignment and compliance by the Lessee with the terms and agreements on its part to be performed under the Lease.

The Assignee agrees to accept any Payments made by the Lessee for the account of the Vendee as lessor pursuant to the Lease and to acknowledge receipt of such payments. To the extent received, the Assignee will apply such Payments to satisfy the obligations of the Vendee under the Conditional Sale Agreement, subject to the limitations contained in the last paragraph of Article 4 of the Conditional Sale Agreement, and any balance shall be paid to the Vendee on the same date such Payment is applied to satisfy such obligations of the Vendee by bank wire to the Vendee of immediately available federal funds at such address as may be specified to the

Assignee in writing, and such balance shall be retained by the Vendee unless an Event of Default, as defined in the Lease, exists or with notice, demand or a lapse of time would exist. If the Assignee shall not receive any rental payment under the first paragraph of Section 3 of the Lease when due, the Assignee shall notify the Vendee at the addresses set forth in the Lease.

SECTION 2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Assignee to, or transfer, or pass, or in any way affect or modify, the liability of the Vendee under the Lease, it being understood and agreed that, notwithstanding this Assignment, or any subsequent assignment, all obligations, if any, of the Vendee to the Lessee shall be and remain enforceable by the Lessee only against the Vendee or persons other than the Assignee.

SECTION 3: To protect the security afforded by this Assignment, the Vendee further agrees as follows:

(a) the Vendee will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides are to be performed by the Vendee (other than any act or omission in respect of which the Lessee has assumed responsibility under the Lease); and, without the express written consent of the Assignee, the Vendee will not anticipate the rents under the Lease or waive, excuse, condone, forgive, or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rentals in the manner and at the times and place specified therein, or enter into any agreement amending, modifying or terminating the Lease; and the Vendee agrees that any amendment, modification or termination thereof without such consent shall be void;

(b) at the Vendee's sole cost and expense (subject to Articles 4 and 22 of the Conditional Sale Agreement), the Vendee will appear in and defend every action or proceeding arising under, growing out of or in any manner connected with the obligations, duties or liabilities of the Vendee under the Lease if such action or proceeding shall arise out of the willful misconduct or gross negligence of the Vendee; and

(c) should the Vendee fail to make any payment or to do any act which this Assignment requires the Vendee to make or do, then the Assignee may (but shall not be obligated), after first making written demand upon the

Vendee and affording the Vendee a reasonable period of time within which to make such payment or do such act, and without releasing the Vendee from any obligation hereunder or under the Lease, make such payment or do such act in such manner and to such extent as the Assignee may deem necessary to protect the security hereof, including, without limitation, the right to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of the Assignee and also the right to perform and discharge each and every obligation, covenant and agreement of the Vendee contained in the Lease. In exercising any such powers, the Assignee may pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees, and the Vendee will reimburse the Assignee for such costs, expenses and fees.

SECTION 4. Upon the full discharge and satisfaction of all the Vendee's obligations under the Conditional Sale Agreement and the Lessee's obligations under the Lease, this Assignment and all rights herein assigned to the Assignee shall terminate, and all estate, right, title and interest of the Assignee in and to the Lease shall revert to the Vendee. The Assignee hereby agrees that it will, at the request of the Vendee or its successors or assigns, make, execute and deliver all such instruments of assignment, transfer, assurance and do such further acts and things as may be necessary and appropriate to give effect to the terms of this Assignment and the reversion of all estate, right, title and interest of the Assignee in and to the Lease.

SECTION 5. The Vendee represents and warrants that (a) the Conditional Sale Agreement, the Conditional Sale Assignment, the Lease and this Assignment have each been duly authorized, executed and delivered by the Vendee and, assuming the due authorization, execution and delivery by each of the other party or parties hereto and thereto, each is and will remain the valid and binding obligation of the Vendee enforceable in accordance with its respective terms, subject only to limitations as to enforceability imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally; (b) the Vendee has not executed any other assignment of the Conditional Sale Agreement or the Lease and its right to receive all payments under the Lease is and will continue to be free and clear of any and all liens, charges, security interests or other encumbrances (except this Assignment) created, incurred, assumed or suffered as a result of any act or omission on the part of the Vendee (other than any act or omission in respect of which the Lessee has assumed responsibility under the

Lease), and the Vendee has not received any advance rental payment under the Lease; and (c) to the best knowledge of the Vendee, it has performed all obligations on its part to be performed under the Lease on or prior to the date hereof and there has not occurred on or prior to the date hereof any Event of Default as defined in the Lease or any event which, with notice, demand or lapse of time would constitute an Event of Default.

SECTION 6. The Assignee may, in accordance with the provisions of the Finance Agreement, assign all or any of its rights under the Lease, including the right to receive any Payments due or to become due thereunder. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, and upon giving by the Assignee of written notice of such assignment to the Vendee and by the Vendee of the written notice required in Section 13 of the Lease, enjoy all the rights and privileges and be subject to all the obligations of the Assignee hereunder.

SECTION 7. The Vendee hereby agrees that it will from time to time and at all times, at the request of the Assignee or its successors or assigns, make, execute and deliver all such further instruments of assignment, transfer and assurance and do such further acts and things as may be necessary and appropriate in the premises to give effect to the provisions hereinabove set forth and more perfectly to confirm the rights, titles and interests hereby assigned and transferred to the Assignee or intended so to be, including the execution and acknowledgment of any instrument necessary or appropriate to file, record, register or deposit this Assignment or notice hereof.

SECTION 8. The Vendee shall cause copies of all notices received in connection with the Lease to be promptly delivered to the Assignee at its address set forth in Article 21 of the Conditional Sale Agreement, or at such other address as the Assignee shall designate in writing. The Assignee shall give immediate notice by telegram, promptly confirmed in writing, to the Vendee of any default by the Lessee described in clauses (A) and (B) of Section 11 of the Lease and of any other default by the Lessee described in such Section 11 of which the Assignee has actual knowledge.

SECTION 9. The terms of this Assignment and all rights and obligations hereunder shall be governed by the laws of the State of Oklahoma; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising

out of the filing, recording, registering or depositing, if any, of the Lease or this Assignment as shall be conferred by the laws of the several jurisdictions in which the Lease or this Assignment shall be filed, recorded, registered or deposited.

SECTION 10. The Assignee hereby agrees with the Vendee that the Assignee will not, so long as no event of default under the Conditional Sale Agreement or Event of Default under the Lease, or any event which with notice, demand or lapse of time could constitute an event of default under the Conditional Sale Agreement or an Event of Default under the Lease, has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits assigned and transferred by the Vendee to the Assignee by this Assignment, except the right to receive and apply the Payments as provided in Section 1 hereof, and that, subject to the terms of the Lease and the Conditional Sale Agreement, the Vendee may, so long as no event of default under the Conditional Sale Agreement or Event of Default under the Lease has occurred and is continuing, exercise or enforce, or seek to exercise or enforce or avail itself of, such rights, powers, privileges, authorizations or benefits.

SECTION 11. Notwithstanding any other provision of this Assignment, (a) the terms of this Assignment shall not impose any obligations on the Vendee in addition to the obligations of the Vendee under the Lease or under the Conditional Sale Agreement or in any way limit the effect of the last paragraph of Article 4 of the Conditional Sale Agreement and (b) so long as there is no event of default under the Conditional Sale Agreement or an event which with notice, demand or lapse of time would constitute an event of default thereunder, the terms of this Assignment shall not limit or in any way affect the Vendee's right to receive and collect any Payments under the Lease in excess of the obligations of the Vendee under the Conditional Sale Agreement, or empower the Vendee in any way to waive or release the Lessee's obligation to pay such excess amounts, and the Vendee shall continue to be empowered to ask, demand, sue for, collect and receive any and all of such excess amounts.

SECTION 12. This Assignment may be executed in any number of counterparts, but the counterpart delivered to the Assignee shall be deemed to be the original counterpart. Although this Assignment is dated as of February 1, 1977 for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this Assignment to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

CONNELL LEASING, INC.

By _____
President

(CORPORATE SEAL)

Attest:

Secretary

FIRST NATIONAL BANK AND TRUST
COMPANY OF OKLAHOMA, as Agent

By _____
Vice President

(CORPORATE SEAL)

Attest:

Assistant Cashier

STATE OF NEW JERSEY)
) SS.
COUNTY OF _____)

On this _____ day of March, 1977, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is President of Connell Leasing, Inc., that one of the seals 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 the free act and deed of said corporation.

Notary Public

(NOTARIAL SEAL)

My commission expires

STATE OF OKLAHOMA)
) SS.
COUNTY OF OKLAHOMA)

On this _____ day of March, 1977, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is a Vice President of First National Bank and Trust Company of Oklahoma City, that one of the seals 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 the free act and deed of said corporation.

Notary Public

(NOTARIAL SEAL)

My commission expires

ACKNOWLEDGMENT OF NOTICE OF ASSIGNMENT

Receipt of a copy of, and due notice of the assignment made by, the foregoing Assignment of Lease and Agreement is hereby acknowledged as of February 1, 1977.

OKLAHOMA GAS AND ELECTRIC
COMPANY

By _____
Vice President