

5-158A030

Rec. No. 14698 +  
14698 -A

10  
11:00 a.m.  
6/7/85

THE CONNECTICUT NATIONAL BANK

No.

Date JUN 07 1985

Fee \$ 10.00

ICC Washington, D.C.

• 14698  
RECORDATION NO.      Filed 1425/64 1425

JUN 7 1985 - 11 00 AM

May 29, 1985

14698

INTERSTATE COMMERCE COMMISSION

RECORDATION NO.      Filed 1425

JUN 7 1985 - 11 00 AM

MOTOR OPERATING UNIT  
JUN 7 10 48 AM '85  
ICC OFFICE OF  
THE SECRETARY

Interstate Commerce Commission  
Twelfth Street and Constitution Avenue, N. W. INTERSTATE COMMERCE COMMISSION  
Washington, D.C. 20423

Attention: Secretary

Dear Secretary:

Enclosed herewith are one (1) original and four (4) counterparts of the documents described below, to be filed and recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

The enclosed documents are a conditional sale agreement dated as of May 1, 1985, a primary document, and assignment agreement thereof, a secondary document, dated as of May 1, 1985. The conditional sale agreement and the assignment agreement should be filed sequentially.

The names and addresses of the parties to the enclosed conditional sale agreement are as follows:

- Vendor: Greyhound Leasing & Financial Corporation  
Mail Station 3304  
Greyhound Tower  
Phoenix, Arizona 85077
- Vendee: The Pittsburgh and Lake Erie Railroad  
Company  
Suite 680  
Commerce Court  
Four Station Square  
Pittsburgh, Pennsylvania 15219-1199  
Attn: Office of the Treasurer

The names and addresses of the parties to the enclosed assignment agreement are as follows:

*Charles P. ... CT. Kappeler*

Interstate Commerce Commission  
May 29, 1985  
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Assignor: Greyhound Leasing & Financial Corporation  
Mail Station 3304  
Greyhound Tower  
Phoenix, Arizona 85077

Assignee: The Connecticut National Bank (not in its  
individual capacity but as Security Trustee  
under that certain Master Agreement  
Regarding the Restructuring of the  
Obligations of the Pittsburgh and Lake Erie  
Railroad Company, dated as of May 1, 1985)  
777 Main Street  
Hartford, Connecticut 06115  
Attn: Bond and Trustee Administration

A description of the equipment covered by the enclosed document  
follows:

297 50' 6" 70-ton rigid under frame single sheathed box  
cars with railcar identification numbers as follows: 39700  
through 39815, inclusive; 39817 through 39892, inclusive;  
39894 through 39967, inclusive; and 39969 through 39999,  
inclusive.

A fee of \$10.00 is enclosed. Please return the original and any extra  
copies not needed by the Commission for recordation to Mr. Charles Kappler,  
Alvord & Alvord, 200 World Center Building, 918 Sixteenth Street, N.W.,  
Washington, D.C. 20006-2973.

A short summary of the enclosed document to appear in the index  
follows:

- (i) Primary Document: Conditional Sale Agreement  
between Greyhound Leasing & Financial  
Corporation, Mail Station 3304, Greyhound Tower,  
Phoenix, Arizona 85077, Vendor, and The  
Pittsburgh and Lake Erie Railroad Company, Suite  
680, Commerce Court, Four Station Square,  
Pittsburgh, Pennsylvania 15219, Vendee, dated as  
of May 1, 1985, covering 297 50' 6" 70-ton rigid  
under frame single sheathed box cars with railcar  
identification numbers as follows: 39700-39815;  
39817-39892; 39894-39967; 39969-39999 (all

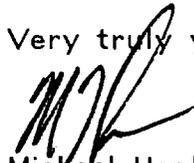
Interstate Commerce Commission

May 29, 1985

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numbers inclusive) and (ii) Secondary Document: Assignment Agreement between Greyhound Leasing & Financial Corporation, at the address set forth above, Assignor, and The Connecticut National Bank (not in its individual capacity but as Security Trustee under that certain Master Agreement Regarding the Restructuring of the Obligations of The Pittsburgh and Lake Erie Railroad, dated as of May 1, 1985), 777 Main Street, Hartford, Connecticut 06115, Assignee, dated as of May 1, 1985, covering the railcars described above.

Very truly yours,

A handwritten signature in black ink, appearing to read 'MH', is written over the typed name.

Michael Hopkins  
Vice President

Interstate Commerce Commission  
Washington, D.C. 20423

6/7/85

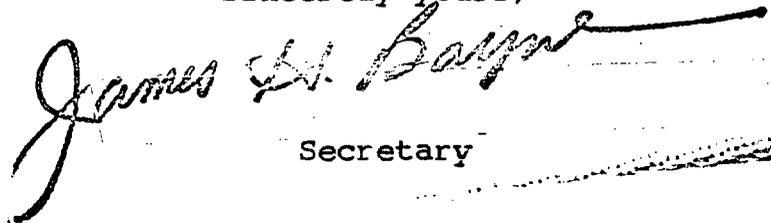
OFFICE OF THE SECRETARY

Michael Hopkins  
Vice President  
The Connecticut National Bank  
777 Main St  
Hartford, Conn. 06115

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 6/7/85 at 11:00am and assigned re-recordation number(s). 14698 & 14698-A

Sincerely yours,

  
Secretary

Enclosure(s)

14698

14698

REGISTRATION NO. \_\_\_\_\_ Filed 1425

JUN 7 1985 - 11 00 AM

INTERSTATE COMMERCE COMMISSION

**CONDITIONAL SALE AGREEMENT**

**Dated as of May 1, 1985**

**between**

**GREYHOUND LEASING & FINANCIAL CORPORATION**

**and**

**THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY**

**Conditional Sale Indebtedness due July 1, 1990 bearing 10% Interest**

## CONDITIONAL SALE AGREEMENT

CONDITIONAL SALE AGREEMENT dated as of May 1, 1985, between GREYHOUND LEASING & FINANCIAL CORPORATION, a Delaware corporation (the "Vendor") and THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY, a Delaware corporation (the "Railroad").

The Vendor has agreed to sell to the Railroad, and the Railroad has agreed to purchase, the items (each herein sometimes referred to as "units") of used railroad equipment described in Schedule A hereto (the "Equipment");

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

**ARTICLE 1. Sale.** Pursuant to this Agreement, the Vendor hereby agrees to conditionally sell the units of Equipment to the Railroad, and the Railroad agrees to purchase from the Vendor and pay for (as hereinafter provided), such Equipment.

**ARTICLE 2. Delivery.** The Vendor has previously delivered the units of Equipment to the Railroad. The Railroad accepts each unit of Equipment described in Schedule A hereto "AS IS" and "WHEREAS" and, without limiting the foregoing, THE VENDOR MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, WHETHER EXPRESS OR IMPLIED, AS TO THE CONDITION OF THE EQUIPMENT; THE MERCHANTABILITY OR FITNESS FOR USE OR ANY PARTICULAR PURPOSE OF THE EQUIPMENT; THE DESIGN OR CONDITION OF, OR THE QUALITY OF THE MATERIAL OR WORKMANSHIP IN, THE EQUIPMENT; OR THE INFRINGEMENT OF ANY PATENT, TRADEMARK OR OTHER RIGHT IN RESPECT OF THE EQUIPMENT.

The Railroad hereby assumes the responsibility and risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of any unit of Equipment. The Railroad agrees that the Vendor shall not be liable to the Railroad for any liability, claim, loss, damage or expense of any kind or nature caused, directly or indirectly, by any unit of Equipment or any inadequacy thereof for any purpose, or any deficiency or defect therein, or the use or maintenance thereof, or any repairs, servicing or adjustments thereto, or any interruption or loss of service or use thereof, or any loss of business, or any damage whatsoever and howsoever caused.

**ARTICLE 3. Purchase Price and Payment.** The Railroad hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby agrees to pay in cash to the Vendor at such place as the Vendor may designate, the Total Purchase Price of the Equipment (as set forth in Schedule A hereto), which amount is hereinafter referred to as the "CSA Indebtedness."

The CSA Indebtedness shall be payable in five (5) equal annual installments, commencing July 1, 1985 and continuing to and including July 1, 1990. In consideration

of the Vendor terminating that certain Lease of Railroad Equipment dated as of June 6, 1975 by and between the Vendor and the Railroad (the "Lease") and entering into this Agreement, the CSA Indebtedness shall be deemed to have borne interest from July 1, 1983 to and including the date hereof at the rate of ten percent (10%) per annum as if the CSA Indebtedness were outstanding from July 1, 1983 to and including the date hereof. The unpaid portion of the CSA Indebtedness outstanding from time to time after the date hereof shall bear interest at the rate of ten percent (10%) per annum until paid in full, and all such interest (including any of the interest deemed to have accrued from July 1, 1983) shall be payable, to the extent accrued, on January 1 and July 1 in each year, commencing July 1, 1985. The CSA Indebtedness will be payable without setoff, counterclaim or other deduction of any kind.

All interest under this Agreement shall be calculated on the basis of a 360-day year of twelve 30-day months.

**ARTICLE 4. Taxes.** All payments to be made by the Railroad hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any local, state, federal or foreign taxes (other than net income, gross receipts (except gross receipts taxes in the nature of or in lieu of sales or use taxes), excess profits and similar taxes) or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with or measured by, this Agreement or any sale, use, payment, shipment, delivery or transfer of title under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "Impositions"), all of which Impositions the Railroad assumes and agrees to pay on demand. The Railroad will also pay promptly all Impositions which may be imposed upon the Equipment delivered to it or for the use or operation thereof or upon the earnings arising therefrom or upon the Vendor solely by reason of its interest therein and will keep at all times all and every part of the Equipment free and clear of all Impositions which might in any way affect the security interest of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Railroad shall be under no obligation to pay any Impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the interest or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any such Impositions (i) shall have been charged or levied against the Vendor directly or (ii) shall have become secured by a lien on Equipment, and in either case paid by the Vendor, the Railroad shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by the Vendor shall be secured by and under this Agreement and shall bear interest as provided in Article 3 hereof until paid in full; provided, however, that the Railroad shall not be obligated to reimburse the Vendor for any Impositions so paid unless the Vendor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Vendor, which counsel may be an employee of Vendor) or the Equipment shall have become encumbered by a lien securing such Imposition or the Railroad shall have approved the payment thereof.

**ARTICLE 5. Security Interest in the Equipment.** The Vendor shall and hereby does retain a security interest in the Equipment until the Railroad shall have made all its payments under this Agreement and shall have kept and performed all its agreements

herein contained, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Railroad as provided in this Agreement. Any and all additions to the Equipment (other than such additions not required for the normal use of the Equipment, any portion of the cost of which was paid by the Railroad, as are readily removable without causing damage to the Equipment) and any and all replacements of the Equipment and of parts thereof and additions thereto shall constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

The Railroad hereby grants a security interest in any and all the payments, rentals, and other charges payable to it for the use of the Equipment by persons other than the Railroad, which payments, rentals and other charges are hereby assigned to the Vendor, provided that, prior to the occurrence of an event of default hereunder, the aforesaid amounts may be paid or remitted directly to the Railroad; provided further that, upon the occurrence of an event of default hereunder, any claim or right of the Railroad hereunder to any of the aforesaid payments, rentals and other charges shall be automatically revoked and the same shall be paid or remitted directly to the Vendor and may be applied by the Vendor against the CSA Indebtedness hereunder or any other amount owing by the Railroad to the Vendor pursuant to this Agreement.

When and only when the full indebtedness in respect of the Purchase Price of the Equipment, together with interest and all other payments as herein provided, shall have been paid, and all the Railroad's obligations herein contained shall have been performed by the Railroad, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad without further transfer or action on the part of the Vendor. However, the Vendor, if so requested by the Railroad at that time, will (a) execute a bill or bills of sale for the Equipment transferring and releasing its interest therein to the Railroad, or upon its order, free of all claims, liens, security interests and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Railroad and (b) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the release of the security interest of the Vendor in the Equipment. The Railroad hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time after receipt of written demand from the Railroad.

**ARTICLE 6. Marking of Equipment.** The Railroad will cause each unit of Equipment to be kept numbered with its identifying number as set forth in Schedule A hereto, or in the case of Equipment not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION," or other appropriate markings approved by the Vendor, with

appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's title to and property in the Equipment and its rights under this Agreement. The Railroad will cause such markings to be placed on each unit of Equipment on or prior to the date of acceptance hereunder, or if that is not feasible within a reasonable time thereafter, and will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. The Railroad will not change the number of any unit of Equipment except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor in all public offices where this Agreement or a financing statement in respect hereof shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Railroad will not allow the name of any person, association or corporation to be placed on any unit of Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Railroad may cause the Equipment to be lettered with the names or initials or other insignia of the Railroad, its affiliates or its lessees.

**ARTICLE 7. Casualty Occurrences; Insurance.** In the event that any unit of Equipment shall be worn out, lost, stolen, destroyed, irreparably damaged or otherwise rendered permanently unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (any such occurrence being hereinafter called a "Casualty Occurrence"), the Railroad shall promptly and fully inform the Vendor in regard thereto (but no later than 30 days after it has knowledge of such Casualty Occurrence). The Railroad, within 30 days after it has knowledge of such event, shall promptly pay to the Vendor a sum equal to the aggregate Casualty Value of such units of Equipment as of the date of such payment and shall file with the Vendor a certificate of an officer of the Railroad setting forth the Casualty Value of each unit of Equipment suffering a Casualty Occurrence.

The Casualty Value of each unit of Equipment shall be deemed to be that amount which bears the same ratio to the portion of the original Purchase Price applicable to such unit as the unpaid CSA Indebtedness (without giving effect to any prepayments then or theretofore made pursuant to this Article 7) as of the date payment is made with respect to such Casualty Occurrence bears to the original CSA Indebtedness.

Upon payment by the Railroad to the Vendor of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence, absolute right to the possession of, title to, and property in, such unit shall pass to and vest in the Railroad, without further transfer or action on the part of the Vendor and absolute right to the possession of, and title to, such unit shall be vested in the Railroad in the manner contemplated by the third paragraph of Article 5.

The Railroad will at all times prior to the payment in full of the CSA Indebtedness, together with interest thereon, and all other payments required hereby, at its own expense, cause to be carried and maintained insurance in respect of the Equipment at the time subject hereto in amounts and against risks customarily insured against by railroad companies on similar equipment, and in any event in amounts and against risks comparable to those insured against by the Railroad on similar equipment owned by it. In addition, the

Railroad shall maintain liability insurance with respect to the Equipment in amounts customarily insured against by railroad companies. The Railroad agrees to obtain and maintain all such insurance with third-party, unaffiliated insurers reasonably satisfactory to the Vendor.

Except for liability insurance in respect of which the Vendor shall be named as a co-insured with the Railroad, all such insurance shall be taken for the benefit of the Vendor, as its interest may appear, and shall name the Vendor as loss payee and provide that the proceeds of such insurance shall be payable to the Vendor. In addition, all such insurance shall provide for at least thirty (30) days' written notice to the Vendor prior to the termination, cancellation or modification of said insurance. The Railroad shall furnish to the Vendor certificates or other satisfactory evidence of the maintenance of the insurance required hereunder.

Insurance proceeds received by the Vendor with respect to any unit of Equipment (a) in the case of a Casualty Occurrence, shall be applied by the Vendor towards the satisfaction of the Railroad's obligation to pay to the Vendor the Casualty Value of such unit or (b) in the case of repairable damage or loss to such unit of Equipment not constituting a Casualty Occurrence and for so long as no event of default shall have occurred and be continuing hereunder, may be paid, in whole or in part, by the Vendor, in its sole and absolute determination, to the Railroad upon receipt by the Vendor of proof of the proper repair of such damage or loss. Except as provided in the preceding sentence, all insurance proceeds received by the Vendor with respect to any unit of Equipment shall be applied by the Vendor in respect of the payment of CSA Indebtedness, accrued and unpaid interest thereon, and other amounts owing to the Vendor hereunder.

**ARTICLE 8. Maintenance; Compliance with Laws and Rules.** The Railroad will at all times maintain the Equipment or cause the Equipment to be maintained in good order and repair at its own expense.

During the term of this Agreement, the Railroad will at all times comply in all respects with all laws of the jurisdictions in which its operations involving the Equipment may extend and with all lawful rules of any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or addition of any part on any unit of Equipment, the Railroad will conform therewith, at its own expense; provided, however, that the Railroad may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

**ARTICLE 9. Reports and Inspections.** On or before November 1 in each year, commencing with the year 1986, the Railroad shall furnish to the Vendor an accurate statement signed by an officer of the Railroad (a) setting forth as of the preceding June 30 the amount, description and numbers of all units of Equipment that have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Agreement in the case of the first such statement) or that have been withdrawn from use pending repairs (other than running repairs) and such other information regarding the

condition and state of repair of the Equipment as the Vendor may reasonably request and (b) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and marking required by Article 6 hereof have been preserved or replaced. The Vendor shall have the right, by its agents, to inspect the Equipment and the Railroad's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement.

**ARTICLE 10. Possession and Use; Classification.** The Railroad, so long as an event of default shall not have occurred under this Agreement and be continuing, shall be entitled to the unrestricted right to the possession and use of the Equipment upon the lines of railroad owned or operated by the Railroad, either alone or jointly with others and whether under lease or otherwise, or upon the lines of railroad owned or operated by any railroad company controlled by or under common control with the Railroad over which it has trackage rights, or upon lines of railroad of connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements.

The railroad represents, warrants and agrees that the Equipment is rolling stock equipment or accessories used on such equipment as specified in § 1168 of the Federal Bankruptcy Code.

**ARTICLE 11. Prohibition Against Liens.** the Railroad will pay or discharge any and all sums claimed by any party from, through or under the Railroad or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or in the Equipment, or any unit thereof; provided, however, that the Railroad shall be under no obligation to pay or discharge any such claim so long as it is contesting in good faith and by appropriate legal proceedings such claim and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of liens, charges or security interests upon the Equipment shall be secured by and under this Agreement and shall bear interest as provided in Article 3 hereof until paid in full.

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

The Railroad shall not, without the prior written consent of the Vendor, assign, transfer, pledge or hypothecate, or grant any security interest in or to, any unit of Equipment, any part thereof or any interest therein, whether by operation of law or otherwise; provided, however, that the Railroad may grant a security interest in and to the Equipment as provided in the Master Agreement Regarding the Restructuring of Obligations of The Pittsburgh and Lake Erie Railroad Company dated as of May 1, 1985 by and among the Railroad, the Vendor, and the other parties signatories thereto (as amended from time to time, the "Master Agreement").

**ARTICLE 12. Railroad's Indemnities.** The Railroad agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities,

claims and demands whatsoever, and expenses in connection therewith, including counsel fees, arising out of retention by the Vendor of a security interest in the Equipment, the use and operation thereof by the Railroad during the period when said security interest remains in the Vendor or the transfer of said security interest remains in the Vendor or the transfer of said security interest in the Equipment by the Vendor pursuant to any of the provisions of this Agreement except, however, any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of the Vendor's gross negligence or willful misconduct. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under this Agreement, or the satisfaction, discharge or termination of this Agreement in any manner whatsoever.

**ARTICLE 13. Assignments.** The Railroad will not sell, assign, transfer or otherwise dispose of its rights under this Agreement without the prior written consent of the Vendor. The Vendor may sell, assign transfer or otherwise dispose of its rights under this Agreement and any further assignee may sell, assign, transfer or otherwise dispose of its rights under this Agreement without the consent of the Railroad.

**ARTICLE 14. Defaults.** In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Railroad shall fail to pay in full the CSA Indebtedness or any installment thereof or interest thereon, or any other sum payable by the Railroad as provided in this Agreement within five (5) days after the due date thereof; or

(b) the Railroad shall, for more than thirty (30) days after the Vendor shall have demanded in writing performance thereof, fail or refuse to comply with any covenant, agreement, term or provision of this Agreement or of any agreement entered into concurrently herewith relating to the financing of the Equipment on its part to be kept or performed or to make provision satisfactory to the Vendor for such compliance; or

(c) a petition for reorganization under Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Railroad and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Railroad under this Agreement shall not have been (and shall not continue to have been) duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within sixty (60) days after the commencement of such proceedings and otherwise in accordance with the provisions of 11 U.S.C § 1168, or any successor provision, as the same may hereafter be amended; or

(d) any other proceedings shall be commenced by or against the Railroad for any relief under any bankruptcy or insolvency law, or law relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the indebtedness payable hereunder), and, unless such proceedings shall have been dismissed, nullified,

stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Railroad under this Agreement shall not have been (and shall not continue to have been) duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Railroad or for its property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within sixty (60) days after such proceedings shall have been commenced; or

(e) the Railroad shall make or allow any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the Equipment or any unit thereof;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Railroad and upon compliance with any mandatory legal requirements then in force and applicable to such action by the Vendor, declare (hereinafter called a "Declaration of Default") the entire CSA Indebtedness then outstanding, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 3 hereof. The Vendor shall thereupon be entitled to recover judgment for the entire unpaid balance of the indebtedness in respect of the CSA Indebtedness, with interest as aforesaid, and to collect such judgment out of any property of the Railroad wherever situated. The Railroad shall promptly notify the Vendor of any event which has come to its attention which constitutes, or which with the giving of notice and/or lapse of time could constitute, an event of default under this Agreement.

The Vendor may at its election waive any such event of default and its consequences and rescind and annul any Declaration of Default by notice to the Railroad in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default had been made. Notwithstanding the provisions of this paragraph, it is agreed that time is of the essence of this Agreement and no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

**ARTICLE 15. Remedies.** At any time during the continuance of a Declaration of Default, the Vendor may, subject to compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken by its agent or agents immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Railroad any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 15 expressly provided, and may remove the same from possession and use of the Railroad or any other person and for such purpose may enter upon the Railroad's premises or any other premises where the Equipment may be located, without judicial process if this can be done without breach of the peace, and may use and employ in connection with such removal any

supplies, services and aids and any available trackage and other facilities or means of the Railroad.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall reasonably designate a point or points upon the premises of the Railroad for the delivery of the Equipment to the Vendor, the Railroad shall, at its own expense, forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any part of the Equipment has been interchanged to return the Equipment so interchanged), cause (a) the Equipment to be moved to such point or points on its lines as shall be designated by the Vendor and shall there deliver the Equipment or cause it to be delivered to the Vendor and (b) the Equipment to be moved to such interchange point or points of the Railroad as shall be designated by the Vendor upon any sale, lease or other disposal of all or any part of the Equipment by the Vendor. At the option of the Vendor, the Vendor may keep the Equipment on any of the lines or premises of the Railroad until the Vendor shall have leased, sold or otherwise disposed of the same, and for such purpose the Railroad agrees to furnish, without charge for rent or storage, the necessary facilities at any point or points selected by the Vendor reasonably convenient to the Railroad and, to permit inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided as of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree against the Railroad requiring specific performance hereof. The Railroad hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 15 provided) may, at its election and upon such notice as is required by law, retain the Equipment in satisfaction of the entire CSA Indebtedness and all other amounts secured hereby and make such disposition thereof as the Vendor shall deem fit.

At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon reasonable notice to the Railroad and to any other persons to whom the law may require notice of the time and place, may sell the Equipment, or any unit thereof, free from any and all claims of the Railroad or any other party claiming from, through or under the Railroad, at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine.

Any sale hereunder may be held or conducted at such place or places and at such time or times as the Vendor may specify, in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine. The Vendor or the Railroad may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Railroad shall be given written notice of such sale not less than ten days prior thereto, by telegram or registered mail addressed to the Railroad as provided in

Article 19 hereof. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Railroad (except to the extent of surplus money received as hereinafter provided in this Article 15), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of the sums due to the Vendor from the Railroad hereunder.

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

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Railroad shall pay the amount of such deficiency to the Vendor upon demand, together with interest from the date of such demand specified in Article 3 hereof. If the Railroad shall fail to pay such deficiency, the Vendor may bring suit therefor and shall be entitled to recover a judgment therefor against the Railroad. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Railroad.

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

The foregoing provisions of this Article 15 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

**ARTICLE 16. Applicable State Laws.** Any provision of this Agreement prohibited by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Railroad to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

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

**ARTICLE 17. Recording.** The Railroad will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed with the Interstate Commerce Commission in accordance with 49 U.S.C 11303. The Railroad will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement. The Railroad will furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording reasonably satisfactory to the Vendor.

**ARTICLE 18. Article Headings; Effect and Modification of Agreement.** All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

This Agreement, including the Schedules hereto, exclusively states the rights of the Vendor and the Railroad with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment including, without limitation, the Lease. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Vendor and the Railroad.

**ARTICLE 19. Notice.** Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it at the following specified addresses:

(a) to the Railroad, at Suite 680, Commerce Court, Four Station Square, Pittsburgh, Pennsylvania 15219-1199, and

(b) to the Vendor, at Mail Station 3304, Greyhound Tower, Phoenix, Arizona 85077,

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

**ARTICLE 20. Law Governing.** The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the Commonwealth of Pennsylvania; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C 11303 and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the

several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

**ARTICLE 21. Execution.** This Agreement may be executed in any number of counterparts, such counterparts together constituting but one and the same contract.

**ARTICLE 22. Further Assurances.** The Railroad agrees from time to time throughout the term of this Agreement to execute such additional documents and to perform such further acts as may be reasonably requested by the Vendor in order to carry out and effectuate the purposes and intents of this Agreement.

**ARTICLE 23. Payments.** All payments provided for in this Agreement shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

**ARTICLE 24. Prepayment.** The Railroad may at any time prepay the CSA Indebtedness, in whole or in part, together with all accrued and unpaid interest thereon at the date of such prepayment, without premium or penalty of any kind. Any such prepayment will be applied first to accrued and unpaid interest and then to the unpaid installments of the CSA Indebtedness in the inverse order of their maturity.

**ARTICLE 25. Lease.** In consideration of entering into this Agreement, the Vendor and the Railroad hereby terminate the Lease.

**ARTICLE 26. Effective Date.** This Agreement is dated as of the date designated in the initial paragraph hereof for convenience of identification but is executed and delivered and shall become effective on the Closing Date (as such term is defined in the Master Agreement).

**IN WITNESS WHEREOF,** the parties hereto, each pursuant to due corporate authority, have caused this instrument to be executed in their respective corporate names by their officers or other persons, thereunto duly authorized, and their respective

corporate seals to be hereunto affixed, duly attested, all as of the date first above written.

[Corporate Seal]

THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY

Attest:

By R.E. Thompson

[Corporate Seal]

GREYHOUND LEASING & FINANCIAL CORPORATION

Attest:

[Signature]  
ASSISTANT SECRETARY

By Fred G. Pink

STATE OF ARIZONA )  
COUNTY OF MARICOPA ) ss.

On this 24<sup>th</sup> day of May, 1985, before me personally appeared Fred G. Pink to me personally known, who being by me duly sworn, says that is the Vice President of Greyhound Leasing & Financial Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

Thomas H. Kaiser

Notary Public  
My Commission Expires: May 1, 1986  
(Seal)

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

On this 29<sup>th</sup> day of May, 1985, before me personally appeared R.E. Thompson to me personally known, who being by me duly sworn, says that is the president of The Pittsburgh and Lake Erie Railroad Company, that the seal affixed to the foregoing instrument is the

corporate seal of said corporation and the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

*Barbara Quinn*

Notary Public  
My Commission Expires:  
(Seal)

BARBARA QUINN  
Notary Public, State of New York  
No. 30-4828318  
Qualified in Nassau County  
Certificate filed in New York County  
Commission Expires March 30, 1987

**SCHEDULE A  
to the  
Conditional Sale Agreement**

**Units of Equipment**

<b><u>Equipment Type</u></b>	<b><u>Quantity</u></b>	<b><u>Unit Purchase Price</u></b>	<b><u>Total Purchase Price</u></b>	<b><u>Railroad ID Numbers (Inclusive)</u></b>
50' 6" 70-ton rigid under frame single sheathed box cars manu- factured in 1975 by U.S. Railway Mfg. Co.	297	\$19,242.90	\$5,715,141.21	P&LE: 39700-39815 39817-39892 39894-39967 39969-39999

14698 - A  
14698/P  
RECORDATION NO. Filed 1425

**ASSIGNMENT OF CONDITIONAL SALE AGREEMENT**  
**JUN 7 1985 11 00 AM**  
**INTERSTATE COMMERCE COMMISSION**

**ASSIGNMENT OF CONDITIONAL SALE AGREEMENT**, dated as of May 1, 1985 ("this Assignment") by and between **GREYHOUND LEASING & FINANCIAL CORPORATION**, a Delaware corporation ("GLFC") and **THE CONNECTICUT NATIONAL BANK**, a national banking association, as security trustee (the "Security Trustee") under that certain Master Agreement Regarding The Restructuring of Obligations of The Pittsburgh and Lake Erie Railroad Company dated as of May 1, 1985 among the Security Trustee, the Railroad, the Creditors named therein, and the other parties thereto (as amended from time to time, the "Master Agreement").

**BACKGROUND**

A. The Pittsburgh and Lake Erie Railroad, a Delaware corporation (the "Railroad") entered into that certain Conditional Sale Agreement dated as of May 1, 1985 with GLFC (the "Conditional Sale Agreement") whereby GLFC conditionally sold to the Railroad the equipment described in Schedule A to the Conditional Sale Agreement (the "Equipment") and retained in said Equipment a security interest to secure the obligations of the Railroad under the Conditional Sale Agreement.

B. GLFC is transferring all of its interest in and to the Conditional Sale Agreement and the Equipment covered thereby to the Security Trustee pursuant to, and in compliance with, Section 3.1 of the Master Agreement.

**NOW, THEREFORE**, to induce, and in consideration for, the execution of the Master Agreement by the parties thereto, the delivery of the Certificate of Interest to the Investor by the Security Trustee pursuant to Section 3.1 of the Master Agreement, and in consideration of \$10.00 and other good and valuable consideration paid by the Security Trustee to the Agent on behalf of GLFC, the receipt and sufficiency whereof are hereby acknowledged, GLFC and the Security Trustee agree as follows:

1. GLFC hereby irrevocably and absolutely assigns, transfers, sells, and sets over unto the Security Trustee all of the right, title, interest, powers, privileges, and other benefits of GLFC in, to, and under each unit of the Equipment and the Conditional Sale Agreement, including, without limitation, any and all amounts due or which may become due or owing by the Railroad to GLFC under the Conditional Sale Agreement in respect of or relating to (i) the CSA Indebtedness (as defined in the Conditional Sale Agreement) together with interest thereon; (ii) Casualty Values (as defined in the Conditional Sale Agreement); (iii) tax reimbursements under the Conditional Sale Agreement; and (iv) indemnities under the Conditional Sale Agreement. GLFC further irrevocably and absolutely assigns to the Security Trustee all of its rights and powers under the Conditional Sale Agreement to (a) make all waivers and agreements; (b) give all notices, consents, and releases; (c) take all action upon the occurrence of an event of default (as provided for in the Conditional Sale Agreement); and (d) do any and all other things whatsoever which GLFC is or may become entitled to do under the Conditional Sales Agreement.

2. GLFC shall hold in trust on behalf of, and promptly deliver to, the Security Trustee any payments under the Conditional Sale Agreement received by it on or after the date hereof.

3. Upon the request of the Security Trustee and so long as the Security Trustee shall be acting on the instructions of the Required Persons, (i) GLFC shall join with the Security Trustee in any notice from the Security Trustee to the Railroad concerning this Assignment, and (ii) GLFC shall execute any Uniform Commercial Code financing statements and documents to be filed with or sent to the Interstate Commerce Commission in connection with this Assignment. Without limiting or being limited by the foregoing, GLFC will, from time to time, upon the request of the Security Trustee and so long as the Security Trustee shall be acting on the instructions of the Required Persons, do and perform any other act and will execute, acknowledge, deliver, file, register, record, and deposit (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or requested by the Security Trustee in order to confirm or further assure the interests of the Security Trustee hereunder and the purposes and intent of this Assignment. GLFC shall not be required to take any action pursuant to this Section 3 or pursuant to Section 4 hereof if, in the reasonable opinion of GLFC, such action would be unduly burdensome (whether as a result of the administrative difficulty involved therewith or otherwise) or would involve unreasonable expense.

4. Upon the request of the Security Trustee and so long as the Security Trustee shall be acting on the instructions of the Required Persons, GLFC agrees to join any legal action brought by the Security Trustee for the enforcement of any of the rights and remedies in the Conditional Sale Agreement, or assigned to the Security Trustee by this Assignment. The Security Trustee shall indemnify GLFC for any costs and expenses incurred by it in connection with any such legal action.

5. GLFC represents that (a) it holds title to the Conditional Sale Agreement and has the right and power to assign same to the Security Trustee; (b) it holds the Conditional Sale Agreement free and clear of all liens, security interests, charges and encumbrances whatsoever; and (c) it has possession of the original and all counterparts of the Conditional Sale Agreement, which individually or collectively would constitute chattel paper under the Code, and is holding same as bailee for the Security Trustee.

6. This Assignment shall not release, waive or modify any of the obligations of the Railroad under the Conditional Sale Agreement.

7. The Security Trustee shall have no recourse to GLFC for or on account of the failure of the Railroad to make any of the payments provided for in, or otherwise to comply with any of the provisions of, the Conditional Sale Agreement. The assignment of the Equipment hereunder is made WITHOUT ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND, WHETHER WRITTEN, ORAL, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR USE OR ANY PARTICULAR PURPOSE.

8. The Security Trustee may further assign all or any of the rights, title, interests, powers, privileges, and benefits assigned hereunder to the Security Trustee. In the event of any such assignment, any such assignee or subsequent assignee shall, to the extent of such assignment, enjoy all rights, title, interests, powers, privileges and benefits and be subject to all obligations of the Security Trustee hereunder.

9. GLFC does hereby constitute the Security Trustee the true and lawful attorney-in-fact of GLFC, with full power of substitution, in the name of GLFC or the Security Trustee, (a) to ask, require, demand, receive, compound, and give acquittance for each and every amount due and to become due under or arising out of the Conditional Sale Agreement and to endorse each and every check or other instrument in connection with any such amounts due; (b) to file any claim or claims, take any action or actions or institute any proceeding or proceedings which the Security Trustee may deem necessary or advisable in connection with the Equipment or the Conditional Sale Agreement and this Assignment; (c) to sue for and collect any and all sums to which the Security Trustee is or may become entitled under, and to exercise any and all rights and remedies provided in, this Assignment or the Conditional Sale Agreement and (d) to enforce compliance by the Railroad with the terms and agreements on its part to be performed under the Conditional Sale Agreement. This power of attorney is coupled with an interest and is irrevocable;

10. Except where stated to the contrary, terms defined in the Master Agreement are used in this Assignment with the meanings ascribed to them in the Master Agreement.

11. This Assignment shall be governed by, and construed and enforced in accordance with, the law of the Commonwealth of Pennsylvania; provided that the parties hereto shall be entitled to all the rights conferred by 11 U.S.C. § 11303 and the regulations promulgated in connection therewith.

12. This Assignment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment or caused this Assignment to be executed by their duly authorized representatives, all as of the day and year first above written.

GREYHOUND LEASING &  
FINANCIAL CORPORATION,  
The Investor

By Fred [Signature] (JMK)  
Title: Vice President

[Seal]

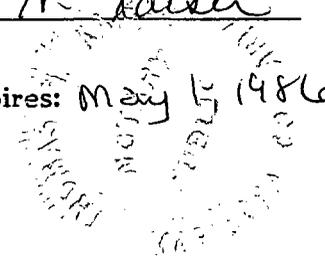


of said corporation by authority of its Board of Directors and he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

Thomas H. Kaiser

Notary Public

My Commission Expires: May 1, 1986  
(Seal)



STATE OF New York )  
COUNTY OF New York ) ss.

On this 5th day of June, 1985, before me personally appeared MICHAEL M. HOPKINS to me personally known, who being by me duly sworn, says that he is the Vice President of The Connecticut National Bank, the Security Trustee, that the seal affixed to the foregoing instrument is the corporate seal of said banking corporation and said instrument was signed and sealed on behalf of said banking corporation by authority of its Board of Directors, and he acknowledges that the execution of the foregoing instrument was the free act and deed of said banking corporation.

Barbara Quinn

Notary Public

My Commission Expires:  
(Seal) BARBARA QUINN  
Notary Public, State of New York  
No. 30-4828318  
Qualified in Nassau County  
Certificate filed in New York County  
Commission Expires March 30, 1987

City of Washington  
~~STATE OF~~  
District of Columbia ) ss.  
~~COUNTY OF~~

On this 6th day of June, 1985, before me personally appeared Gordon E. Neuenschwander to me personally known, who being by me duly sworn, says that he is the Executive Vice President of The Pittsburgh and Lake Erie Railroad Company, the Railroad, that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

Thorn A. Watson

Notary Public, N.Y.C.

My Commission Expires: 7-14-88  
(Seal)

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