

RAILROAD EQUIPMENT CHATTEL MORTGAGE-SECURITY AGREEMENT

THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY, a Delaware corporation, with its principal place of business in the P&LE Terminal Building, Pittsburgh, Pennsylvania 15219 ("Railroad"), and PITTSBURGH NATIONAL BANK, a national banking association, having a place of business at the Pittsburgh National Building, Fifth Avenue and Wood Street, Pittsburgh, Pennsylvania 15222 ("Bank"), for and in consideration of the mutual covenants and promises hereinafter set forth and with the intent to be legally bound hereby, hereby agree as follows:

SECTION I. Incorporation. This Chattel Mortgage Security Agreement ("Mortgage") is made pursuant to and in furtherance of a certain agreement dated as of April 30, 1973 by and between Railroad and Bank ("Agreement"), a copy of which Agreement is attached hereto, marked Exhibit "1" and made a part hereof. All of the terms and conditions contained in Agreement and specifically all of the remedies of Bank expressly stated therein are incorporated in this Mortgage by reference and made a part hereof.

SECTION II. Creation of Chattel Mortgage. Railroad hereby grants to Bank a chattel mortgage lien and security interest in railroad rolling stock listed in Exhibit "2" attached hereto ("Mortgaged Cars") to secure obligations of Railroad to Bank under Agreement to repurchase Equipment (as that term is defined in Agreement) at Bank's option, at prices, dates, terms and conditions more fully set forth in Agreement and to provide Bank with any additional remedies under such Agreement.

IN WITNESS WHEREOF, the parties have caused this Mortgage to be executed by its proper officers as of the 7<sup>TH</sup> day of MAY, 1973.

ATTEST:

THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY

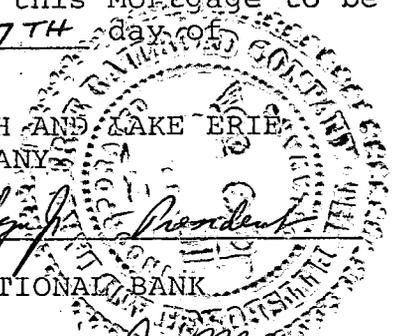
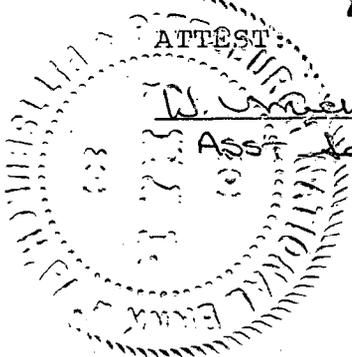
By H.G. [Signature] President

PITTSBURGH NATIONAL BANK

By [Signature] V.P.

[Signature]  
ASSISTANT SECRETARY

ATTEST:  
[Signature]  
Ass



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RECORDATION NO. \_\_\_\_\_ Filed & Recorded

MAY 10 1973 - 4 55 PM

INTERSTATE COMMERCE COMMISSION

COMMONWEALTH OF PENNSYLVANIA )

COUNTY OF ALLEGHENY )

SS:

On this 4th day of May, 1973, before me personally appeared H. G. ALLYN JR, to me personally known, who being by me duly sworn, says that he is PRESIDENT of The Pittsburgh and Lake Erie Railroad Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

H. G. Allyn Jr.

Sworn and subscribed before me this 4th day of May, 1973.

Joseph S. Weber  
Notary Public

My Commission Expires:

JOSEPH S. WEBER, Notary Public  
PITTSBURGH, ALLEGHENY COUNTY, PA.  
MY COMMISSION EXPIRES  
MARCH 17, 1975

COMMONWEALTH OF PENNSYLVANIA )

COUNTY OF ALLEGHENY )

SS:

On this 7th day of May, 1973, before me personally appeared Francis J. Murray, to me personally known, who being by me duly sworn, says that he is Vice President of the Pittsburgh National Bank, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Francis J. Murray  
V.P.

Sworn and subscribed before me this 7th day of May, 1973.



Joseph P. Hallerich  
Notary Public

My Commission Expires:

JOSEPH P. HALLERICH, Notary Public  
PITTSBURGH, ALLEGHENY COUNTY, Pa.  
My Commission Expires May 8, 1975

EXHIBIT 1

AGREEMENT

Agreement dated as of April 30, 1973 by and between THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY ("Railroad"), a corporation organized and existing under the laws of the State of Delaware and PITTSBURGH NATIONAL BANK ("Bank").

WHEREAS, subject to the terms and conditions hereof Railroad has agreed to sell to Bank and Bank has agreed to buy 500 units of rolling stock (collectively "Equipment" and individually "Unit of Equipment") more fully described in Exhibit "A" attached hereto; and

WHEREAS, Railroad upon the happening of certain events has the duty to repurchase Equipment from Bank as more fully set forth hereafter; and

WHEREAS, so long as Bank owns Equipment, Railroad shall lease same in accordance with the terms of lease attached hereto as Exhibit "B" ("Lease").

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements herein contained and with intent to be legally bound hereby, the parties hereto do hereby agree as follows:

SECTION 1. SALE OF EQUIPMENT. Railroad will sell to Bank and Bank will purchase Equipment for the sum of Two Million Five Hundred Thousand (\$2,500,000.00) Dollars upon the performance by Railroad of conditions of purchase more fully set forth in Section 9 hereof. Since Equipment or certain Units of Equipment is in the hands of certain bailees and customers of Railroad and by its nature Equipment cannot be physically delivered to Bank, no physical delivery of Equipment shall be deemed necessary at the time of purchase.

SECTION 2. LEASE. So long as Bank owns Equipment, Bank shall lease such Equipment to Railroad in accordance with the terms of Lease, the terms of which are incorporated herein by reference.

SECTION 3. BANK'S RIGHT TO SELL EQUIPMENT. Bank shall have the right on August 30, September 30, October 30, November 30 and December 30, 1973 to request in writing Railroad to repurchase 100 Units of Equipment on each such date ("Bank Put") for a unit

price of \$5,000 each ("Unit Price"). Railroad shall have the right, upon written request made to Bank, to repurchase Units of Equipment prior to the above indicated dates at Unit Price. Such earlier repurchase of Units of Equipment by Railroad shall not affect Railroad's duty to repurchase Equipment in accordance with Bank Put.

In the event of a default under Section 10 of this Agreement or in the event of a default under Lease or mortgage (as that term is hereinafter defined), Bank shall have the right to request Railroad in writing to repurchase immediately all Units of Equipment then owned by Bank at Unit Price ("Repurchase on Default").

Immediately after Bank Put or Repurchase on Default, Railroad's obligation to repurchase Units of Equipment shall be absolute and upon Railroad's failure to repurchase Equipment immediately, Bank shall be entitled to liquidated damages in an amount which shall be equal to the number of Units of Equipment then owned by Bank multiplied by Unit Price. In addition to such liquidated damages Bank shall be entitled to any rental due under Lease and any costs and expenses to which it may be entitled under this Agreement (all of the foregoing collectively called "Damages"). To secure Railroad's obligation to repurchase Equipment and to secure the payment of Damages, Railroad grants to Bank a chattel mortgage security agreement ("Mortgage") substantially in the form of Exhibit "C" attached hereto covering 150 railroad cars owned by Railroad ("Mortgaged Cars") and a lien and security interest in any property, credit, security or monies which may at any time be delivered to or be in the possession of or owed by Bank in any capacity whatever including the balance of any deposit account maintained by Railroad with Bank (collectively "Intangible Assets").

All of the terms, covenants, conditions and undertakings contained in Mortgage are incorporated herein by reference.

Upon receipt of Unit Price, Bank will deliver to Railroad a bill or bills of sale substantially in the form of Exhibit "D" attached hereto covering the Units of Equipment then purchased, which Units shall then be deleted from the Lease.

SECTION 4. EXCHANGE OF UNITS OF EQUIPMENT. Railroad shall have the right to request Bank in writing to return to Railroad Units of Equipment in exchange for other units of rolling stock of similar nature and similar value ("Exchange" and "Exchanged Units"). In the event of such Exchange: (i) Railroad will

deliver to Bank a bill of sale substantially in the form of Exhibit "E" attached hereto covering Exchanged Units; (ii) Bank will deliver to Railroad a bill or bills of sale substantially in the form of Exhibit "D" attached hereto covering the Units of Equipment delivered to Railroad in Exchange; and (iii) proper changes in Lease will be made to reflect Exchange. Exchanged Units shall be deemed to be Equipment immediately upon the happening of (i) above and Railroad will comply as to Exchanged Units with Sections 9 (j) and (k) of this Agreement. In addition, Railroad will execute such further documents as to Exchanged Units as Bank may reasonably require to protect Bank's ownership of such Exchanged Units.

SECTION 5. TITLE TO EQUIPMENT. From date of purchase of Equipment until Equipment is repurchased by Railroad, Bank shall retain full legal title to Equipment notwithstanding the possession and use thereof by Railroad. Any and all additions to Equipment and any and all replacements of parts thereof and additions thereto shall constitute accessions to Equipment and shall be subject to all the terms and conditions of this Agreement and the Lease.

SECTION 6. REPRESENTATIONS AND WARRANTIES OF RAILROAD. To induce Bank to enter into this Agreement, Lease and Mortgage, Railroad warrants to Bank that:

6.1a Corporate Existence of Railroad. It is a corporation duly organized and existing under the laws of the State of Delaware and it is duly qualified to do business in all states wherein its ownership of property or the nature of its business requires such qualification and has obtained from all government bodies and/or regulatory agencies having jurisdiction over its activities such permission or authorization as is necessary to properly conduct its business.

6.1b Corporate Existence of Subsidiaries. The Mahoning State Line Railroad Company, Montour Railroad Company, The Lake Erie and Eastern Railroad Company and Pittsburgh, Chartiers & Youghiogheny Railway Company are corporations in which Railroad owns at least a 50% interest (collectively "Subsidiaries") and Subsidiaries are duly qualified to do business in all states wherein their ownership of property or the nature of their business requires such qualifications and have obtained from all government bodies and/or regulatory agencies having jurisdiction over their activities such permission or authorization as is necessary to properly conduct their business.

6.2 Corporate Authority. It is duly authorized and all necessary corporate action has been taken to execute and deliver this Agreement, the bill or bills of sale required hereunder, the Lease, Mortgage and all other documents required hereunder.

6.3 Validity of Agreement, Lease and Mortgage. The execution and delivery of this Agreement, of the Lease and of the Mortgage and the performance of its obligations hereunder, under the Lease and under the Mortgage, do not contravene any provisions of law or of its Charter or By-Laws, or the provisions of any agreement to which Railroad, its parent The Penn Central Transportation Company ("Parent") or any Subsidiary is a party or by which they are bound, (unless waived) and do not require any governmental approval or consent, (including without limitation any approval or consent by the Interstate Commerce Commission) or that such approval has been obtained, and do not contravene any contractual or governmental or judicial restriction binding upon it, any Subsidiary or the Parent; that this Agreement, the Mortgage and Lease constitute legal binding obligations of Railroad enforceable in accordance with their respective terms.

6.4 Compliance with Existing Agreements and Laws. Neither it nor its Subsidiaries are in default or violation of any material term of any Charters, Certificates of Incorporation, By-Laws, Shareholder Agreements, Stock Subscription Agreements, Mortgages, Indentures, Contracts, Agreements, Instruments, Equipment Trust Certificates, Conditional Sales Agreements nor in violation of any judgment, decree or any order or statute of any federal, state, municipal or other governmental department, commission, board, bureau, agency, authority or official which violation or default would have a material effect on Railroad and Subsidiaries.

6.5 Title to Equipment and Mortgaged Cars. It, prior to sale of Units of Equipment to Bank or Exchange or Substitution (as that term is defined in Section 7.7), had good and marketable title to Units of Equipment sold to Bank, free of all mortgages, pledges, title retention liens, trust indentures, equipment trusts, conditional sales agreements or other encumbrances. It has good and marketable title to Mortgaged Cars, free and clear of any mortgages (except Mortgage), pledges, title retention liens, trust indentures, equipment trusts, conditional sales agreements or other encumbrances.

6.6 Financial Statements. Its financial statements as of December 31, 1972 prepared by Price Waterhouse & Co. and certified by them without qualification as to scope, a copy of

which has been furnished Bank, was prepared in conformity with generally accepted accounting principles applied on a basis consistent with its accounting procedures for preceding years and, when read together with the notes thereto, presents fairly the financial condition of Railroad as of such date; that there are no material liabilities, direct or indirect, fixed or contingent, of the Railroad as of the date of such financial statement which are not reflected therein or in the notes thereto and that since December 31, 1972 there has been no materially adverse change in the financial condition of the Railroad.

6.7 Litigation. Except as shown in the notes to the financial statements described in Section 6.6, there are no actions, suits, proceedings or investigations pending or, to the knowledge of the officers of Railroad, threatened against it or any Subsidiary at law or in equity or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or authority, including the Interstate Commerce Commission which, either in any case or in the aggregate, might result in any material adverse change in the business, prospects, financial condition, affairs or operations of the Railroad and Subsidiaries, or in the properties or assets of the Railroad and Subsidiaries, or in any material impairment of the ability of the Railroad and Subsidiaries to carry on their operations as now conducted or proposed to be conducted, or in any material liability on the part of the Railroad and Subsidiaries and none which questions the validity of this Agreement, the Lease, the Mortgage or any other instruments provided for or contemplated by this Agreement, the Lease or the Mortgage or of any action taken or to be taken in connection with the transactions contemplated hereby including any litigation affecting directly or indirectly Railroad.

6.8 Franchises. It and Subsidiaries, own or possess all the material certificates of public convenience, franchises, licenses, rights of way and other permits required, advisable or necessary in connection with the conduct by it and Subsidiaries of their businesses as now conducted and as proposed to be conducted; it and Subsidiaries are in substantial compliance with the same without any known conflict with the rights of others. No other certificates of public convenience, licenses or franchises are necessary to the operation of the business of the Railroad or any Subsidiary.

6.9 Taxes. All tax returns and reports of Railroad and of Subsidiaries have been duly filed and all taxes, assessments, fees and other governmental charges which are due and payable in

accordance with such returns and reports, have been paid, other than those presently payable without penalty or interest, those currently being contested in good faith by appropriate proceedings diligently conducted, and those for which duly obtained written extensions are in effect and as to such unpaid taxes, such reserve or other appropriate provision if any, as shall be required by generally accepted accounting principles, has been made therefor.

6.10 Insurance. It and Subsidiaries are self insured and such self insured status has been approved by insurance commissioners and other governmental bodies having jurisdiction over insurance coverage of Railroad and Subsidiaries.

SECTION 7. AFFIRMATIVE COVENANTS OF RAILROAD. For so long as Bank owns Equipment and for so long thereafter as is reasonably required to protect Bank, Railroad covenants and agrees that:

7.1 Marking Equipment. It will, immediately after purchase of Equipment by Bank or Exchange or Substitution (as that term is defined in 7.7(a) hereof) cause each unit of Equipment to be kept plainly, distinctly, permanently and conspicuously marked on each side thereof in letters not less than one inch in height with appropriate words designated by Bank, to-wit:

OWNED BY PITTSBURGH NATIONAL BANK AND LEASED  
TO THE PITTSBURGH AND LAKE ERIE RAILROAD  
COMPANY UNDER LEASE FILED PURSUANT TO THE  
INTERSTATE COMMERCE ACT, SECTION 20c AND THE  
RAILWAY ACT OF CANADA SECTION 86(1).

This marking is to indicate the limited interest of Railroad in Equipment and may be altered only at the written request of the Bank or added to as from time to time may be required by law in order to protect the title of Bank in Equipment and its rights under this Agreement and Lease. Such marking will be removed as soon as practicable after repurchase of Equipment by Railroad.

Railroad will cause each unit of Equipment to be kept numbered with the identifying number thereof as set out in Exhibit "A" hereto and will not change or permit the change of numbers of any such units except with written consent of Bank.

Except as provided above, Railroad will not allow the name of any person, association or corporation to be placed on any unit of Equipment as a designation which might be interpreted as a claim of ownership by Railroad or anyone other than Bank; provided,

however, that Railroad may cause Equipment to bear the designation "P&LE", "Pittsburgh & Lake Erie Railroad" or "The Pittsburgh and Lake Erie Railroad Company", together with such insignia as Railroad customarily displays on the side of other railroad equipment owned or leased by Railroad.

The marking requirements set forth in this Section 7.1 shall apply to any Exchanged Equipment or any Equipment substituted in accordance with Section 7.7 hereof.

7.2 Other Forms of Notice. It will, in addition to the marking of Equipment as set forth in Section 7.1 hereof, take all other steps reasonably requested by Bank to notify its creditors of the sale of Equipment to Bank including but not limited to placing such information describing sale of Equipment in:

- a) The Journal of Commerce and one other trade journal of general circulation in the railroad industry;
- b) Two newspapers of general circulation in the Pittsburgh Metropolitan area;
- c) The Wall Street Journal;
- d) The Car Register maintained by The American Association of Railroads.

The items described in 7.2 (a), (b), (c) and (d) shall take place within fifteen (15) days after purchase of Equipment by Bank and the item described in 7.2 (d) shall take place in addition thereto immediately upon Exchange or Substitution in accordance with Section 7.7 hereof.

7.3 Maintenance and Repair. It will at all times without expense to Bank, maintain Equipment and Mortgaged Cars in good order and repair and in compliance with all safety laws, rules and regulations applicable to railroad rolling stock.

7.4 Indemnification. It will indemnify, protect, and hold harmless Bank from and against any and all liability, claims, demands, costs and charges whatsoever, regardless of the cause thereof, and expenses in connection therewith, including counsel fees, arising out of retention by Bank of title to Equipment or arising out of Mortgage, or out of the use and operation of Equipment or Mortgaged Cars by Railroad or others during the period when title to such Equipment is in Bank or Bank holds Mortgage. This covenant of indemnity shall continue in full

force and effect notwithstanding repurchase of Equipment by Railroad, the satisfaction and discharge of this Agreement or the termination of this Agreement in any manner.

7.5 Patent Indemnities. It will indemnify, protect and hold harmless Bank from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against Bank because of the use in or about the construction or operation of Equipment or Mortgaged Cars, or of any unit thereof, of any design which infringes or is claimed to infringe on any patent or other right. This covenant of indemnity shall continue in full force and effect notwithstanding the repurchase of Equipment by Railroad, the satisfaction and discharge of this Agreement or the termination of this Agreement in any manner.

7.6 License Fees and Taxes. It will pay and discharge and cause its Subsidiaries to pay and discharge any taxes, assessments, franchise fees, license fees and governmental charges or levies that may be imposed upon it or any Subsidiary, or upon their income or profits or upon any of their property prior to the date on which penalties attach thereto, and all lawful claims which if unpaid, might become a lien or charge upon their property; provided, however, that this provision shall not be deemed to require payment of any taxes, assessments, franchise fees, license fees, governmental charges, levies or claims while it or Subsidiary are contesting the validity or amount thereof by appropriate proceedings in good faith and so long as it or such Subsidiary shall have set aside on their books adequate reserves with respect thereto.

7.7 Lost of Destroyed Equipment.

(a) It will, in the event that any Unit of Equipment owned by Bank shall be worn out, lost, destroyed, irreparably damaged, requisitioned or otherwise taken or rendered unfit for any cause whatsoever during the continuance of this Agreement ("Lost Equipment") and within five (5) days after the notice required by Section 7.13 (ii):

(i) Substitute for the units of Lost Equipment units of rolling stock having a value equal to the value of the Lost Equipment immediately prior to the incident which caused Lost Equipment to be rendered unservicable ("Substitution" and "Substituted Units"); or

(ii) Pay to Bank Unit Price for each unit of Lost Equipment.

In the event of Substitution:

- (i) Railroad will deliver to Bank a bill of sale substantially in the form of Exhibit "E" covering Substituted Units;
- (ii) Bank will deliver to Railroad a bill or bills of sale substantially in the form of Exhibit "D" covering Lost Equipment; and
- (iii) Proper changes in Lease will be made to reflect Substitution.

Substituted Units will be deemed to be Equipment immediately upon the happening of (i) above and Railroad will comply as to Substituted Units with Sections 9 (j) and (k) of this Agreement. In addition, Railroad will execute such additional documents as to Substituted Units as Bank may reasonably require to protect Bank's ownership of Substituted Units.

(b) It will, in the event any Mortgaged Cars become Lost Equipment and within five (5) days after the notice required by Section 7.13 (ii), substitute for the units of Lost Equipment units of rolling stock having a value equal to the value of Lost Equipment immediately prior to the incident which caused such Mortgaged Cars to become Lost Equipment and will execute Mortgage covering such new units.

7.8 Compliance with Laws and Rules. It will, and will cause Subsidiaries, during the term of this Agreement, the Mortgage and the Lease, to comply in all respects with all laws of the jurisdictions in which its operations and those of its Subsidiaries involving Equipment and Mortgaged Cars may extend and with all lawful rules of the Interstate Commerce Commission, Department of Transportation (Federal Railroad Administration) and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over its operation or those of its Subsidiaries, to the extent such laws and rules affect the title, operation or use of Equipment and Mortgaged Cars, and in the event that such laws or rules require the alteration of Equipment and Mortgaged Cars, Railroad will conform therewith, at its expense, and will maintain the same in proper condition for operation under such laws and rules; provided, however, that Railroad may, in good faith and at its own expense, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of Bank, adversely affect the property or rights of Bank hereunder.

7.9 Recording. It will cause Lease and Mortgage and any assignments thereof or of any interest therein, and any amendments or supplements thereto, to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and with the Registrar General of Canada in accordance with Sections 77 and 86 of the Railway Act of Canada; and Railroad will from time to time do and perform any other act and will execute, acknowledge, deliver, file and record and deposit any and all further instruments required by law or reasonably requested by Bank for the purpose of proper protection, to the satisfaction of counsel for Bank, of Bank's title to Equipment and Bank's rights under this Agreement and Lease and Bank's rights under Mortgage or for the purpose of carrying out the intention of this Agreement, Mortgage and Lease; and Railroad will promptly furnish to Bank certificates or other evidences of such filing, recording and depositing satisfactory to Bank.

7.10 Notice of Litigation. Notify Bank in writing within a reasonable time of the commencement of any litigation against it or any litigation against any Subsidiary claiming in excess of \$250,000.00.

7.11 Access to Records. Permit Bank to have access, at any time and from time to time, to the books and records of Railroad and any and all of its Subsidiaries to the extent that Bank shall reasonably request.

7.12 Certificates. It will on the first of each month during the term of this Agreement cause to be issued a certificate of an authorized officer of the Railroad stating whether there exists on the date of the certificate any condition or event which then constitutes, or which after notice or lapse of time or both, shall constitute an Event of Default under Section 10 hereof (such certificate to be based upon the best knowledge of and after reasonable investigation by such officer) and, if any such condition and event then exists, specifying the nature and period of existence thereof and the action the Railroad is taking and proposes to take with respect thereto.

7.13 Furnishing Information. It will furnish the Bank (i) within sixty (60) days after the end of each calendar quarter balance sheets of Railroad and Subsidiaries as of the close of the quarter-annual period then ended and statements of profit and loss of Railroad for such period, certified by an authorized financial officer of Railroad, (ii) within five (5) days after the loss of Equipment described in Section 7.7 hereof, a detailed report as to which Equipment has been destroyed or otherwise rendered unserviceable, and (iii) from time to time such

further information regarding the business, affairs and financial condition of the Railroad and Subsidiaries as the Bank may reasonably request.

7.14 Inspection. It will allow Bank, at Bank's expense, to inspect Equipment and/or Mortgaged Cars at any time.

7.15 Taxes re Sale and Lease of Equipment. It will make all payments, including those contemplated under Sections 2 and 3 hereof, free of expense to Bank for collection or other charges and it will cause such payments to be free of expense to Bank in respect of the amount of any local, state or Federal taxes including without limitation any tax imposed upon the sale or repurchase of Equipment as contemplated by this Agreement (other than income, excess profits and similar taxes) or license fees hereafter levied or imposed upon or measured by this Agreement or Lease, or any sale, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which expenses, taxes and license fees Railroad assumes and agrees to pay on demand in addition to the repurchase price of Equipment. Railroad will also pay promptly all taxes and assessments which may be imposed upon Equipment or for the use or operation thereof by Railroad or upon the earnings arising therefrom or upon Bank solely by reason of its ownership thereof and will keep at all times each Unit of Equipment or Mortgaged Cars free and clear of all taxes and assessments which might in any way affect the title of Bank or create a lien upon any Unit of Equipment or Mortgaged Cars, except the lien of taxes and assessments not due and payable; provided, however, that Railroad shall be under no obligation to pay any taxes, assessments, licenses, charges, fines or penalties of any kind so long as it is contesting in good faith and in accordance with Section 7.6 hereof and by appropriate legal proceedings such taxes, assessments, license fees, charges, fines or penalties and the non-payment thereof does not, in the opinion of Bank, adversely affect the property or rights of Bank hereunder. If any such expenses, taxes, assessments, license fees, charges, fines or penalties shall have been charged or levied against Bank directly and paid by Bank, Railroad shall reimburse Bank on presentation of an invoice therefor and such sums until paid by Railroad to Bank shall be secured by Mortgage. This above described covenant of Railroad shall survive termination of this Agreement.

SECTION 8. NEGATIVE COVENANTS. For so long as Bank owns Equipment and for so long thereafter as is reasonably required to protect Bank, Railroad covenants and agrees it will not and will not permit Subsidiaries to:

8.1 Debt. Create, assume, incur or in any manner become or remain liable in respect to any indebtedness for borrowed money except (i) indebtedness outstanding as of April 30, 1973, and (ii) in addition to the indebtedness described in (i) above indebtedness in the aggregate not exceeding \$3,000,000.00.

8.2 Guaranty. Assume, guaranty, endorse, contingently agree to purchase or provide funds for the payment of, or otherwise become liable in respect of any obligation of any person, firm, or corporation except by the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business.

8.3 Merger. Consolidate with or merge into any other corporation or permit any other corporation to merge into Railroad or Subsidiary or acquire all or a substantial part of the assets or capital stock of any other person, firm or corporation if such acquisition is analgous in either purpose or effect to a consolidation or merger.

8.4 Sale of Assets. Sell, lease, transfer or otherwise dispose of any significant capital asset or sell, issue, assign or otherwise dispose of the stock of any Subsidiary except to Railroad or another Subsidiary.

SECTION 9. CONDITIONS OF PURCHASE. Prior to purchase of Equipment Bank shall receive:

- (a) Bill of sale for Equipment (Exhibit "E") properly completed and duly executed by Railroad;
- (b) Lease of Equipment (Exhibit "B") duly executed by Railroad;
- (c) Mortgage covering Mortgaged Cars (Exhibit "C") duly executed by Railroad;
- (d) Current certificates of good standing for Railroad and Subsidiaries (if such certificates cannot be delivered, a certificate from a responsible officer of Railroad that Railroad and all Subsidiaries are in good standing to be followed by proper certificates of good standing within 30 days after purchase) and current certificate of incumbency of Railroad;
- (e) A signed favorable opinion of Counsel for Railroad with respect to matters set forth in Sections 6.1a, 6.1b, 6.2, 6.3, 6.4, 6.5, 6.7,

6.8, 6.9 and 6.10 satisfactory to Bank's special counsel specifying the action that has been taken to authorize the making and performance by Railroad of this Agreement, Lease and Mortgage and such other matters as Bank's counsel may reasonably require;

(f) A signed favorable opinion of Messrs. Egler, McGregor & Reinstadtler, special counsel to Railroad, satisfactory to Bank's special counsel concerning the litigation described in Footnote G to the financial statement referred to in Section 6.6 hereof.

(g) Favorable opinion of Bank's special counsel Messrs. Tucker, Arensberg & Ferguson (i) as to the due authorization of the execution and delivery and validity and enforceability of the Agreement, Mortgage and Lease; (ii) stating that the legal opinions given pursuant to subsections (e) and (f) are satisfactory in form and substance to such counsel and that in their opinion Bank is justified in relying thereon; and (iii) such other matters herein contained as Bank may reasonably request;

(h) Evidence satisfactory to Bank's counsel that Railroad and Subsidiaries are duly qualified to do business in such jurisdictions as its and their ownership of property or activities may require qualifications; (if such evidence cannot be delivered, a certificate from a responsible officer of Railroad that Railroad and Subsidiaries are duly qualified to do business in all jurisdictions followed by proper certificates within 30 days after purchase);

(i) Certified copies of all corporate action taken by Railroad to authorize the execution and delivery of this Agreement, bills of sale, Lease, Mortgage and any supplemental documentation;

(j) Certificates satisfactory to Bank's special counsel showing compliance with Section 6.5 hereof;

(k) Certificates of chief operating officer of Railroad stating that each Unit of Equipment and each Mortgaged Car is a servicable unit having a market value of at least \$5,000;

(1) Evidence satisfactory to Bank's special counsel that the Lease and Mortgage have been properly filed with the Interstate Commerce Commission and the Registrar General of Canada.

SECTION 10. EVENTS OF DEFAULT. If any one or more of the following events (herein called "Events of Default") shall occur with respect to Railroad or any Subsidiary:

A. Failure to make any rental payment due Bank under Lease;

B. Failure to repurchase any Units of Equipment on Bank Put in accordance with Section 3 hereof;

C. Failure or refusal by Railroad or Subsidiary to comply with any covenants, agreements, terms or provisions of this Agreement, the Lease or the Mortgage on its part to be kept or performed;

D. Railroad or any Subsidiary makes an assignment for the benefit of creditors, admits in writing its inability to pay its debts as they become due, files a voluntary petition in bankruptcy or petition for reorganization under Section 77 of the Bankruptcy Act, is adjudicated bankrupt or insolvent, files any petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation or similar relief under any present or future statute, law or regulation or any jurisdiction, petitions or applies to any tribunal for the appointment of any receiver or any trustee, or there is commenced against Railroad or any Subsidiary any such proceeding which shall remain undischarged for a period of thirty (30) days or more, or shall seek, approve, consent to or acquiesce in any such proceeding or in the appointment of any trustee, receiver, liquidator or fiscal agent of Railroad or any Subsidiary or of all or any substantial part of the assets of Railroad or any Subsidiary, or the Railroad or any of its directors or majority stockholders shall take any action looking to the liquidation of Railroad; or

E. Any judgment against Railroad or any Subsidiary, or any attachment, execution, levy or restraining notice against its property for any amount in excess of \$250,000 in the aggregate remains unpaid, unstayed on appeal, undischarged, unbonded or undismissed for a period of thirty (30) days;

F. Any franchise, license, permit, certificate of public necessity or authorization issued by any governmental agency having control over Railroad or its Subsidiaries is suspended or revoked;

G. Any representation or warranty made by the Railroad under this Agreement, the Lease or the Mortgage or in any statement or representation made in any certificate, report or opinion delivered under this Agreement, the Lease or the Mortgage shall prove to have been incorrect in any material respect when made and corrective measures satisfactory to Bank with respect thereto shall not have been taken and completed within fifteen (15) days after written notice to Railroad by Bank;

H. An attempted assignment by Railroad in violation of Section 12.9 hereof;

then Bank shall be entitled to demand Repurchase on Default and shall be entitled to all rights and remedies under this Agreement, the Lease and the Mortgage as well as all other remedies existing at law or in equity.

SECTION 11. REMEDIES. In the event of the happening of an event of default under Section 10 hereof, Bank shall have in addition to all remedies otherwise available to Bank at law or in equity, the following rights:

11.1 Right of Set Off. Bank shall have the right to set off Damages against Intangible Assets held by it.

11.2 Termination of Lease. Bank may declare Lease terminated and take immediate possession of Equipment and may remove same from the possession and use of Railroad and for such purpose may enter upon Railroad's premises where 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 Railroad, with or without process of law.

In case Bank shall rightfully demand possession of Equipment in pursuance of this Agreement and shall reasonably designate a point or points upon the lines of Railroad for the delivery of Equipment to Bank, Railroad shall, at its own expense forthwith and in the usual manner, cause Equipment to be moved to such point or points on its lines as shall be designated by Bank and shall there deliver Equipment or cause it to be delivered to Bank and, at the option of Bank, Bank may keep Equipment on any of the lines of Railroad or premises of Railroad until Bank shall have leased, sold or otherwise disposed of the same, and for such purpose Railroad agrees to furnish, without charge for rent or storage, the necessary facilities at any point or points selected by Bank reasonably convenient to Railroad. This agreement to deliver Equipment and to furnish facilities for its storage as hereinbefore provided is of the essence of the Agreement between the parties, and, upon application to any court of equity having jurisdiction in the

premises, Bank shall be entitled to a decree against Railroad requiring specific performance hereof. Railroad hereby expressly waives any and all claims against Bank and its agent or agents for damages of whatever nature in connection with any retaking of any Units of Equipment in any reasonable manner and agrees that to the extent that notice is required to be given to Railroad in connection with a sale or other disposition of Equipment five (5) days written notice shall be considered a reasonable notice.

### 11.3 Remedies as to Mortgaged Cars.

Bank may declare all obligations secured by the Mortgage immediately due and payable and Bank thereupon shall have and may exercise any and all of the rights and remedies that a secured party would have under the Uniform Commercial Code as adopted in the Commonwealth of Pennsylvania with respect to Mortgaged Cars if this transaction were covered by said Code and as otherwise granted herein, or under any applicable law or under any other agreement executed by Railroad, including, without limitation, the right and power to sell at public or private sale or sales, or otherwise dispose of, lease or utilize the Mortgaged Cars or any part thereof, in any manner authorized under said Uniform Commercial Code after default by a debtor, and to apply proceeds thereof toward payment of any cost and expenses and attorney's fees thereby incurred by Mortgagee and toward payment of any and all obligations secured hereby in such order or manner as Bank may choose, and Bank shall have the right to take possession of the Mortgaged Cars and enter upon any premises where the same may be found for such purpose without being deemed guilty of trespassing and without liability for damage hereby occasioned and to take any action deemed necessary or appropriate in its discretion to prepare the Mortgaged Cars for sale, lease or other use or disposition as herein authorized.

In case Bank shall rightfully demand possession of the Mortgaged Cars in pursuance of this Agreement and the Mortgage and shall reasonably designate to a point or points upon the lines of the Railroad for the delivery of Mortgaged Cars to Bank, Railroad shall, at its own expense forthwith and in the usual manner, cause Mortgaged Cars to be moved to such point or points on its lines as shall be designated by Bank and shall there deliver Mortgaged Cars or cause them to be delivered to Bank, and, at the option of Bank, Bank may keep Mortgaged Cars on any of the lines or premises of Railroad until Bank shall have leased, sold or otherwise disposed of the same, and for such purpose Railroad agrees to furnish, without charge for rent or storage, the necessary facilities at any point or points selected by Bank

reasonably convenient to Railroad. This agreement to deliver Mortgaged Cars and to furnish facilities for their storage as hereinbefore provided is of the essence of the Agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Bank shall be entitled to a decree against Railroad requiring specific performance hereof. Railroad hereby expressly waives any and all claim against Bank and its agent or agents for damages of whatever nature in connection with any retaking of any Mortgaged Cars in any reasonable manner and agrees that to the extent that notice is required to be given Railroad in connection with a sale or other disposition of Mortgaged Cars five (5) days written notice shall be considered a reasonable notice.

11.4 Remedies Non-Exclusive. Each and every power and remedy hereby specifically given to Bank 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 Bank. 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 Bank in the exercise of any such power or remedy and no extension of any payments due hereunder or under the Lease shall impair any such power or remedy and no extension of any payments due hereunder or under the Lease shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein.

11.5 Right to Full Payment of All Obligations under this Agreement and Lease. If, after applying all sums of money realized by Bank under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, or under the Lease for rental payments not paid when due, Railroad shall pay the amount of such deficiency to Bank upon demand, and if Railroad shall fail to pay such deficiency, Bank may bring suit therefor and shall be entitled to recover judgment therefor against Railroad.

11.6 Waiver of Notice. Railroad, to the fullest extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, including notice of intention to take possession of the Units of Equipment or Mortgaged Cars, and to sell them and any other requirements as to time, place and terms of sale thereof, and any other requirements with respect to the enforcement of Bank's rights hereunder or under the Mortgage, except such notices as are expressly required by the terms of this Agreement or Mortgage and any and all rights of redemption.

SECTION 12. MISCELLANEOUS

12.1 Non-Waiver. No delay on the part of Bank in the exercise of any power or right hereunder or under the Lease or the Mortgage shall operate as a waiver thereof, nor shall any single or partial exercise of any power or right hereunder or under the Lease or the Mortgage preclude other or further exercise thereof for the exercise of any other power or right.

12.2 Notices. All notices required by Sections 10 (g), 11.2 and 11.3 of this Agreement shall be effective when mailed. All other notices will be effective when received. All notices and other communications hereunder shall be in writing and shall be mailed by first class mail as follows:

To Railroad:

The Pittsburgh and Lake Erie Railroad  
P&LE Terminal Building  
Pittsburgh, Pennsylvania 15219  
Attention: Gordon E. Neuenschwander, Esq.  
Vice President and General Counsel

To Bank:

Pittsburgh National Bank  
Pittsburgh National Building  
Pittsburgh, Pennsylvania 15222  
Attention: Francis J. Murray,  
Vice President

12.3 Applicable Law. This Agreement, the Lease, and the Mortgage, except for filings under Section 20c of the Interstate Commerce Act and/or Sections 77 and 86 of the Railway Act of Canada, shall be made under and governed by the laws of the Commonwealth of Pennsylvania.

12.4 Cost. Railroad will pay all costs and expenses of Bank (including without limitation the fees and disbursements of Bank's counsel) in connection with the preparation, execution, delivery, filing and enforcement of this Agreement, the Lease and the Mortgage.

12.5 Headings. The headings of the sections of this Agreement, the Lease and the Mortgage are inserted for convenience only and shall not be deemed to constitute a part hereof or thereof.

12.6 Severability. Every provision of this Agreement, Lease

and Mortgage is intended to be severable; if any term or provision of this Agreement, the Lease or the Mortgage shall be invalid, illegal or unenforceable for any reason whatsoever the validity, legality and enforceability of the remaining provisions hereof and thereof shall not in any way be affected or impaired thereby.

12.7 Entirety of Agreement. All exhibits to this Agreement shall be annexed hereto and shall be deemed to be a part of this Agreement. This Agreement and the exhibits attached hereto (including Lease and Mortgage) embody the entire Agreement and understanding between Railroad and Bank superseding all prior agreements and understandings relating to the subject matter hereof.

12.8 Covenants to Survive. All covenants, agreements, warranties and representations made herein and in all certificates or other documents delivered in connection with this Agreement, the Lease and the Mortgage by or on behalf of the Railroad, shall survive the payment of purchase price made by Bank to the Railroad hereunder and the purchase of the Equipment by the Bank and all such covenants, agreements, warranties and representations shall inure to the benefit of the respective successors and assigns of the Bank, whether or not so expressed.

12.9 Assignment. This Agreement, the Lease and Mortgage shall bind and inure for the benefit of the parties hereto and their successors and assigns (except the Railroad shall have no right to assign, voluntarily or by operation of law, any of its rights hereunder or under the Lease or the Mortgage without Bank's prior written consent and provided further that nothing herein is intended by any party hereto to confer any rights upon any third party as a beneficiary hereof) for so long as any of the Equipment is owned by the Bank.

12.10 Counterparts. This Agreement, the Lease and the Mortgage may be executed in as many counterparts as shall be convenient, each of which when executed by Railroad and Bank shall be regarded as an original and all such counterparts of this Agreement, Lease and Mortgage shall constitute but one and the same Agreement, Lease and Mortgage.

IN WITNESS WHEREOF, the parties have caused this Agreement

to be duly executed as of the day and year first above written.

ATTEST:

THE PITTSBURGH AND LAKE ERIE  
RAILROAD COMPANY

S/ W. H. BARLOW

ASSISTANT SECRETARY

By /s/ H. D. Allyn, President

ATTEST:

PITTSBURGH NATIONAL BANK

/s/ W. Michael Wesker  
Asst Sec.

By /s/ Francis J. Murray  
Vice President

EXHIBIT "A"

|       |       |       |       |
|-------|-------|-------|-------|
| 68003 | 68422 | 68914 | 69345 |
| 68010 | 68460 | 69003 | 69351 |
| 68034 | 68472 | 69004 | 69359 |
| 68038 | 68494 | 69014 | 69383 |
| 68052 | 68497 | 69019 | 69403 |
| 68057 | 68506 | 69048 | 69408 |
| 68102 | 68520 | 69052 | 69422 |
| 68106 | 68539 | 69090 | 69431 |
| 68152 | 68550 | 69094 | 69435 |
| 68153 | 68552 | 69112 | 69454 |
| 68172 | 68564 | 69125 | 69462 |
| 68175 | 68582 | 69130 | 69493 |
| 68204 | 68624 | 69144 | 69508 |
| 68252 | 68636 | 69151 | 69521 |
| 68253 | 68678 | 69153 | 69543 |
| 68263 | 68699 | 69211 | 69555 |
| 68264 | 68704 | 69221 | 69575 |
| 68304 | 68722 | 69229 | 69610 |
| 68307 | 68769 | 69242 | 69613 |
| 68308 | 68775 | 69257 | 69621 |
| 68316 | 68817 | 69276 | 69650 |
| 68397 | 68837 | 69282 | 69658 |
| 68402 | 68847 | 69293 | 69659 |
| 68408 | 68858 | 69325 | 69666 |
| 68419 | 68887 | 69331 | 69679 |

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|-------|-------|-------|-------|
| 69690 | 69978 | 70255 | 70487 |
| 69695 | 69982 | 70263 | 70497 |
| 69714 | 70000 | 70267 | 70501 |
| 69720 | 70001 | 70271 | 70504 |
| 69726 | 70005 | 70277 | 70506 |
| 69753 | 70020 | 70289 | 70507 |
| 69760 | 70021 | 70301 | 70509 |
| 69769 | 70025 | 70327 | 70510 |
| 69774 | 70038 | 70336 | 70518 |
| 69779 | 70045 | 70351 | 70547 |
| 69789 | 70078 | 70359 | 70552 |
| 69816 | 70084 | 70363 | 70565 |
| 69819 | 70085 | 70375 | 70578 |
| 69824 | 70086 | 70377 | 70597 |
| 69825 | 70110 | 70419 | 70599 |
| 69837 | 70115 | 70420 | 70613 |
| 69838 | 70125 | 70422 | 70620 |
| 69847 | 70139 | 70423 | 70633 |
| 69857 | 70141 | 70435 | 70635 |
| 69865 | 70161 | 70439 | 70646 |
| 69866 | 70180 | 70448 | 70648 |
| 69872 | 70204 | 70455 | 70649 |
| 69913 | 70220 | 70458 | 70660 |
| 69941 | 70241 | 70473 | 70674 |
| 69960 | 70253 | 70475 | 70689 |

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|-------|-------|-------|-------|
| 70691 | 70994 | 73181 | 68032 |
| 70699 | 72003 | 73184 | 68033 |
| 70700 | 72006 | 73192 | 68036 |
| 70718 | 72007 | 68000 | 68037 |
| 70730 | 72014 | 68001 | 68041 |
| 70756 | 72028 | 68002 | 68042 |
| 70774 | 72035 | 68004 | 68043 |
| 70788 | 72037 | 68007 | 68044 |
| 70800 | 72038 | 68009 | 68045 |
| 70854 | 72050 | 68011 | 68047 |
| 70856 | 72051 | 68012 | 68048 |
| 70866 | 72053 | 68013 | 68049 |
| 70871 | 73017 | 68014 | 68050 |
| 70883 | 73019 | 68015 | 68051 |
| 70898 | 73029 | 68016 | 68053 |
| 70921 | 73037 | 68017 | 68055 |
| 70933 | 73043 | 68018 | 68058 |
| 70946 | 73066 | 68020 | 68059 |
| 70949 | 73084 | 68021 | 68060 |
| 70952 | 73122 | 68022 | 68061 |
| 70955 | 73128 | 68024 | 68062 |
| 70964 | 73133 | 68026 | 68063 |
| 70970 | 73134 | 68028 | 68064 |
| 70975 | 73142 | 68029 | 68066 |
| 70981 | 73167 | 68031 | 68067 |

|       |       |       |       |
|-------|-------|-------|-------|
| 68069 | 68103 | 68141 | 68182 |
| 68070 | 68104 | 68142 | 68183 |
| 68071 | 68105 | 68143 | 68184 |
| 68074 | 68107 | 68144 | 68186 |
| 68075 | 68108 | 68145 | 68187 |
| 68076 | 68109 | 68146 | 68188 |
| 68077 | 68110 | 68147 | 68189 |
| 68078 | 68112 | 68150 | 68190 |
| 68079 | 68113 | 68155 | 68194 |
| 68081 | 68115 | 68156 | 68195 |
| 68084 | 68117 | 68159 | 68197 |
| 68085 | 68118 | 68160 | 68199 |
| 68089 | 68119 | 68162 | 68201 |
| 68090 | 68120 | 68163 | 68202 |
| 68091 | 68123 | 68167 | 68203 |
| 68092 | 68125 | 68168 | 68207 |
| 68093 | 68126 | 68169 | 68211 |
| 68094 | 68127 | 68170 | 68212 |
| 68095 | 68129 | 68173 | 68213 |
| 68096 | 68131 | 68176 | 68214 |
| 68097 | 68132 | 68177 | 68215 |
| 68098 | 68133 | 68178 | 68216 |
| 68099 | 68134 | 68179 | 68217 |
| 68100 | 68135 | 68180 | 68219 |
| 68101 | 68138 | 68181 | 68220 |

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|-------|-------|-------|-------|
| 68221 | 68248 | 68282 | 68320 |
| 68223 | 68249 | 68283 | 68322 |
| 68224 | 68250 | 68284 | 68323 |
| 68225 | 68251 | 68285 | 68324 |
| 68226 | 68254 | 68288 | 68325 |
| 68227 | 68255 | 68289 | 68326 |
| 68228 | 68256 | 68290 | 68327 |
| 68229 | 68258 | 68291 | 68329 |
| 68230 | 68259 | 68292 | 68332 |
| 68231 | 68260 | 68293 | 68334 |
| 68232 | 68261 | 68294 | 68336 |
| 68233 | 68262 | 68296 | 68337 |
| 68234 | 68265 | 68297 | 68338 |
| 68235 | 68266 | 68298 | 68341 |
| 68236 | 68267 | 68299 | 68342 |
| 68237 | 68268 | 68300 | 68345 |
| 68239 | 68270 | 68302 | 68346 |
| 68240 | 68271 | 68303 | 68348 |
| 68241 | 68272 | 68306 | 68349 |
| 68242 | 68273 | 68309 | 68350 |
| 68243 | 68275 | 68310 | 68351 |
| 68244 | 68277 | 68312 | 68353 |
| 68245 | 68278 | 68314 | 68354 |
| 68246 | 68279 | 68317 | 68355 |
| 68247 | 68280 | 68318 | 68356 |

EXHIBIT "B"

LEASE

LEASE, made this \_\_\_\_\_ day of \_\_\_\_\_, 1973, by and between PITTSBURGH NATIONAL BANK, a national banking association, having a place of business at the Pittsburgh National Building, Pittsburgh, Pennsylvania 15222 ("Bank"), and THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY, a Delaware corporation, having its principal place of business at the P&LE Terminal Building, Pittsburgh, Pennsylvania 15219 ("Railroad").

This Lease is made in accordance with and pursuant to the terms of that certain Agreement between the parties dated as of April 30, 1973 ("Agreement"), a copy of which is attached hereto, marked Exhibit "1" and made a part hereof.

For and in consideration of the mutual covenants and promises hereinafter set forth and with the intent to be legally bound hereby, the parties hereto agree as follows:

1. Incorporation. All of the terms and conditions contained in Agreement and specifically all of the remedies of Bank expressly stated therein are incorporated in this Lease by reference and made a part hereof.

2. Lease. Bank hereby leases to Railroad, and Railroad hereby leases and hires from Bank, all Equipment described in Exhibit "2" attached hereto and made a part hereof for the rent described below.

3. Term. This Lease shall continue until terminated in whole or in part by (a) Bank Put, or (b) Repurchase on Default (as those terms are defined in Agreement), or (c) until December 31, 1973, whichever occurs earliest.

4. Rent. For the purposes of this Section: (i) Bank's Prime Rate" shall mean the minimum commercial lending rate charged from time to time by Bank to responsible and substantial borrowers for 90 day loans; (ii) the total purchase price paid by Bank to Railroad for Equipment shall be called "Purchase Price"; and (iii) Unit Price from time to time paid by Railroad to Bank in connection with repurchase of Equipment shall be called "Repurchase Price". Railroad agrees to pay to Bank as rent for Equipment the sum which is the equivalent of one-half (1/2%) per centum per annum in excess on Bank's Prime Rate from time to time in effect on Purchase Price less Repurchase Price from time to time paid by Railroad to Bank. Rent shall be payable in monthly installments. Rent for any month shall be calculated by Bank on the first business day of the following month and on the date following the termination of this Lease and shall be payable on the fifth business day after such calculation.

5. Exclusion of Warranties. BANK MAKES NO WARRANTIES, EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER INCLUDING, WITHOUT LIMITATION, THE CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, IT BEING UNDERSTOOD THE RAILROAD IS LEASING EQUIPMENT AS IS WITH ALL FAULTS.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute these presents this \_\_\_\_\_ day of \_\_\_\_\_, 1973.

ATTEST:

THE PITTSBURGH AND LAKE ERIE  
RAILROAD COMPANY

By \_\_\_\_\_

ATTEST:

PITTSBURGH NATIONAL BANK

By \_\_\_\_\_

COMMONWEALTH OF PENNSYLVANIA )  
 ) SS:  
COUNTY OF )

On this \_\_\_\_\_ day of \_\_\_\_\_, 1973, before me personally appeared \_\_\_\_\_, to me personally known, who being by me duly sworn, says that he is \_\_\_\_\_ of The Pittsburgh and Lake Erie Railroad Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sworn and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 1973.

\_\_\_\_\_  
Notary Public  
My Commission Expires:

COMMONWEALTH OF PENNSYLVANIA )  
 ) SS:  
COUNTY OF ALLEGHENY )

On this \_\_\_\_\_ day of \_\_\_\_\_, 1973, before me personally appeared \_\_\_\_\_, to me personally known, who being by me duly sworn, says that he is \_\_\_\_\_ of the Pittsburgh National Bank, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sworn and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 1973.

\_\_\_\_\_  
Notary Public  
My Commission Expires:

EXHIBIT "C"

RAILROAD EQUIPMENT CHATTEL MORTGAGE-SECURITY AGREEMENT

THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY, a Delaware corporation, with its principal place of business in the P&LE Terminal Building, Pittsburgh, Pennsylvania 15219 ("Railroad"), and PITTSBURGH NATIONAL BANK, a national banking association, having a place of business at the Pittsburgh National Building, Fifth Avenue and Wood Street, Pittsburgh, Pennsylvania 15222 ("Bank"), for and in consideration of the mutual covenants and promises hereinafter set forth and with the intent to be legally bound hereby, hereby agree as follows:

SECTION I. Incorporation. This Chattel Mortgage Security Agreement ("Mortgage") is made pursuant to and in furtherance of a certain agreement dated as of April 30, 1973 by and between Railroad and Bank ("Agreement"), a copy of which Agreement is attached hereto, marked Exhibit "1" and made a part hereof. All of the terms and conditions contained in Agreement and specifically all of the remedies of Bank expressly stated therein are incorporated in this Mortgage by reference and made a part hereof.

SECTION II. Creation of Chattel Mortgage. Railroad hereby grants to Bank a chattel mortgage lien and security interest in railroad rolling stock listed in Exhibit "2" attached hereto ("Mortgaged Cars") to secure obligations of Railroad to Bank under Agreement to repurchase Equipment (as that term is defined in Agreement) at Bank's option, at prices, dates, terms and conditions more fully set forth in Agreement and to provide Bank with any additional remedies under such Agreement.

IN WITNESS WHEREOF, the parties have caused this Mortgage to be executed by its proper officers as of the \_\_\_\_\_ day of \_\_\_\_\_, 1973.

ATTEST:

THE PITTSBURGH AND LAKE ERIE  
RAILROAD COMPANY

By \_\_\_\_\_

ATTEST:

PITTSBURGH NATIONAL BANK

By \_\_\_\_\_

COMMONWEALTH OF PENNSYLVANIA )  
 )  
COUNTY OF )

SS:

On this \_\_\_\_ day of \_\_\_\_\_, 1973, before me personally appeared \_\_\_\_\_, to me personally known, who being by me duly sworn, says that he is \_\_\_\_\_ of The Pittsburgh and Lake Erie Railroad Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sworn and subscribed before me this \_\_\_\_ day of \_\_\_\_\_, 1973.

\_\_\_\_\_  
Notary Public

My Commission Expires:

COMMONWEALTH OF PENNSYLVANIA )  
 )  
COUNTY OF ALLEGHENY )

SS:

On this \_\_\_\_ day of \_\_\_\_\_, 1973, before me personally appeared \_\_\_\_\_, to me personally known, who being by me duly sworn, says that he is \_\_\_\_\_ of the Pittsburgh National Bank, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sworn and subscribed before me this \_\_\_\_ day of \_\_\_\_\_, 1973.

\_\_\_\_\_  
Notary Public

My Commission Expires:

EXHIBIT "D"

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS that THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY ("Railroad"), a Delaware corporation having its principal place of business at the P&LE Terminal Building, Pittsburgh, Pennsylvania 15219 in consideration of the sum of \_\_\_\_\_ DOLLARS paid by PITTSBURGH NATIONAL BANK ("Bank"), a national banking association, having a place of business at the Pittsburgh National Building, Pittsburgh, Pennsylvania 15222, receipt whereof is hereby acknowledged, pursuant to that certain Agreement dated as of April 30, 1973 by and between Bank and Railroad, the terms of which are incorporated herein by reference, has granted, bargained, sold, transferred, conveyed and delivered and by these presents does bargain, grant, sell, transfer, convey and deliver unto Bank the following listed equipment ("Equipment"):

| <u>TYPE</u> | <u>NUMBERS</u> | <u>PRICE<br/>PER UNIT</u> | <u>TOTAL PRICE</u> |
|-------------|----------------|---------------------------|--------------------|
|-------------|----------------|---------------------------|--------------------|

TO HAVE AND TO HOLD Equipment unto the said Bank, its successors and assigns forever.

Railroad does hereby covenant with Bank that Railroad is the lawful owner of Equipment; that the Equipment is free and clear of all encumbrances; that Railroad has the right to sell the same; and that Railroad will warrant and defend the same against all lawful claims and demands of all persons, firms, associations and corporations whatsoever.

Railroad further represents that it knows the intended purpose to which Equipment is to be put, that it has inspected same and that it is fit for its intended purpose.

IN WITNESS WHEREOF, Railroad has caused these presents to be signed by its duly authorized officer and its seal to be affixed hereto this \_\_\_\_\_ day of \_\_\_\_\_, 1973.

ATTEST:

PITTSBURGH AND LAKE ERIE  
RAILROAD COMPANY

By \_\_\_\_\_

CERTIFICATE IN ACCORDANCE WITH SECTION 9 (k) OF AGREEMENT

The undersigned, chief operating officer of Railroad, hereby certifies to Bank that each Unit of Equipment as listed in the attached Bill of Sale is a servicable unit of rolling stock and has a market value of at least \$5,000.00.

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EXHIBIT "E"

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS that PITTSBURGH NATIONAL BANK ("Bank"), a national banking association, having a place of business at the Pittsburgh National Building, Pittsburgh, Pennsylvania 15222, in consideration of the sum of \_\_\_\_\_ DOLLARS paid by THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY ("Railroad"), a Delaware corporation, having its principal place of business at the P&LE Terminal Building, Pittsburgh, Pennsylvania 15219, receipt of which is hereby acknowledged, pursuant to that certain Agreement dated as of April 30, 1973 by and between Bank and Railroad, the terms of which are incorporated herein by reference, has granted, bargained, sold, transferred, conveyed and delivered and by these presents does bargain, grant, sell, transfer and convey unto Railroad the following listed equipment("Equipment"):

| <u>TYPE</u> | <u>NUMBERS</u> | <u>PRICE<br/>PER UNIT</u> | <u>TOTAL PRICE</u> |
|-------------|----------------|---------------------------|--------------------|
|-------------|----------------|---------------------------|--------------------|

TO HAVE AND TO HOLD Equipment unto the said Railroad, its successors and assigns forever.

BANK, NOT BEING A MERCHANT ENGAGED IN THE SALE OF RAILROAD EQUIPMENT, MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE MERCHANTABILITY OF THE EQUIPMENT IT SELLS TO RAILROAD HEREUNDER. FURTHER, BANK MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE EQUIPMENT'S FITNESS FOR ITS INTENDED PURPOSE IT BEING UNDERSTOOD BY RAILROAD THAT ANY EQUIPMENT SOLD BY BANK TO IT HEREUNDER IS TO BE SOLD AS IS, WHERE IS, WITH ALL FAULTS.

IN WITNESS WHEREOF, Bank has caused these presents to be signed by its duly authorized officer and its seal affixed this \_\_\_\_\_ day of \_\_\_\_\_, 1973.

ATTEST:

PITTSBURGH NATIONAL BANK

By \_\_\_\_\_

This bill of sale accepted by Railroad with full knowledge that Bank is making no warranties, express or implied, as to the merchantability or fitness for the intended purpose of Equipment.

The prices set forth are hereby certified to be correct and the prices of such units is equal to the fair market value thereof.

ATTEST:

PITTSBURGH AND LAKE ERIE  
RAILROAD COMPANY

By \_\_\_\_\_

EXHIBIT "2"

|       |       |       |       |
|-------|-------|-------|-------|
| 68357 | 68389 | 68426 | 68455 |
| 68358 | 68390 | 68427 | 68456 |
| 68359 | 68392 | 68428 | 68457 |
| 68360 | 68393 | 68430 | 68459 |
| 68363 | 68394 | 68431 | 68461 |
| 68364 | 68395 | 68432 | 68462 |
| 68365 | 68396 | 68434 | 68463 |
| 68366 | 68401 | 68435 | 68464 |
| 68367 | 68405 | 68436 | 68468 |
| 68368 | 68406 | 68437 | 68469 |
| 68371 | 68407 | 68438 | 68471 |
| 68372 | 68409 | 68439 | 68473 |
| 68373 | 68410 | 68440 | 68475 |
| 68376 | 68411 | 68441 | 68476 |
| 68377 | 68412 | 68443 | 68477 |
| 68378 | 68413 | 68444 | 68478 |
| 68379 | 68414 | 68445 | 68481 |
| 68380 | 68415 | 68446 | 68482 |
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