

LFC LEASE
FINANCING
CORPORATION

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Radnor, Pennsylvania 19087

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VIA FEDERAL EXPRESS

6-210A123

July 28, 1986

No. _____
Date JUL 29 1986
Fee \$ 10.00
ICC Washington, D.C.

15008
REGISTRATION FID. Filed 1425

JUL 29 1986 - 3 30 PM

INTERSTATE COMMERCE COMMISSION

Office of the Secretary
Applications & Fees Unit
Interstate Commerce Commission
Room B207
Washington, D. C. 20423

Gentlemen/Ladies:

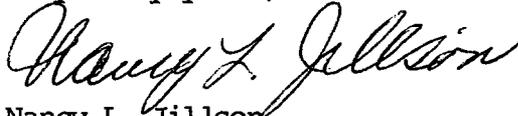
Re: NRUC Corporation - Provco Leasing Corporation, Owner

Enclosed herewith for filing are an original and three copies of a Management Agreement between the captioned parties. The original is for your files and the three copies should be stamped immediately upon receipt and returned to me in the Federal Express envelope provided for that purpose.

Our check in the amount of \$10.00 is enclosed to cover the filing fee.

Thank you for your assistance in this matter.

Very truly yours,



Nancy L. Jillson
Senior Legal Assistant

Encs.

JUL 29 3 24 PM '86
MOTOR OPERATING UNIT
100 OFFICE OF
THE SECRETARY

Interstate Commerce Commission

Washington, D.C. 20423

7/30/86

OFFICE OF THE SECRETARY

Nancy L. Jillson

Senior Legal Assist.

Lease Financing Corporation

Three Radnor Corporate Center, Suite 400

Radnor, PA. 19087

Dear Ms. Jillson:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 7/29/86 at 3:30pm, and assigned re-recording number(s). 15008

Sincerely yours,

Norita R. McGee

Enclosure(s)

SE-30
(7/79)

JUL 29 1986 - 3 30 PM

INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE APPLICABLE SECURITIES ACT OF ANY STATE. NO OFFER TO SELL, SALE OR OTHER TRANSFER OF THIS AGREEMENT OR THE RIGHTS HEREUNDER MAY BE MADE UNLESS A REGISTRATION UNDER SUCH ACTS IS IN EFFECT, OR AN EXEMPTION FROM THE REGISTRATION PROVISIONS OF SUCH ACTS IS THEN APPLICABLE.

MANAGEMENT AGREEMENT

THIS AGREEMENT, dated as of July 31, 1986 between NRUC CORPORATION ("NRUC"), and PROVCO LEASING CORPORATION ("Owner").

W I T N E S S E T H:

WHEREAS, Owner pursuant to a certain Purchase Agreement of even date herewith ("The Purchase Agreement") has agreed to purchase the boxcars listed in schedule 1 hereto ("The Boxcars") and has agreed to retain the services of NRUC as the Owner's agent for managing the Boxcars as provided herein; and

WHEREAS, NRUC is willing to accept such appointment as agent, and to perform management services for the account of Owner pursuant to the terms and conditions hereof;

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

1. Appointment of Agent; Acceptance. Subject to and in accordance with the terms and conditions of this Agreement, the Owner hereby appoints NRUC as agent of the Owner to manage the operation of the Boxcars for the account of and on behalf of the Owner and NRUC hereby accepts such appointment.

2. Term. The term of this Agreement with respect to each Boxcar shall commence on the date hereof and shall expire on December 31, 1995 (the "Termination Date") unless extended in accordance with the provisions of Section 16 hereof.

3. Ownership of Boxcars. The parties agree that the Owner shall at all times be and remain the owner of the Boxcars, and that nothing in this Agreement is in any way intended to grant any ownership interest or property right in the Boxcars to NRUC or to any railroad whose markings appear on the Boxcars. Further, NRUC will not directly or indirectly create or suffer to exist, any mortgage, pledge, lien, charge, encumbrance, or other security interest or claim on or with respect to the Boxcars in favor of persons claiming through or under NRUC or through or under any railroad whose markings appear on the Boxcars or arising out of a breach by NRUC of its obligations hereunder. NRUC will promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance, security interest or claim in favor of persons claiming through or under NRUC or through or under any railroad whose markings appear on the Boxcars, or arising out of a breach by NRUC of its obligations hereunder and shall indemnify Owner and hold the Owner harmless from and against all claims, damages and expenses arising out of any such third party claim.

4. Management Duties. The management functions to be performed by NRUC hereunder shall include those specifically set forth in this Section 4 and such other duties and responsibilities as shall be agreed upon from time to time by the parties hereto:

(a) NRUC shall manage and arrange for the utilization of the Units at NRUC's discretion and shall perform all necessary administrative acts to ensure the proper utilization of said Units and the protection of Owner's interest therein, provided, however, that NRUC shall not discriminate against Owner in connection with the management and placement of the Units.

(b) NRUC shall make available for the Units the markings of a railroad controlled by NRUC or with which NRUC has entered an agreement for the use of the Equipment. NRUC agrees that the Units shall at all times have affixed thereto the markings required by the Security Agreement and shall be lettered with such railroad markings and the name and/or other insignia used by such railroad. Such name or insignia shall comply with all applicable regulations. The NRUC logotype insignia may be affixed to each side of the Unit in standard size.

(c) NRUC shall prepare all documents for filing relating to the registration, maintenance and record keeping functions for the Units in accordance with Association of American Railroad (AAR) interchange agreement. Such matters shall include, but shall not be limited to, the preparation of the following documents: (i) appropriate AAR Units; (ii) registration when required for each Unit in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; and (iii) such reports as may be required from time to time by the Interstate Commerce Commission (ICC) and other regulatory agencies with respect to the Units. Any record keeping performed by NRUC and all records of payment and charges and all correspondence relating to the Units shall be separately recorded and maintained by NRUC in a form suitable for reasonable inspection by the Owner or Owner's agents from time to time during regular business hours of NRUC. NRUC shall supply the Owner and the Assignee and any other lender with such reports regarding the use of the Units as the Owner and/or the Assignee may reasonably request.

(d) NRUC shall perform all car accounting services for the Units and send reports to the Owner on a quarterly basis itemizing all revenues and expenses by Unit Numbers.

(e) NRUC shall monitor, make, or cause to be made, such inspections of and maintenance and repairs to the Equipment, including replacement of parts, as may be required to maintain the Equipment in good operating condition (ordinary wear and tear excepted) and in compliance with all applicable rules and regulations of government and industry authorities relating to the qualification of the Equipment for the use in the Railroad Interchange system throughout the term of this Agreement. All expenses of maintenance and repairs shall be paid directly by the Owner (but NRUC shall have the right to pay such expenses on behalf of the Owner and to deduct such amounts from the Owner's Gross Revenues). NRUC agrees that it shall reasonably pursue all claims against third parties for damage to the Equipment on behalf of and at the expense of the Owner. The Owner agrees that, with respect to any claim or right against any third party relative to the physical condition of any Unit, the Owner shall, to the extent reasonably required to permit NRUC to seek recovery from such third party, assign such claim or right to NRUC. Unless NRUC is obligated to bear the cost or expense for which recovery is sought, such recovery shall be for the benefit

of the Owner. NRUC may elect to require the Owner to advance reasonable costs to be incurred by NRUC on the Owner's behalf in any particular case.

(f) NRUC shall make, or cause to be made, in either case at the expense of the Owner, all alterations or modifications to the Equipment required by government or industry regulations; provided, however, if the direct costs of such alterations or modifications shall exceed \$500 per Unit (computed cumulatively from the effective date of this Agreement), then NRUC shall first give the Owner prior written notice of the proposed alterations and modifications and an estimate of the cost thereof, and NRUC shall not thereafter make or cause such modifications to be made if the Owner advises NRUC in writing within fifteen days after receipt of such notice that Owner does not desire to have such alterations or modifications made. In the event Owner elects not to proceed with such required alterations or modifications, NRUC may elect to terminate this Agreement as to the Equipment requiring such alterations or modifications upon five days prior written notice to Owner.

(g) NRUC shall use its best efforts to the end that no Units will be used predominantly outside the United States within the meaning of Section 48(a)(2)(A) of the Internal Revenue Code of 1954 (as amended), or any successor provisions thereof, and applicable regulations thereunder.

5. Receipt and Disbursement of Revenue.

(a) NRUC shall collect, on behalf of the Owner, all mileage charges, car hire and other revenues paid by railroads with respect to the use of the Boxcars. NRUC shall be authorized to grant car hire claim relief and make other adjustments or refunds in favor of any railroad using the Owner's Boxcars on such terms and conditions as NRUC acting in good faith deems appropriate. Such mileage charges, car hire and other revenues, after adjustment for such car hire claim relief and such other adjustments or refunds, are referred to herein as the "Gross Revenues". In addition to those items of expense which may be paid by NRUC for the account of Owner pursuant to this Agreement, NRUC shall, at the expense of Owner, pay the following designated expenses as may be required to be paid with respect to the Owner's Boxcars: movement and storage expenses, any sales tax which may be imposed with respect to such Gross Revenues. Such designated expenses are referred to herein as the "Designated Expenses." The excess of the Owner's Gross Revenues over Designated Expenses is referred to herein as the "Aggregate Net Revenues". The Owner's Aggregate Net Revenues for each calendar quarter are referred to herein as the "Owner's Quarterly Net Revenues".

(b) NRUC shall make disbursements on behalf of the Owner from the Owner's Aggregate Net Revenues of the following expenses applicable with respect to the Boxcars owned by the Owner:

(i) The management fee payable to NRUC as provided in Paragraph 7;

(ii) All reasonable operating expenses including maintenance and repair expenses;

(iii) Personal Property and similar taxes; and

(c) Subject to Section 16 hereof, NRUC shall distribute Owner's Quarterly Net Revenues, less any expenses paid pursuant to subparagraph (b) hereof, quarterly, 15 days after the close of each calendar quarter. Such disbursement shall be to the Owner and shall be accompanied by a report to the Owner in sufficient detail to permit calculation of the management fee and any other sums due NRUC at that time.

(d) In the event that Gross Revenues are insufficient to discharge the expenses (including Designated Expenses) attributable to the Boxcars for which Owner is responsible as specifically set forth herein, the Owner shall pay such expenses as are not covered by the Gross Revenues for which the Owner is so responsible or promptly reimburse NRUC for payment of the same as the case may be. The expenses attributable to the Boxcars for which Owner is not responsible as aforesaid, if any, shall be the responsibility of NRUC and shall not be deductible from the Gross Revenues. To the extent Owner so pays (or reimburses NRUC for) expenses pursuant to this subparagraph, Owner shall be entitled to reimbursement for the amounts so paid from the Owner's Quarterly Net Revenues after payment of the management fee for such quarter, if not deferred, and, to the extent such expenses have not been reimbursed prior thereto, from the net proceeds from the sale, lease or other disposition of the Boxcars after payment to NRUC of the exclusive agency fee due pursuant to Section 19 hereof, but before payment of any deferred management fees.

6. Conflicts of Interest. Owner understands that NRUC is managing other boxcars for its own account and for the account of persons associated with NRUC and that NRUC may have conflicts of interest between the management of Owner's Boxcars and other boxcars owned, controlled or managed by NRUC. Although there can be no assurance that the Owner's Boxcars will earn revenues equal to those of other railroad equipment owned, controlled, or managed by NRUC, NRUC agrees and warrants to use its best efforts to integrate the Owner's Boxcars into the fleet of railroad equipment owned, controlled, or managed by NRUC and to manage the Owner's Boxcars in a manner consistent with the management by NRUC of railroad equipment for its own account and the account of affiliated persons in an effort to provide the same rate of utilization for the Owner's Boxcars that it achieves for all other boxcars which it owns, manages or leases. NRUC shall have no liability under this Section 6 except for fraud, bad faith or gross mismanagement.

7. Management Fee.

(a) In consideration of the management services performed by NRUC, the Owner agrees to pay NRUC a quarterly management fee calculated as follows:

(i) Where Quarterly Net Revenues (i.e., all revenue collections, less all operating expenses during the three month period commencing each year on January 1, April 1, July 1, and October 1) range from \$0 to \$50,000, NRUC's management fee shall be \$.50 per car per day; and

(ii) Where Quarterly Net Revenues exceed \$50,000, NRUC's quarterly management fee shall be \$.50 per car per day, plus forty percent (40%) of all Quarterly Net Revenues in excess of \$50,000, but the total quarterly management fee shall not exceed \$1.50 per car per day.

(b) Settlement will be effected by NRUC at the end of each quarter and NRUC will deduct its quarterly management fee prior to any cash

distribution of net proceeds to the Owner. If, in any given quarter, Quarterly Net Revenues are insufficient to pay in full the quarterly management fee, thereby resulting in a deficiency due and owing to NRUC, NRUC will defer collection of such deficiency until net revenues exceed \$50,000 in a subsequent quarter(s), at which time outstanding deficiencies will be satisfied from such excess after payment of current quarterly management fees.

8. Express Powers Delegated to NRUC. NRUC shall have the power, in addition to the general powers set forth in Section 4:

(a) To affix to the Boxcars the railroad markings of a railroad owned or controlled by NRUC;

(b) To enter into arrangements with other railroads to grant per diem reclaim when deemed prudent to maximize revenues; and

(c) At the option and at the expense of NRUC, to affix the NRUC logotype insignia to each side of the Boxcars in standard size.

9. Assignment. (a) This Agreement is not assignable by NRUC except with the prior written consent of the Owner; provided, however, that this Agreement may be assigned by NRUC in connection with the merger or consolidation of NRUC into or with a corporation which is subject to the reporting requirements of the Securities Exchange Act of 1934, pursuant to Section 13 or 15(d) of that Act, or as part of the sale of substantially all of the assets of NRUC to such a corporation, provided that notice of such merger, consolidation, or sale shall be given to Owner at least 30 days prior to the effective date thereof.

(b) This Agreement is not assignable by Owner except with the consent of NRUC (except as provided in Section 16 and in section 20(h) hereof) which consent may be withheld or conditioned in its discretion.

10. Compliance with Applicable Laws and Rules and Regulations. In connection with NRUC's management of the Boxcars, NRUC will comply, and will cause every railroad whose markings appear on the Boxcars to comply, and to the extent feasible will cause each user of the Boxcars to comply, in all respects, with all laws, rules, or administrative decisions of the jurisdictions in which operation of the Boxcars may extend, with the interchange rules of the AAR and with all rules, regulations, edicts, and/or decisions of the DOT, the ICC, the AAR and any other government or industry authority exercising any power or jurisdiction with respect to the Boxcars, to the extent that such may affect the title, revenues, operation or use of the Boxcars in any manner whatsoever; provided, however, that NRUC may, in good faith, at its expense, contest the validity or application of any such law or rule in any reasonable manner, provided further that independent legal counsel for NRUC is reasonably of the opinion that contesting such law or rule will not adversely affect the property or rights of the Owner or the interests of the Lenders and such counsel provides such an opinion to Owner and/or Lenders, if requested.

11. Indemnification. Owner and NRUC jointly and severally acknowledge, agree and covenant that NRUC is entering into this Agreement solely as the agent of the Owner.

(a) The Owner agrees that he shall not attempt to enter into

contracts or commitments in the name, or on behalf of, NRUC, or to bind NRUC in any manner or respect whatsoever except insofar as may be consistent with NRUC's status as agent under this Agreement. Further, the Owner agrees to indemnify and hold NRUC harmless from any and all claims, demands, causes of action (at law or equity), costs, damages, reasonable attorneys' fees, expenses and judgments which may hereafter be asserted against or sustained by NRUC by reason of a claim of a third party against NRUC for personal injury or damage to property based on or relating to the Boxcars or arising out of operation or use thereof or the Owner's title thereto ("third party liability claims"), except a claim which gives rise to NRUC's obligation to indemnify the Owner hereunder.

(b) NRUC agrees that it shall not attempt to enter into contracts or commitments in the name, or on behalf of, the Owner, or to bind the Owner in any manner or respect whatsoever except insofar as may be consistent with NRUC's status as agent under this Agreement. NRUC agrees to indemnify and hold harmless the Owner from and against any and all claims, demands, causes of action (at law or equity), costs, damages, reasonable attorneys' fees, expenses and judgments which may hereafter be asserted against or sustained by the Owner by reason of a claim based on or relating to the Boxcars or arising out of the operation or use thereof or the Owner's title thereto, except (i) third party liability claims not arising out of or resulting from NRUC's negligence or breach of its obligations, and (ii) claims resulting from any act or omission of the Owner.

12. Default. The occurrence of any of the following events shall be Events of Default hereunder:

(a) The nonpayment by NRUC when due of any sums required to be paid by NRUC hereunder and such nonpayment shall continue for five (5) days thereafter or the nonpayment by Owner within ten (10) business days after written notice of any sum required hereunder to be paid by Owner;

(b) Any material representation or warranty of either party under this Agreement shall prove to be incorrect in any material respect;

(c) The default by either party under any other material term, covenant or condition contained in this Agreement which is not cured within fourteen (14) days after written notice thereof from the other party;

(d) Any affirmative act of insolvency by NRUC, or the filing by NRUC of any petition or action under any bankruptcy, reorganization, insolvency, or moratorium law, or the filing of any such petition or action against NRUC that is not dismissed within sixty (60) days after such filing against NRUC, or the appointment of any receiver or trustee to take possession of the properties of NRUC unless such appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment;

(e) The subjecting of any of the property of NRUC to any levy, seizure, assignment, application or sale by any creditor or governmental agency which substantially impairs the capacity of NRUC to fulfill its obligations under this Agreement, and

(f) The assignment of this Agreement by either party in violation of Section 9 hereof.

13. Remedies Upon Default.

(a) Upon the occurrence of any Event of Default the non-defaulting party may (i) terminate this Agreement or (ii) proceed by appropriate court action to enforce performance of this Agreement by the defaulting party and/or (iii) sue to recover direct and consequential financial damages which result from a breach hereof, and such defaulting party shall bear the other party's costs and expenses, including reasonable attorneys' fees, in securing such enforcement or financial damages.

(b) In the event of default by NRUC, the Owner may, by notice in writing to NRUC, terminate NRUC's right to possession of the Boxcars, and thereupon the Owner may demand, and thereupon be entitled to delivery of the Boxcars pursuant to subparagraph 14(b) hereof (except that the costs and expenses of assembly, delivery, storage and transportation of the Boxcars would be for the account of NRUC) and/or may, by the Owner's agents, enter upon any premises where the Boxcars may be located and take possession of them and henceforth hold, possess and enjoy the same free from any right of NRUC. NRUC hereby expressly waives any and all claims against the Owner and the Owner's agents for damages of whatever nature in connection with any retaking of any of the Boxcars in any reasonable manner.

(c) In the event of default by NRUC, the Owner may demand that an escrow account be established to receive all car hire revenues and mileage charges and any other sums accruing and payable with respect to the use of Boxcars, and NRUC shall take all necessary action to establish the escrow account and to provide for the direct payment of all such car hire revenues, mileage charges and other sums directly to the escrow account for payment to the Owner, as provided in this Agreement (subject to the payment by the escrow agent of any management and maintenance fees earned and payable to NRUC under this Agreement or under the Optional Maintenance Agreement). Such escrow account will be established at a national bank with a capital and undivided surplus of at least \$25,000,000 to be chosen by Owner and approved by NRUC (which approval shall not be unreasonably withheld).

(d) In the event of default by the Owner and subject to the provisions of Section 16, NRUC, by notice in writing to the Owner, may terminate its obligations hereunder, other than its obligations under Section 14(b); provided, however, in exercising such right of termination, NRUC shall act in a commercially reasonable manner and, further provided, NRUC shall not be relieved of any liability to Owner hereunder arising prior thereto.

(e) Each and every power and remedy herein specifically given to the Owner or NRUC shall be in addition to every other power and remedy herein 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 Owner or NRUC. 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 Owner or NRUC in the exercise of any such power or remedy and no extension of time for any payment due hereunder shall impair any such power 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 by either the Owner to NRUC or NRUC to Owner shall not otherwise alter or affect the respective rights and obligations of the Owner and NRUC. The

acceptance of any payment of the Owner or NRUC after it shall have become due hereunder shall not be deemed to alter or affect the respective rights and obligations of the Owner and NRUC with respect to any subsequent payments or defaults therein.

14. Termination. In addition to the termination rights provided in Section 13, this Agreement shall terminate, without liability for such termination, as provided in this Section.

(a) This Agreement shall terminate with respect to any Boxcar sold (except as otherwise provided in Section 9 or 16 hereof), lost or destroyed (or damaged beyond repair).

(b) At the expiration or upon termination of this Agreement as to any Boxcar, NRUC will, at the option of the Owner, surrender possession of such Boxcar to the Owner by immediate delivery of the same to the Owner at such place as the Owner shall designate in writing to NRUC or by causing the Boxcar to be moved from point to point in the usual and customary manner to be delivered to a point designated by the Owner within a period designated by the Owner, which period shall end (and such delivery shall be made) not later than one hundred twenty (120) days following termination. NRUC shall exercise reasonable efforts to keep the Boxcars in operation and producing car-hire revenues during such period. It is expressly agreed that (except as provided in subparagraph 13(b) hereof) assembling, delivery, storage, and transporting of the Boxcars is at the expense and risk of the Owner. A Boxcar shall no longer be subject to this Agreement upon removal therefrom of the railroad markings placed thereon by NRUC which removal shall be accomplished by NRUC and at NRUC's expense immediately upon the arrival of the Boxcar at the point designated by the Owner. The placement of such other markings as may be designated by the Owner shall be accomplished by NRUC at the Owner's expense. Notwithstanding the above, if the Boxcars are on, or are delivered to, the railroad line of NRUC or its affiliates upon any expiration or termination of this Agreement, NRUC shall grant immediate access to the Owner or the Owner's agents, if requested, to remove the railroad markings from the Boxcars and place thereon such markings as may be designated by the Owner. After the removal and replacement of markings, if so requested by Owner, NRUC shall use its best efforts to load such Boxcars with freight and deliver them to a connecting carrier for shipment. NRUC, at the expense of the Owner, will arrange for storage of the boxcars for such period of time as shall be reasonably required by the Owner. From and after termination of this Agreement with respect to a Boxcar, all revenues earned by such Boxcar through the date of its return to the point designated by the Owner shall be paid to the Owner when and as received after deducting the management fee provided in Section 7, and any costs incurred in connection with such Boxcar.

(c) At the option of the Owner this Agreement may be terminated prior to the Termination Date in the event that for any period of four successive calendar quarters, Quarterly Net Revenues are less than \$50,000.

15. Representations, Warranties and Covenants. NRUC represents, warrants and covenants that:

(a) NRUC is a corporation duly organized, validly existing and in good standing under the laws of the State of South Carolina and has the

corporate power and authority and is duly qualified and authorized to do business wherever necessary to carry out its present business and operations and to own or hold under lease its properties and to perform its obligations under this Agreement (and, if in effect, the Optional Maintenance Agreement).

(b) The entering into and the performance of this Agreement (and, if in effect, the Optional Maintenance Agreement) will not violate any judgment, order, law or regulation applicable to NRUC, or result in any breach of or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of NRUC or on the Boxcars pursuant to any instrument to which NRUC is a party or by which it or its assets may be bound.

(c) Except as disclosed to Owner by letter dated and delivered to Owner of even date herewith, there is no action or proceeding pending or threatened against NRUC before any Court or administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or condition, financial or otherwise, of NRUC or on the utilization of or revenues generated by the Boxcars.

(d) NRUC is not a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as NRUC can now reasonably foresee, will individually or in the aggregate materially adversely affect the business, condition or any material portion of the properties of NRUC or the ability of NRUC to perform its obligations under this Agreement.

(e) There is no procedure known to NRUC for recording, filing or depositing this Agreement, or the Certificates of Acceptance, other than pursuant to Section 11303 of Title 49 of the United States Code, which is necessary or advisable to preserve or protect the title of Owner to the Boxcars in the United States of America.

(f) No state or local taxing authority is presently assessing any personal property or ad valorem taxes against boxcars operated by NRUC.

(g) NRUC is presently qualified and competent to carry out and perform the management, revenue producing and other functions, responsibilities and obligations called for by this Agreement (and, if in effect, the Optional Maintenance Agreement), and NRUC will remain so qualified and competent throughout the term of the Agreement.

16. Rights of Secured Party. NRUC recognizes that the Owner will finance all or part of the purchase price of the Boxcars with a Lender (Lenders) and that in connection with such financing, the Owner will grant to the Lender through appropriate financing documents (Finance Documents) a security interest in the Boxcars and this Agreement. NRUC agrees that all of Owner's right, title and interest in this Agreement, including all Owner's rights to receive revenues and proceeds and all its rights, powers and remedies thereunder, may be assigned to Lender, and that NRUC will consent to such assignment in a form satisfactory to Lender. Upon the grant by Owner of a security interest in the Boxcars and in this Agreement to Lender and the execution of such assignment and consent, NRUC agrees to thereafter pay all such revenues and other monies directly to Lender. NRUC and the Owner hereby expressly acknowledge that their respective rights under this Agreement shall be subordinate to any such security interest and the Assignment and the Consent. Upon receipt of notice from the

Lender of the occurrence of a default under the Finance Documents, NRUC shall thereafter deal with the Lender as successor in interest to the rights of the Owner under this Agreement and shall be bound only to the directions of the Lender. NRUC agrees to provide any Lender of which NRUC has knowledge notice of the occurrence of any Event of Default by the Owner and shall treat the Lender as successor in interest to the rights of the Owner hereunder, provided the Lender shall have cured or remedied such default within thirty (30) days after receipt of such notice.

No provision of this Section 16 shall be construed to (i) impair or qualify the Owner's absolute title to and ownership of the Boxcars; (ii) impair, limit, qualify or derogate from the agency, powers, duties, authority and responsibilities delegated to NRUC by the Owner under this Agreement; or (iii) impair, limit or qualify the rights, indemnities and remedies of NRUC under this Agreement, subject only to the rights of the Lender.

Lender shall have the right to extend the term of this Agreement beyond the Termination Date of this Agreement by written notice to NRUC at least thirty (30) days prior thereto if Owner's obligations to Lender under the Finance Documents have not been fully satisfied at such time, the extension to continue until the last day of the quarter during which such obligations become satisfied.

In the event Lender, in good faith, believes there has been a material adverse change in the financial condition of NRUC, NRUC, upon receipt of notice from Lender to this effect and directions from Lender to distribute the sums due under Section 5(c) hereof on the 15th of each month to the extent such sums were received (less expenses paid) during the prior month rather than quarterly as provided therein, agrees to comply with such directions. The reports required under Section (c) to accompany such distributions may be provided quarterly if NRUC is not then providing monthly reports to any other owner.

17. No Intention to Create Partnership. Notwithstanding that NRUC is and will be managing Boxcars for the accounts of other owners under agreements which may be similar to this Agreement as regards the rights and obligations of the parties, it is understood and agreed that this Agreement binds only the parties hereto with respect to those Boxcars as to which NRUC has executed Certificates of Acceptance pursuant to this Agreement. NRUC will not act or purport to act for or in the name of the owners of boxcars who may have entered similar agreements collectively or an an entity, it being expressly understood that any actions taken on behalf of such owners will be taken as agent for such owners, severally and individually. The parties hereto expressly agree that this Agreement is not intended to create a partnership, joint venture or other entity between Owner, other owners of boxcars who may have entered similar agreements, and/or NRUC.

18. Accounts Receivable. NRUC agrees that it shall at all times follow normal, reasonable and prudent collection procedures in the collection of accounts receivable arising from car-hire revenues, mileage charges and other sums accruing from the operation and use of the Boxcars. Such procedures will provide the same monitoring and collection efforts which NRUC expends on accounts receivable arising with respect to other boxcars owned and managed by NRUC, and NRUC shall provide the same efforts and procedures used by NRUC with respect to other boxcars owned and managed by it to monitor and settle any claims by railroads operating the Boxcars for credits or repayments with respect to any such car hire revenues, mileage charges and other sums.

19. NRUC Exclusive Agent for Sale of Boxcars.

(a) NRUC is hereby designated the exclusive agent for the Owner for the sale or lease of any Boxcar subject to this Agreement. However, NRUC shall not have such exclusive agency rights in the event that this Agreement is terminated as a result of an Event of Default by NRUC hereunder or is terminated under paragraph 14(c) hereof.

(b) Upon receipt of directions from Owner to dispose of one or more Boxcars, NRUC shall endeavor to find a buyer or lessee for the same. In the event that NRUC has effected a sale at the direction of Owner, or in the event NRUC has exclusive agency rights as to such transaction, NRUC shall be entitled to a commission of 20% of the sales proceeds regardless of whether NRUC, another agent or the Owner himself secures the buyer. In the event of a lease under such circumstances, commissions shall be paid NRUC with respect to each rental payment due in the amount of 20% of the rental. No commission shall be due in the event of a transfer of the Boxcars pursuant to the re-organization of the Owner. No commission shall be payable with respect to a sale or lease which does not terminate the status of NRUC as managing agent of the Boxcars hereunder or pursuant to a successor agreement with the purchaser or lessee.

20. Miscellaneous.

(a) This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. No permitted assignment hereof shall relieve the assignor from any obligations hereunder, whether arising before or after the date of such assignment.

(b) Each party hereto shall promptly and duly execute and deliver to the other party such further documents, assurances, releases and other instruments, and take such further actions, including any necessary filings and the execution of a power of attorney of Owner, as the other party may reasonably request, in order to more fully carry out the intent and purpose of this Agreement, and to confirm the Owner's ownership of the Boxcars during the continuance of and upon termination of this Agreement.

(c) It is understood that upon the termination of NRUC's management as to any or all of the Boxcars, Owner shall no longer be entitled to use the ORER and UMLER Car Initials and Numbers and other designations (the "Designations") that are presently the property of NRUC. Owner hereby authorizes NRUC, and NRUC shall be required as provided in subparagraph 14(b), upon such termination at NRUC's expense to take all steps necessary to promptly change the Designations on the Boxcars no longer included under this Agreement, and Owner agrees to execute any and all documents requested by NRUC to transfer to NRUC any rights Owner may have acquired to such Designations, if any. NRUC agrees to prepare, at NRUC's expense, such documentation, which in its opinion, is necessary to change all Designations on the Boxcars.

(d) Any notice required or permitted to be given by one party to another hereunder shall be properly given when made in writing, deposited in the United States mail, registered or certified, postage prepaid, addressed to:

Owner at: Three Radnor Corporate Center
Suite 400
100 Matsonford Road
Radnor, Pennsylvania 19087

NRUC Corporation at:

100 North 20th Street
Second Floor
Philadelphia, Pennsylvania 19103

or to such other address as may be designated in a notice given in accordance herewith.

(e) This Agreement contains the entire agreement of the parties hereto pertaining to the management and operation of the Boxcars. Except as otherwise provided herein, this Agreement may not be modified or amended, except by express, written agreement signed by both parties hereto. No waiver of any obligation of either party hereto shall be construed as a continuing waiver of any such obligation under any provision hereof.

(f) This Agreement shall be governed by and construed according to the laws of the State of South Carolina.

(g) Nothing contained herein shall be construed as a waiver of Owner to any rights which Owner may have to demurrage payments and such payments shall be included in the term "Gross Revenues".

(h) Anything contained in this Agreement to the contrary notwithstanding, Owner may, without the consent of NRUC, assign this Agreement and its interest in the Boxcars to a wholly-owned subsidiary or a related entity. Upon notice to NRUC of such assignment and transfer and the agreement of such subsidiary or entity to assume the obligations of the Owner hereunder, NRUC shall treat such subsidiary or entity as the successor in interest to the rights of the Owner hereunder.

(i) NRUC agrees to provide Owner with an opinion of counsel, addressed to Owner and Lender, and supporting corporate authorizing documents covering the due authorization, execution and delivery of this Agreement and related agreements, the enforceability of such agreements, the vesting of good title to the Boxcars in Owner, the recording of this Agreement (and the Finance Documents) with the ICC and the matters covered by Section 15 hereof, such opinion may contain the exceptions usually acceptable to a Lender in a transaction of this nature, upon request of Owner if Owner is requested to secure such documents as a condition of the permanent financing of the Boxcars.

(j) The payments due Owner pursuant to Paragraph 5(c) hereof shall be made by wire transfer of federal or other immediately available funds to such account as Owner may from time to time designate in writing to NRUC. Payments not made when due shall bear interest at an annual rate of 12.75% until paid.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

ATTEST:

NRUC CORPORATION

Barbara Ann Rastetter

Title: Assistant Secretary

By: Robert L. Shiner

Title: Vice President

ATTEST:

PROVCO LEASING CORPORATION

Nancy L. Gillson
Secretary

By: [Signature]
Owner

Title: President

SCHEDULE 1
MANAGEMENT AGREEMENT DATED JULY 31, 1986

NRUC CONTRACT # 3279

ORIGINAL # OF CARS 100

OWNERS NAME Balard Leasing

ORIGINAL RR REPORTING MARKS
AND CAR SERIAL NUMBERS PT 206086 - 206098
NSL 151645 - 151721
NSL 157100 - 157109

PRESENT NUMBER OF CARS 100

1985 STATUS

<u>ORIGINAL CAR REP/MARK - SERIAL #</u>	<u>INTERIM CAR REP/MARK - SERIAL #</u>	<u>PRESENT CAR REP/MARK - SERIAL #</u>		<u>ORIGINAL CAR REP/MARK - SERIAL #</u>	<u>INTERIM CAR REP/MARK - SERIAL #</u>	<u>PRESENT CAR REP/MARK - SERIAL #</u>
NSL 151645		NSL 151645	26	NSL 151670		NSL 151670
NSL 151646	MISS 151646	ICG 501805	27	NSL 151671		NSL 151671
NSL 151647	MISS 151647	ICG 501802	28	NSL 151672		WLO 502803
NSL 151648		NSL 151648	29	NSL 151673		NSL 151673
NSL 151649		NSL 151649	30	NSL 151674		NSL 151674
NSL 151650		NSL 151650	31	NSL 151675		NSL 151675
NSL 151651		NSL 151651	32	NSL 151676		NSL 151676
NSL 151652		NSL 151652	33	NSL 151677		NSL 151677
NSL 151653	MISS 151653	ICG 501806	34	NSL 151678	MISS 151678	ICG 501798
NSL 151654		WLO 502898	35	NSL 151679		WLO 502807
NSL 151655		WLO 502802	36	NSL 151680		NSL 151680
NSL 151656		NSL 151656	37	NSL 151681		WLO 502874
NSL 151657		NSL 151657	38	NSL 151682		NSL 151682
NSL 151658	MISS 151658	ICG 501797	39	NSL 151683		NSL 151683
NSL 151659	MISS 151659	ICG 501807	40	NSL 151684		WLO 502804
NSL 151660	MISS 151660	ICG 501790	41	NSL 151685		WLO 502805
NSL 151661		WLO 502801	42	NSL 151686		NSL 151686
NSL 151662		NSL 151662	43	NSL 151687		NSL 151687
NSL 151663		MISS 151663	44	NSL 151688	MISS 151688	ICG 501808
NSL 151664		NSL 151664	45	NSL 151689	MISS 151689	ICG 501794
NSL 151665		WLO 502867	46	NSL 151690		NSL 151690
NSL 151666		NSL 151666	47	NSL 151691	MISS 151691	ICG 501804
NSL 151667	MISS 151667	ICG 501801	48	NSL 151692		NSL 151692
NSL 151668	MISS 151668	ICG 501800	49	NSL 151693		NSL 151693
NSL 151669		MISS 151669	50	NSL 151694	MISS 151694	ICG 501796

ORIGINAL CAR REP/MARK - SERIAL #	INTERIM CAR REP/MARK - SERIAL #	PRESENT CAR REP/MARK - SERIAL #		ORIGINAL CAR REP/MARK - SERIAL #	INTERIM CAR REP/MARK - SERIAL #	PRESENT CAR REP/MARK - SERIAL #
NSL 151695		NSL 151695	26	NSL 151720		NSL 151720
NSL 151696		NSL 151696	27	NSL 151721	MISS 151721	ICG 501793
NSL 151697	MISS 151697	ICG 501792	28	NSL 157100		NSL 157100
NSL 151698		NSL 151698	29	NSL 157101		NSL 157101
NSL 151699		NSL 151699	30	NSL 157102		NSL 157102
NSL 151700		MISS 151700	31	NSL 157103		WLO 502810
NSL 151701		NSL 151701	32	NSL 157104		NSL 157104
NSL 151702		NSL 151702	33	NSL 157105	MISS157105	ICG 501795
NSL 151703		NSL 151703	34	NSL 157106	MISS157106	ICG 501799
NSL 151704		NSL 151704	35	NSL 157107		NSL 157107
NSL 151705		NSL 151705	36	NSL 157108		NSL 157108
NSL 151706	MISS 151706	ICG 501791	37	NSL 157109		WLO 502868
NSL 151707		WLO 502806	38	PT 206086		NSL 206086
NSL 151708		WLO 502968	39	PT 206087		NSL 206087
NSL 151709		NSL 151709	40	PT 206088		NSL 206088
NSL 151710	MISS151710	ICG 501803	41	PT 206089		NSL 206089
NSL 151711		NSL 151711	42	PT 206090		NSL 206090
NSL 151712		NSL 151712	43	PT 206091	NSL 206091	WLO 502899
NSL 151713		MISS 151713	44	PT 206092	NSL 206092	WLO 502900
NSL 151714		NSL 151714	45	PT 206093		NSL 206093
NSL 151715		NSL 151715	46	PT 206094	NSL 206094	WLO 502901
NSL 151716		WLO 502808	47	PT 206095		NSL 206095
NSL 151717	NSL 151717	WLO 502969	48	PT 206096		NSL 206096
NSL 151718	MISS 151718	ICG 501809	49	PT 206097	MISS 206097	WLO 502902
NSL 151719		WLO 502809	50	PT 206098		NSL 206098

ORIGINAL # CARS 100

LESS: DESTROYED
OR OUT OF FLEET 0

PRESENT # CARS 100

STATE OF PENNSYLVANIA)

COUNTY OF PHILADELPHIA)

On this 21st day of July, 1986, before me personally appeared Robert L. Skiner, Jr., who being by me duly sworn, says that he is Vice President of NRUC CORPORATION, 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.

IN WITNESS WHEREOF, I have hereunto set my hand and Notarial Seal.

Barbara Ann Rastetter
Notary Public

BARBARA ANN RASTETTER
Notary Public, Phila., Phila. Co.
My Commission Expires April 14, 1990

STATE OF PENNSYLVANIA)

COUNTY OF DELAWARE)

On this 20th day of July, 1986, before me personally appeared Richard E. Caruso, President, who being by me duly sworn, says that he is the President of PROVCO LEASING CORPORATION, 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.

Nancy L. Speaker
Notary Public

NANCY L. SPEAKER, Notary Public
Radnor Twp., Delaware Co.
My Commission Expires June 4, 1987