

7909-B  
RECORDED NO. 7909-B FILE 1415

JAN 09 1986 - 11 02 AM

LAW OFFICES

**DRINKER BIDDLE & REATH**

PHILADELPHIA NATIONAL BANK BUILDING

BROAD AND CHESTNUT STREETS

PHILADELPHIA, PA. 19107

TELEX: 834684 · DEBEMAC

(215) 988-2700

INTERSTATE COMMERCE COMMISSION

645 MADISON AVENUE  
NEW YORK, N. Y. 10022  
(212) 980-1200

SUITE 500  
1752 N STREET, N.W.  
WASHINGTON, D. C. 20036  
(202) 429-7400

DIRECT DIAL: (215) 988-2802

January 8, 1986

*116.00 fee*

Mr. James H. Bayne  
Secretary  
INTERSTATE COMMERCE COMMISSION  
Constitution Avenue and 12th Street, N.W.  
Room 2215  
Washington, D. C. 20423

6-009A058

Date ..... JAN 9 1986

Fee \$ ..... 10.00

RECORDED  
JAN 9 1986  
FEB 11 1986

Dear Mr. Bayne:

ICC Washington, D. C.

I submit for filing and recording under 49 U.S.C. §11303(a) and the regulations promulgated thereunder, the enclosed executed counterparts of an Assignment of Lease, dated December 31, 1985, a secondary document.

The parties to the enclosed Assignment of Lease are:

*this one is 7909-B*

GLENFED Financial Corporation -- Assignor  
12720 Hillcrest Road, Suite 700  
Dallas, Texas 75230

TXL Properties Limited 85-109 -- Assignee  
One Embarcadero Center, Suite 3800  
San Francisco, California 94111

The Assignment of Lease constitutes an outright sale, assignment, and transfer from GLENFED Financial Corporation (successor by merger to Armco Leasing Corporation) to TXL Properties Limited 85-109 of all its interest as the lessor under the Lease of Railroad Equipment dated as of December 3, 1974, between Armco Leasing Corporation, as lessor, and Ohio Power Company, as lessee, recorded under ICC recordation no. 7909 (including Amendment to Schedule to

DRINKER BIDDLE & REATH

Mr. James H. Bayne

-2-

January 8, 1986

Lease of Railroad Equipment dated as of September 17, 1975, recorded under ICC recordation no. 7909-A). The Assignment of Lease should be recorded under recordation no. 7909-B.

A short summary of the Assignment of Lease to appear in the Index is as follows:

"Assigns all of lessor's interest to TXL Properties Limited 85-109."

Enclosed is a check in the amount of \$10.00 in payment of the recordation fee.

Once the filing has been made, please return to the bearer the stamped counterpart(s) not required for filing purposes, together with the fee receipt, and the letter from the Interstate Commerce Commission acknowledging the filing.

Very truly yours,



Michael B. Jordan

MBJ:mak  
Enclosures

HAND DELIVER

**Interstate Commerce Commission**  
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Mr. Michael B. Jordan  
Philadelphia National Bank Bldg.  
Broad and Chestnut Street  
Philadelphia, PA. 19107

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 Jan 9, 1986 at 11:00AM , and assigned re-  
recording number(s). 7909-B

Sincerely yours,

*Agatha L. Mergenovich*  
Agatha L. Mergenovich  
Secretary

Enclosure(s)

7909-B

7909-B  
REGISTRATION NO. 7909-B  
FEB 14 1986

JAN 09 1986 -11 22 AM

ASSIGNMENT OF LEASE

INTERSTATE COMMERCE COMMISSION

THIS ASSIGNMENT OF LEASE is executed and delivered by GLENFED Financial Corporation, a California corporation, (the "Assignor") to TXL Properties Limited 85-109, a California corporation, (the "Assignee") as of this 31<sup>st</sup> day of December, 1985, pursuant to that certain Agreement for the Purchase and Sale of Hopper Cars and Assignment of Lease dated as of December 15, 1985 (the "Purchase and Assignment Agreement") by and between the Assignor and the Assignee. All terms not otherwise defined herein shall have the respective meanings in the Purchase and Assignment Agreement.

The Assignor hereby assigns, transfers and sets over unto the Assignee, its successors and assigns that certain Lease of Railroad Equipment dated as of December 3, 1974, as amended (the "Lease"), a complete and current copy of which is attached hereto as Attachment I, and all of Assignor's rights, title and interests, powers, privileges, and other benefits as lessor under the Lease, including, but not limited to, the right to receive all rent payable on and after April 1, 1986.

The Assignor hereby warrants and represents to the Assignee and its successors and assigns as follows:

1. The Assignor is the lessor of the Hopper Cars and has all of the rights, title and interests of the lessor under the Lease, free from, and clear of, any charge, lien encumbrance or other claim or interest whatsoever.
2. The Lease is in full force and effect, all amounts payable thereunder are current and, to the Assignor's knowledge, there is no Event of Default (as defined in the Lease) thereunder, or event or condition, which, with the lapse of time or notice, or both, would become an Event of Default thereunder.
3. The Lease has not been amended or modified (except as evidenced on Attachment I) and neither the Assignor nor any party acting on behalf of, for the benefit of, or as trustee for the Assignor has waived any of its rights thereunder or otherwise consented to any action or inaction thereunder by the Lessee that would have been inconsistent with the terms of the Lease.
4. All of the Lessee's rights in, to, or with respect to the Hopper Cars, and all of the Assignor's obligations (and the obligations of any party acting on behalf of, for the benefit of, or as trustee for the Assignor) to the Lessee with respect to the Hopper Cars are set forth in no agreement, instrument or document other than the Lease.

5. The Assignor has not failed to perform any of its obligations under the Lease.

6. There are 17 remaining quarterly installments of rent due under the Lease, commencing January 1, 1986 and continuing through January 1, 1990. The January 1, 1986 installment of \$131,153.42 is for the account of Assignor, and should be sent directly to Assignor in the same manner as prior rentals; the remaining 16 quarterly installments of \$131,153.42 are for the account of Assignee, and should be sent directly to Assignee, c/o TXL Corporation, One Embarcadero Center, Suite 3800, San Francisco, California 94111.

7. The Assignee shall indemnify the Assignor, and hold the Assignor harmless, from and against any claim or liability, including any liability to the Lessee, arising on or after the Closing Date by reason of the failure of the Assignee to comply with any of its obligations under this Assignment of Lease or any other agreement or document entered into or delivered in connection herewith or therewith.

IN WITNESS WHEREOF, the Assignor has caused this Assignment of Lease to be executed by an officer thereunto duly authorized, effective as of the date first above written.

**GLENFED FINANCIAL CORPORATION**

By: John T. Lansing  
Title: Vice Pres. - Special Funding  
Division

ACKNOWLEDGEMENT

Before me personally appeared John T. Lansing, Vice President of the Special Funding Division of GLENFED Financial Corporation, the signer of the above instrument, who duly acknowledged that he executed the same for the purpose expressed therein.

(Seal)

Notary: Diane Raack  
My Commission Expires: 9/16/89



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LEASE OF RAILROAD EQUIPMENT

Dated as of December 3, 1974

between

ARMCO LEASING CORPORATION

and

OHIO POWER COMPANY

---

Attachment I (35 pages)

LEASE OF RAILROAD EQUIPMENT dated as of December 3, 1974, between ARMCO LEASING CORPORATION, an Ohio corporation (hereinafter called the Lessor) and OHIO POWER COMPANY, an Ohio corporation (hereinafter called the Lessee).

WHEREAS the Lessee has assigned to the Lessor, pursuant to an Assignment of Purchase Agreement dated as of the date hereof (hereinafter called the Assignment) certain of its interest in a certain supplemental contract dated as of December 3, 1974, among the Lessee, American Electric Power Service Corporation (hereinafter called the Agent) and Bethlehem Steel Corporation (hereinafter called the Builder) which incorporates by reference a certain contract dated as of September 27, 1974, between the Agent and the Builder (hereinafter individually called the Supplemental Contract and the Original Contract, respectively, and together called the Purchase Agreement) in which Supplemental Contract, the Agent has designated the Lessee as the purchaser of the units of railroad equipment covered thereby;

WHEREAS the Lessor has accepted said Assignment and proposes to purchase from the Builder such units of railroad equipment described in Schedule A hereto (hereinafter called the Units) as are delivered and accepted under the terms of this Lease and lease same to the Lessee;

WHEREAS the Lessee desires to lease from the Lessor such number of Units as are so delivered and accepted hereunder at the rentals and for the terms and upon the conditions hereinafter provided;

NOW, THEREFORE, the parties agree as follows:

1. LEASING

1. In consideration of the representations, warranties and covenants herein contained and subject to the conditions set forth in Section 6 hereof, Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor the Units. On the date of delivery and acceptance of each of the

Units, Lessee will accept the Units by execution and delivery of an Acceptance Supplement in substantially the form attached hereto as Exhibit A. Thereupon such Units shall be deemed to have been accepted by Lessee on the delivery date specified in such Acceptance Supplement and become subject to and governed by all the provisions of this Lease.

## 2. TERM, RENT, DELIVERY AND PAYMENT

2.1 Term. The lease of and rent for the Units shall commence on the day specified in the Schedule and shall continue for the period specified as the "term" in such schedule. If any such term be extended, the word 'term' or 'period' as used in this Agreement shall be deemed to refer to the extended term, and all provisions of this Agreement shall apply during and until the expiration of such extended period, except as may be otherwise specifically provided in this Agreement or in any subsequent written agreement of the parties.

2.2 Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units. Upon delivery of a Unit the Lessee will cause its agent or an employee of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit and execute and deliver to the Lessor an Acceptance Supplement in respect thereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. Units shall not be delivered to or accepted by the Lessee either subsequent to December 31, 1974, or if as a result thereof of the aggregate purchase price of all Units theretofore delivered to and accepted by the Lessee hereunder would exceed Four Million Dollars; in either such event the Lessor shall reassign to Lessee on or before January 1, 1975, its rights to purchase any remaining balance of Units, under the Assignment, not delivered or accepted as herein provided prior to January 1, 1975.

2.3 Rentals. The Lessee agrees to pay to the Lessor, as rental for each Unit subject to this Lease, (i) an initial instalment of rent payable on January 1, 1975, and (ii) 60 consecutive quarterly instalments payable on January

1, April 1, July 1 and October 1 in each year commencing April 1, 1975. The initial instalment of rent shall be in an amount equal to .035438% (computed on a per diem basis commencing with and including the date of the Acceptance Supplement relating to such Unit of each Unit under this Lease to and including January 1, 1975) of the cost. Commencing on January 1, 1975, the rent for the Units shall be in the amount set forth in the Equipment Lease Schedule or Schedules (the Schedules) to be attached hereto and shall be payable in arrears at the times above set forth.

2.4 Payment. Rent shall be paid to Lessor at its office at Post Office Box 900, Middletown, Ohio 45042, or as directed by Lessor, and shall not be abated or pro-rated for any cause or reason. Lessee's obligation to pay all rent under this Agreement shall be absolute and unconditional and shall not be affected by any circumstance, including without limitation, any set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor or any assignee of Lessor.

If any of the rental payment dates referred to above is not a business day the rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and all other federal legal holidays.

3. IDENTIFICATION MARKS

3.1 Identification Marks. The Lessee will cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto, or in the case of any Unit not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "Owned by Armco Leasing Corporation" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from

time to time may be required by law in order to protect the Lessor's title to and property in such Unit and the rights of the Lessor under this Lease. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, defaced or destroyed. The Lessee will not change the identifying number of any Unit unless and until a statement of new number or numbers to be substituted therefor shall have been filed with the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Units may be lettered with the names or initials or other insignia customarily used by the Lessee, its affiliates, or its sublessees on railroad equipment used by them of the same or similar type for convenience of identification of their rights to use the Units as permitted under this Lease.

4. TAXES

4.1 Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state or federal taxes or foreign taxes or foreign withholdings (other than any United States federal income tax payable by the Lessor in consequence of the receipt of payments provided for herein and other than the aggregate of all state or local income taxes or franchise taxes measured by net worth or by net income based on such receipts, except, but only to the extent of , any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or registration, documentation and license fees, assessments, duties, charges, fines or penalties (all such expenses, taxes, withholdings, registration, documentation and license fees, assessments, duties, charges,

finer and penalties being hereinafter called impositions) hereafter levied, imposed or assessed upon or in connection with or measured by this Lease or any possession, storage, purchase, sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which impositions the Lessee assumes and agrees to pay, or reimburse Lessor for, on demand in addition to the payments to be made by it provided for herein. Subject to the limitations hereinbefore set forth, the Lessee will also pay promptly all impositions which may be levied, imposed or assessed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Lessor solely by reason of its purchase or ownership thereof and will keep at all times all and every part of such Unit free and clear of all impositions which might in any way affect the title of the Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any impositions of any kind so long as it is contesting such impositions and the nonpayment thereof does not, in the opinion of the Lessor, adversely affect the title, property or rights of the Lessor hereunder. If any impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of an invoice therefor. The obligations of the Lessee to pay such impositions shall be deemed a rental obligation.

In the event any reports with respect to impositions are required to be made, the Lessee will either make such reports in such manner as to show the interest of the Lessor in such Units or notify the Lessor of such requirement and make such reports in such manner as shall be satisfactory to the Lessor, provided, however, that if the Lessee is not permitted to make such reports on behalf of the Lessor, it will so notify the Lessor and will furnish to the Lessor information necessary for the Lessor to make such reports with respect to the Units.

## 5. REPRESENTATIONS AND WARRANTIES

5.1 Lessor's Representations and Warranties. Lessor represents and warrants that Lessor has received whatever title was conveyed to it by the Builder and that the Units are free of liens and encumbrances which may result from any claims against Lessor not related to Lessor's ownership of the Units. Lessor further represents that it has the lawful right to lease the Units to Lessee in accordance with the terms hereof. Unless an Event of Default (as defined in Section 14 hereof) shall have occurred and be continuing, Lessor agrees to assign to Lessee, to the extent assignable, for and during the term of this Agreement, such rights as Lessor may have under any warranty with respect to the Units and hereby authorizes Lessee during the term of this Lease to obtain any customary service in connection therewith. THE WARRANTIES OF LESSOR SET FORTH IN THIS SECTION 5.1 ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, GUARANTEES OR COVENANTS OF LESSOR WHETHER STATUTORY, WRITTEN, ORAL OR IMPLIED, AND LESSOR HAS NOT AND DOES NOT HEREBY MAKE, NOR SHALL IT BE DEEMED BY VIRTUE OF HAVING LEASED THE UNITS UNDER THIS AGREEMENT TO HAVE MADE, ANY REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE WORKMANSHIP IN THE UNITS, BUT NOTHING HEREIN CONTAINED SHALL BE DEEMED TO LIMIT LESSEE FROM AVAILING ITSELF OF ANY WARRANTIES ASSIGNED BY LESSOR TO LESSEE.

5.2 Lessee's Representations and Warranties. Lessee represents and warrants that:

- (a) Lessee is a corporation duly organized and existing in good standing under the laws of the State of Ohio and is duly qualified to do business wherever necessary to carry on its present business and operations;

(b) This Agreement has been duly authorized by all necessary corporate action on the part of Lessee, does not require any shareholder approval and does not contravene any law binding on Lessee or contravene Lessee's Articles of Incorporation or Code of Regulations or any indenture, credit agreement or other contractual agreement to which Lessee is a party or by which it is bound;

(c) Neither the execution and delivery by Lessee of this Agreement nor any of the transactions by Lessee contemplated hereby require any notice, consent or approval;

(d) This Agreement constitutes a legal, valid and binding obligation of Lessee enforceable in accordance with its terms;

(e) There are no pending or threatened actions or proceedings before any court or administrative agency which may materially adversely affect Lessee's financial condition or operations;

(f) The audited balance sheet of Lessee as of December 31, 1973, and the related audited earnings statement of Lessee for the twelve months then ended (copies of which have been furnished to Lessor) correctly set forth Lessee's financial condition as of such dates and results of its operations for such periods, and since December 31, 1973, there has been no material adverse change in such condition or operations;

(g) The Units will be used and are intended to be used in connection with interstate commerce as it is defined in Section 20-C of the Interstate Commerce Commission Act.

## 6. CONDITIONS TO LESSOR'S OBLIGATION

6.1 Lessor's Obligation. Lessor's obligation to lease the Units hereunder is subject to receipt by Lessor of the

following documents, in each case in form and substance satisfactory to Lessor and its counsel:

(a) Resolutions of the Board of Directors of Lessee, certified by the Secretary or an Assistant Secretary of Lessee, duly authorizing the lease of the Units hereunder and the execution, delivery and performance of this Agreement, together with an Incumbency Certificate as to the person or persons authorized to execute and deliver this Agreement on behalf of Lessee;

(b) An opinion of counsel for Lessee, satisfactory in form and substance to Lessor, but limited to the knowledge of counsel in so far as conflict with any indenture, credit agreement or other contractual agreement, as to each of the matters set forth in Section 5.2 hereof (other than clause (f) thereof), and as to such other matters as Lessor may reasonably request; and

(c) Evidence satisfactory to Lessor as to the due compliance by Lessee with the insurance provisions of Section 10.2 hereof.

#### 7. USE OF UNITS IN UNITED STATES

The Lessee represents and warrants that the Units are being leased for use under the Lease exclusively within the continental United States.

#### 8. USE OF UNITS

The Lessee agrees, for the benefit of the Lessor, to comply in all respects with all laws of the jurisdictions in which the Units may be operated, with the interchange rules of the Association of American Railroads, if applicable, and with all lawful rules of the Department of Transportation and the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units and the

Lessee shall and does hereby indemnify the Lessor and agrees to hold Lessor harmless from and against any and all liability that may arise from any infringement or violation of any such laws or rules by the Lessor or the Lessee, or their employees or any other person. In the event that such laws or rules require alteration of the Units or in case any equipment or appliance on any such Unit shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Unit in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, changes, additions and replacements at its own expense; and the Lessee agrees at its own expense to use, maintain and operate such Unit in full compliance with such laws, regulations, requirements and rules so long as it is subject to this Lease; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor, materially adversely affect the property or rights of the Lessor hereunder.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good order and repair, ordinary wear and tear excepted.

Any and all additions to any Unit and any and all parts installed on or replacements made to any Unit shall be considered accessions to such Unit (except such as can be removed without damage to, and without impairing the originally intended function or use of such Unit and without cost or expense to the Lessor) and full ownership thereof free of any lien, charge, security interest or encumbrance shall immediately be vested in the Lessor. Upon termination of this Lease, the Lessee will restore the Units to satisfactory operating condition and to their original physical condition at the time of delivery thereof to the Lessee hereunder, ordinary wear and tear excepted.

## 9. REPORTS

9.1 Lessor's Reports. The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax, gross receipts tax, or gross income tax returns) to be filed by

the Lessor with any federal, state or other regulatory authority by reason of the ownership by the Lessor of the Units or the leasing thereof to the Lessee.

9.2 Location of Units. Upon demand Lessee shall advise Lessor where any Unit is then located and shall permit persons designated by Lessor to examine each Unit.

9.3 Accidents. Lessee shall immediately notify Lessor of each accident arising out of the alleged or apparent improper manufacturing, functioning or operation of any Unit, the time, place and nature of the accident and damage, the names and addresses of parties involved, persons injured, witnesses and owners of property damaged, and such other information as may be known, and promptly advise Lessor of all correspondence, papers, notices and documents whatsoever received by Lessee in connection with any claim or demand involving or relating to improper manufacturing, operation or functioning of any Unit or charging Lessor with liability, and, together with Lessee's employees, aid in the investigation and defense of all such claims and shall aid in the recovery of damages from third persons liable therefor.

9.4 Additional Reports. Lessee shall also furnish to Lessor such additional information concerning the location, condition, use and operation of the Units as Lessor may reasonably request from time to time and Lessee shall permit any person designated by Lessor to visit and inspect the Units and the records maintained in connection therewith and to discuss the affairs, finances and accounts of Lessee with the principal officers of Lessee, all at such reasonable times as often as Lessor may reasonably request.

9.5 Tax Liens. Lessee shall notify Lessor in writing within ten days after any day on which any tax in respect of which any tax lien has attached to any Unit becomes overdue, of the location of such Unit on such day.

9.6 Financial Reports. Lessee shall, on or before March 31 in each year, furnish the Lessor in duplicate copies of Lessee's financial reports as of the preceding December 31, including Lessee's most recent annual report and balance sheet and profit and loss statement, certified by either a recognized firm of Certified Public Accountants or by the chief financial officer of Lessee. Unaudited quarterly statements so certified shall be furnished as requested by Lessor within ninety days of the close of each quarter. In addition, Lessee shall, concurrently with the filing thereof, furnish Lessor with copies of all reports filed with the Securities and Exchange Commission.

## 10. ASSUMPTION OF RISK, INSURANCE AND INDEMNIFICATION

### 10.1 Assumption of Risk.

Lessee assumes all risks and liability for each Unit leased hereunder and shall be liable for and shall save and hold harmless the Lessor against any and all claims, suits, damages, penalties, liabilities, costs and attorney's fees arising out of the use, operation and storage of the Unit which result in death, injury, sickness or disease to persons or damage to property, including loss of use thereof. Nothing in the foregoing shall constitute any admission by Lessee to any third party of any liability or responsibility in respect of any Unit, such assumption being exclusively for the benefit of the Lessor and its assigns.

10.2 Insurance. Lessee will cause Lessor to be named as an additional insured on any physical damage and liability insurance policies maintained by Lessee in the normal course of its business. Notwithstanding the immediately preceding sentence, however, Lessee may "self-insure".

10.3 Indemnification. Lessee does hereby assume liability for, and does hereby agree to indemnify, protect, save and keep harmless Lessor and its successors, representatives, assigns, agents, and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including legal expenses, of whatsoever kind and nature, imposed on, incurred by or asserted against Lessor or its successors, assigns, agents and servants (whether or not also indemnified against by any other person) in any way relating

to or arising out of manufacture, purchase, acceptance or rejection, ownership, delivery, lease, possession, use, operation, condition, return or other disposition of the Units (including, without limitation, patent and other defects, whether or not discoverable by Lessor or Lessee, and any claim for patent, trademark or copyright infringement). Lessee agrees to give Lessor and Lessor agrees to give Lessee prompt written notice of any claim or liability hereby indemnified against. All the indemnities contained in this Section 10 shall as to matters arising during the term hereof continue in full force and effect notwithstanding the expiration or other termination of this Lease. Notwithstanding anything to the contrary contained in this Section, any legal fees incurred by either party hereto in connection with any dispute between Lessor and Lessee as to this Agreement shall be borne by the party for whose benefit such fees were incurred.

#### 11. DAMAGE TO EQUIPMENT, CONDEMNATION

Lessee assumes all risks of loss, theft or destruction of, and damage to, each Unit, howsoever occasioned and shall defend and hold Lessor harmless from any thereof and from all claims and liens for storage, labor and materials incurred by Lessee in connection with any Unit. Should a Unit be damaged so as to preclude its use for the purpose intended by reason of any cause for which Lessor shall be indemnified pursuant to any collectible insurance pertaining to such Unit and should Lessor have made a full insurance recovery with respect thereto in an amount not less than the "Stipulated Loss Value" specified in the Schedule, this Agreement shall terminate as to such Unit; provided, however, that upon mutual agreement of Lessor and Lessee the proceeds of such insurance recovery may be applied to the repair or replacement of such Unit. Should a Unit be damaged so as to preclude its use for the purpose intended by reason of any cause for which Lessor shall not be fully indemnified pursuant to any collectible insurance pertaining to such Unit and should Lessor have made an insurance recovery with respect thereto in an amount which is less than the Stipulated Loss Value specified in the Schedule and should such Unit be capable of repair, Lessee shall repair the same at its cost and the proceeds of the insurance recovery shall be applied to the cost of such repair. Should a Unit be damaged beyond repair or be lost, stolen or wholly destroyed by reason of any cause

for which Lessor shall not be fully indemnified pursuant to any insurance pertaining to such Unit or if any Unit shall be taken or requisitioned by condemnation or otherwise under authority of law and such taking or requisition shall have exceeded 120 days or shall extend beyond the term of this Lease, then this Agreement shall cease and terminate as to such Unit as of the date of the occurrence of the event requiring payment to be made and no rental payment shall be due thereafter and Lessee shall pay Lessor the Stipulated Loss Value specified in the Schedule, less the amount of any insurance recovery received by Lessor and/or the proceeds of such condemnation, provided, however, that if the proceeds of such condemnation shall exceed the Stipulated Loss Value the excess thereof shall belong to the Lessor. Any Stipulated Loss Value required to be paid by the Lessee under this Section 11 shall be computed as of the date of the occurrence of the event requiring such payment to be made. Payment of such Stipulated Loss Value (together with interest thereon at the rate of 12% per annum from the date of such occurrence until the date of payment) shall be made by Lessee within 30 days of the date of such occurrence, except that with respect to a taking or requisition by condemnation or otherwise under authority of law such payment shall be made within 120 days of the date of the occurrence.

## 12. ASSIGNMENT; POSSESSION AND USE

12.1 Assignment by Lessor. Lessee acknowledges and understands that the terms and conditions of this Agreement have been agreed to by Lessor in anticipation of its being able to assign its interest under this Agreement and in and to the Units leased hereunder to a bank or other lending institution or to others having an interest in the leased Units or this transaction, all or some of which will rely upon and be entitled to the benefit of the provisions of this Section 12.1; and Lessee agrees with Lessor and with such bank or other lending institution or such other party (for whose benefit

this covenant is expressly made) and in consideration of the provisions hereof, as follows: (i) to recognize any such assignment upon due notice from the then assignor and assignee, (ii) to accept the directions or demands of such assignee in place of those of Lessor, (iii) to surrender any leased property only to such assignee, (iv) to pay all rent payable hereunder and to do any and all things required of Lessee hereunder and not to terminate this Agreement, notwithstanding any default by Lessor or the existence of any offset as between Lessor and Lessee or the existence of any other liability or obligation of any kind or character on the part of Lessor to Lessee whether or not arising hereunder, and (iv) not to require any assignee of this Agreement to perform any duty, covenant or condition required to be performed by Lessor under the terms of this Agreement, all rights of Lessee in any such connection being hereby waived as to any and all such assignees; provided, however, that nothing contained in this Section 12.1 shall relieve Lessor from its obligations to Lessee hereunder.

This Lease and the Lessee's right and interest herein, and in the options to renew this Lease and in the rights, obligations and options to purchase the Units as herein provided shall be prior to each and every deed of trust or mortgage or other security instrument and each such instrument, whether heretofore, now or hereafter in existence, shall in all respects be subject and subordinate to this Lease and the Lessee's right and interest herein and in such renewals, rights, obligations and options.

12.2 Possession, Assignment and Sublease by Lessee. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease.

So long as the Lessee shall not be in default under this Lease, the Lessee may at any time and from time to time sublet the Units or any one or more of them and may also assign this Lease in its entirety, or in respect of one or more Units, to any other subsidiary of American Electric Power Company, Inc. but no such sublease or assignment shall release the Lessee from its obligations hereunder. The Lessee may also furnish the Units or any part thereof for use upon lines of railroad over which it has trackage rights and upon connecting and other carriers in the usual interchange of traffic, or to other than railroad companies.

### 13. RENEWAL AND PURCHASE OPTIONS

13.1 Lessee's Option to Renew. Provided that the Lessee is not in default hereunder, the Lessee may, by written notice delivered to the Lessor not less than 120 days prior to the end of the original term of this Lease or any extended term thereof, as the case may be, elect to extend the term of this Lease in respect of all or less than all of the then existing Units then covered by this Lease for three successive periods of five years each, the first such period to commence on the scheduled expiration of the original term of this Lease, and the final such period to terminate on December 31, 2004, at annual rentals equal to the then "fair rental value", payable annually in advance. The fair rental value of the Units shall be determined by an appraiser selected by mutual agreement of the Lessor and the Lessee. If the Lessor and the Lessee are not able to agree upon an appraiser by a date 120 days prior to the end of the term, the fair rental value shall be determined by American Appraisal Company. Unless the Lessee has given the Lessor 120 days notice as required in connection with the exercise of the foregoing renewal options or unless the Lessor has exercised its rights pursuant to Section 17, the Units shall be returned to the Lessor.

13.2 Lessee's Option to Purchase. Subject to Lessor's rights pursuant to Section 17 hereof and provided that the Lessee is not in default hereunder, the Lessee shall have the right to purchase all or less than all of the then existing Units then covered by this Lease, free and clear of all liens and encumbrances. Such rights shall be exercised by Lessee's giving Lessor written notice not less than 120 days prior to the end of the original term of this Lease or any extended term thereof, as the case may be. At the end of such term Lessee shall pay Lessor an amount equal to the fair market value of such Units. The "fair market value" of the Units shall be determined by an appraiser selected by mutual agreement of the Lessor and the Lessee. If the Lessor and the Lessee are not able to agree upon an appraiser by a date of 120 days prior to the end of the original term, the fair market value shall be determined by American Appraisal Company. In the event of the exercise by Lessee of the option contained in this paragraph, Lessee shall be obligated to continue paying rent under the Lease until the Lessee has made payment to the Lessor of the amount required by this paragraph.

#### 14. DEFAULTS

14.1 Defaults; Remedies. If during the continuance of this Lease one or more of the following events ("Events of Default") shall occur:

(a) default shall be made in the payment when due of the rent herein provided and such default shall continue for ten (10) days after written notice thereof by Lessor; or

(b) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for ten days after written notice from the Lessor to the Lessee specifying the default and demanding the same to be remedied; or

(c) a decree or order by a court having jurisdiction in the premises shall have been entered (i) adjudging the Lessee a bankrupt or insolvent, or (ii) approving as properly filed a petition seeking reorganization of the Lessee under the Bankruptcy Act or any other state or federal law relating to bankruptcy or insolvency, or (iii) for the appointment of a receiver or liquidator or trustee in bankruptcy or insolvency of the Lessee or of its property or any substantial portion of its property, or (iv) for the winding up or liquidation of the affairs of the Lessee, and such decree or order shall have remained in force undischarged and unstayed for thirty (30) days; or

(d) the Lessee shall (i) institute proceedings to be adjudged a voluntary bankrupt, or (ii) consent to the filing of a bankruptcy proceeding against it, or (iii) file a petition or answer or consent seeking reorganization or readjustment under the Bankruptcy Act or any other state or federal law, or otherwise invoke any law for the aid of debtors, or consent to the filing of any such petition, or (iv) consent to

the appointment of a receiver or liquidator or trustee in bankruptcy or insolvency of it or of its property or any substantial portion of its property, or (v) make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or (vi) take any corporate action in furtherance of any of the aforesaid purposes;

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

(A) proceed by appropriate court action or actions either at law or in equity to enforce performance by Lessee of the applicable covenants and terms of this Agreement and to recover from Lessee any and all damages or expenses, including reasonable attorneys' fees, which Lessor shall have sustained by reason of Lessee's default in any covenant or covenants of this Agreement or on account of Lessor's enforcement of its remedies hereunder; or

(B) terminate Lessee's right under this Agreement and take possession of all of the equipment leased hereunder (damages occasioned by such taking of possession are hereby expressly waived by Lessee), and thereupon Lessee's right to the possession thereof shall terminate. In the event of any such repossession, Lessor shall either (i) lease the Units or any portion thereof for such period and rent, and to such persons, as Lessor shall elect or (ii) sell the Units or any portion thereof at public or private sale and without notice of intention to sell. If any Unit is sold, leased or otherwise disposed of pursuant to this clause (B), Lessee shall be liable to Lessor for, and Lessor may recover from Lessee, as liquidated damages for the breach of this Agreement, but not as a penalty, and as reasonable rent for the use of such Unit and for the depreciation thereof, the amount by which the proceeds of such lease, sale or other disposition, less expenses of retaking, storage, repairing and lease, sale or other disposition, and reasonable attorneys' fees incurred by Lessor is less than the sum of (1) all due and unpaid rent for such Unit, (2) the Stipulated Loss Value as of the date of repossession by Lessor, (3) an amount equal

to accrued taxes, and other amounts payable hereunder by Lessee with respect to such Unit (4) all costs, expenses, losses and damages incurred or sustained by Lessor by reason of such default and (5) interest at the rate of 12% per annum on each of the foregoing and on all sums not paid when due under any provision of this Agreement. If on the date of such termination or repossession, any Unit or any part thereof be damaged, lost, stolen or destroyed, or be subject to any levy, seizure, assignment, application or sale for or by any creditor or governmental agency, Lessee shall also remain liable for the Stipulated Loss Value pertaining to such Unit less the amount of any insurance recovery received by Lessor in connection therewith.

#### 15. RETURN OF UNITS UPON DEFAULT

If the Lease shall terminate pursuant to Section 14 thereof, the Lessee shall, upon notice from Lessor, forthwith deliver possession of the Units to the Lessor. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

A. Forthwith place such Units upon such storage tracks as the Lessor reasonably may designate,

B. permit the Lessor to store such Units on such tracks at the risk of the Lessee until the earlier of the date all such Units have been sold, leased or otherwise disposed of by the Lessor and the 270th day from the date the Lessee shall have placed the Units on such storage tracks, and

C. transport the same to any connecting carrier for shipment, all as directed by the Lessor.

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The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as its agent and attorney, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Unit.

16. RETURN OF UNITS UPON EXPIRATION  
OF TERM

As soon as practicable on or after the expiration of the original or extended term of this Lease with respect to any Unit not purchased by the Lessee, the Lessee will (unless the Units are purchased by the Lessee pursuant to Section 13.2 hereof) at its own cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks as the Lessor may reasonably designate, or, in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Unit on such tracks for a period not exceeding three months and transport the same, at any time within such three-month period, to any reasonable place on lines of railroad, or to any connecting carrier for shipment, all as directed by the Lessor by not less than 30 days'

written notice, the movement and storage of such Units to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any Unit, to inspect the same during normal business hours; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction on the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. If the Lessor shall elect to abandon any Unit which has suffered a loss as described in Section 11 of the Lease or if, after the expiration of the Lease, the Lessor shall elect to abandon to the Lessee any Unit, it may deliver written notice to such effect to the Lessee and the Lessee shall thereupon assume and hold the Lessor harmless from all liability arising in respect of any responsibility of ownership thereof, from and after receipt of such notice.

#### 17. LESSOR'S OPTION TO REQUIRE LESSEE TO PURCHASE

Notwithstanding Lessee's option to purchase the Units pursuant to Section 13.2 hereof the Lessor at its sole discretion may require the Lessee to purchase, at the price set forth in the Schedule at the end of the original term, Units with respect to which Lessee has not exercised the renewal option set forth in Section 13.1 hereof. Lessor shall give Lessee written notice not less than 60 days prior to the end of the original term, of its election to exercise such option to require Lessee to purchase the Units. Payment by Lessee of the purchase price shall be made at the end of such term at the place of payment specified in Section 2.4 hereof in funds there current against delivery of a bill of sale transferring the Units to the Lessee. The purchase price shall bear interest for the period, if any, from the date of expiration of

such term to the date of payment at the maximum lawful rate or one percent (1%) per month, whichever is less.

18. FEDERAL INCOME TAXES

Lessor, as the owner of each Unit, shall be entitled to such deductions, credits and other benefits as are provided by the Internal Revenue Code of 1954, as amended to the date hereof (hereafter called the "Code"), to an owner of property, including without limitation, (i) an allowance for an investment tax credit equal to four percent (4%) of the purchase price (cost) of each Unit and (ii) an allowance for depreciation based on the maximum depreciation deduction possible using any accelerated method and Asset Depreciation Range to the extent permitted by the Code. Accordingly, Lessee represents and warrants that (i) at the time Lessor becomes the owner of the Units, the Units constitute "new Section 38 property" within the meaning of Section 48 (b) of the Code and at such time, the Units have not been used by any person so as to preclude "the original use of such property" within the meaning of Section 48(b) and 167(c)(2) of the Code from commencing with the Lessor and (ii) at all times during the term of this Agreement, each Unit will constitute "Section 38 property" within the meaning of Section 48(a) of the Code.

If there shall be a disallowance, elimination, recomputation, reduction or disqualification (hereinafter called "Loss"), in whole or in part, of such investment tax credit with respect to the Units, Lessee shall, within ten days after receipt of written request from Lessor pay to Lessor as additional rent an amount which, after deduction of federal and state income taxes, interest and penalties required to be paid by Lessor with respect to the receipt of such additional rent, is equal to such Loss of such investment tax credit.

If there shall be a Loss, in whole or in part, of the claimed depreciation deduction for any Unit based on the purchase price (cost) of such Unit to Lessor, Lessee shall, after written request of Lessor pay to Lessor additional rent to compensate Lessor for the consequent lost cumulative deferral of income tax liability, which may exist thereafter from time to time, as determined by Lessor. Such additional rent shall be an amount which will, in the reasonable opinion of Lessor, cause Lessor's net yield in respect of such Unit to equal the net yield that Lessor would have received if Lessor had not suffered a Loss with respect to the claimed depreciation deduction. Such additional rent shall be paid commencing with the first periodic rental payment due after Lessor notified Lessee of the required additional rent.

Notwithstanding the provisions of the two immediately preceding paragraphs of this Section 18, Lessee shall not be required to make any payment on account of any Loss due solely to (1) the failure of Lessor to have any federal income tax liability against which to apply such investment tax credit or the inability of Lessor or the affiliated group of which it is a member to utilize the investment tax credit as a result of the limitation imposed by Section 46(a)(2) of the Code, (2) the failure to properly claim such investment tax credit and depreciation deductions on the tax returns filed by Lessor or the affiliated group of which it is a member, (3) the sale or other disposition of any Unit or the Lease by Lessor prior to any default by Lessee or (4) any change in or modification of the Internal Revenue Code other than changes or modifications affecting as such depreciation deductions or the investment tax credit.

In the event the Internal Revenue Service proposes an adjustment to investment tax credits or depreciation deductions claimed on a United States corporation income tax return of Lessor or the affiliated group of which it is a member, which adjustment, if successful, could result in a Loss for which Lessee would be required to indemnify Lessor pursuant to this Section 18, Lessor hereby agrees to exercise in good faith its best efforts, determined by Lessor in its sole discretion to be reasonable, proper and consistent with the overall tax interests of Lessor and its affiliated companies and not requiring administrative or judicial proceedings beyond the level of an Internal Revenue Service examining agent, to avoid requiring Lessee to pay such indemnity. Lessor agrees (a) to promptly notify Lessee in writing of such proposed adjustment, (b) to permit Lessee to participate in the proceedings related thereto and (c) at the request of Lessee to request that the issues on which the proposed adjustment is based be referred to the National Office of the Internal Revenue Service for technical advice, to exercise all available appeal rights in the event such request for referral for technical advice is denied, and to allow Lessee to submit statements of fact, law and argument in connection with such request for technical advice, provided that prior to requesting such technical advice Lessor shall have received an opinion of Lessor's independent tax counsel to the effect that a meritorious defense exists to such adjustment. Lessor's obligation to contest such adjustment and to take action under (b) and (c) above is conditioned on Lessee having agreed to indemnify Lessor in a manner satisfactory to Lessor for any liability or loss which Lessor may incur as a result of contesting such adjustment and shall have agreed to pay Lessor on demand all costs and expenses which Lessor may incur in connection with contesting such adjustment

including without limitation (A) reasonable attorneys' accountants', engineers' and like professional fees and disbursements, and (B) in the event that Lessor shall elect to contest the adjustment by paying the tax claimed and then seeking a refund thereof, an amount equal to 12% per annum interest on the amount of such tax computed from the date of payment of such tax to the date of final determination of such adjustment, such amount to be payable in equal installments within each calendar year on the dates on which rent for such period is payable. Upon receipt by Lessor of a refund of any federal income tax paid by it in respect of which Lessee has paid an amount equal to interest at the rate of 12% while such tax payment was contested by Lessor, any interest on such refund paid to the Lessor by the United States Government shall be paid to Lessee forthwith upon receipt by Lessor.

Lessee's agreement to pay any sums which may become payable pursuant to this Section 18 shall survive the expiration or other termination of this Agreement.

19. OPTION OF LESSEE TO PURCHASE UNITS  
UNDER CERTAIN CONDITIONS

Provided that the Lessee is not in default hereunder, the Lessee shall have the right to purchase all but not less than all of the then existing Units then covered by this Lease, free and clear of all liens and encumbrances, if, pursuant to the provisions of the third paragraph of Section 18 of the Lease, Lessee is required to pay additional rent with respect to a Loss (as defined in such paragraph) of the claimed depreciation deductions for such Units because of a change in or modification of the Internal Revenue Code affecting as such the depreciation deductions allowable with respect to the Units. Such right shall be exercised by Lessee giving Lessor 120 days' written notice of the date on which such purchase shall occur. On such date Lessee shall pay Lessor an amount equal to the higher of the Stipulated Loss Value in effect on such date with respect to such Units or the fair market value of such Units. Fair market value shall be determined as set forth in Section 13.2 of the Lease. In the event of the exercise by Lessee of the option contained in this paragraph, the Lessee shall be obligated to continue paying rent under the Lease until the Lessee has made payment to the Lessor of the amount required by this paragraph.

20. RECORDING; EXPENSES

The Lessee will, at the expense of the Lessee, cause the Lease and any assignment thereof to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act.

21. COMMITMENT FEE

On December 31, 1974, Lessee shall pay to Lessor as a commitment fee an amount equal to 1% of the aggregate cost of the Units which have not as of such date been accepted by Lessee pursuant to the terms of the Lease. Lessor shall not be obligated to lease to Lessee any Units that are not accepted by Lessee pursuant to the terms of the Lease on or before December 31, 1974.

22. QUIET POSSESSION

Lessor covenants that it is the lawful owner of the Units leased hereunder and that, conditioned upon Lessee's performing the covenants, conditions and agreements hereof, Lessee shall peaceably and quietly hold, possess and use such Units during the term of this Agreement. Anything in Section 2.4 to the contrary notwithstanding, in the event that Lessor shall default in the payment of either principal of or interest on any indebtedness secured by any mortgage or mortgages which constitute a first mortgage on any such Unit, Lessee shall have the right to pay the amount so in default, and the amount so paid by Lessee shall, at its option, be credited against rentals due or thereafter becoming due.

23. FURTHER ASSURANCES

Lessee will promptly and duly execute and deliver to Lessor such further documents and assurances and take such further action as Lessor may from time to time reasonably request in order to carry out more effectively the intent and purpose of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of Lessor hereunder.

## 24. MISCELLANEOUS

Nothing herein contained shall give or convey to Lessee any right, title or interest in and to any Unit leased hereunder except as a lessee. The obligations of Lessor hereunder shall be suspended to the extent that it is hindered or prevented from complying therewith because of labor disturbances (including strikes and lockouts), war, acts of God, fires, storms, accidents, governmental regulations or interference or any cause whatever beyond its control. No obligation of Lessor hereunder shall survive the term of the lease of any Unit or sooner termination of this Agreement, and should Lessor permit the use of any Unit beyond the term specified therefor, the obligations of Lessee hereunder shall continue and such permissive use shall not be construed as a renewal of the term hereof nor as a waiver of any right or continuation of any obligation of Lessor hereunder, and Lessor may take possession of any such Unit at any time upon demand after thirty (30) days' notice. Any cancellation or termination by Lessor, pursuant to the provisions of this Agreement, any Schedule, supplement or amendment hereto or the lease of any Unit hereunder, shall not release Lessee from any then outstanding obligations to Lessor hereunder. This instrument, the Schedule and the Acceptance Supplement constitute the entire agreement between the parties and there are no warranties (in respect of the Units or otherwise) or restrictions, express or implied, or collateral or contemporaneous agreements that affect its import other than such as are contained herein. This Agreement, the Schedule and the Acceptance Supplement may be modified, amended or mutually rescinded only by a written instrument executed by each of the parties hereto. This Agreement shall be binding upon and shall inure to the benefits of the parties hereto and their respective successors and assigns, subject to Section 12.1 hereof. Time is of the essence of this Agreement. This Agreement shall be construed in accordance with the laws of the State of Ohio.

## 25. VOLUNTARY TERMINATION BY LESSEE

In the event that any Unit or Units shall have become obsolete or surplus to Lessee's requirements, Lessee shall have the right at its option at any time and from time to time, upon not less than 60 days' prior written notice to Lessor designating the termination date, to terminate this Lease, with respect to such Unit or Units, provided that no Event of Default shall have

occurred and be continuing. During the period from the giving of such notice until such termination date, Lessee, as agent for Lessor, shall use its best efforts to obtain bids for the purchase of such Unit or Units. Lessee shall certify to Lessor in writing the amount of each bid received by Lessee and the name and address of the party (who shall be a principal only and who shall not be Lessee or any corporation affiliated with Lessee) submitting such bid. Unless Lessee shall notify Lessor at least 30 days prior to such termination date that Lessee considers the highest bid certified by Lessee or otherwise obtained by Lessor to be below the fair market value, Lessor, on such termination date, shall sell the Unit or Units, against receipt in cash of the full amount of the purchase price, to the bidder submitting such highest bid and shall transfer to such purchaser all of Lessor's right, title and interest in and to such Unit or Units, without warranty. The total sale price realized at such sale shall be retained by Lessor and, in addition, on the date of sale, Lessee shall pay to Lessor as liquidated damages for loss of the bargain and not as a penalty the amount, if any, by which the Termination Value of the Unit or Units as set forth in the Schedule exceeds such sale price, after deducting any reasonable expenses incurred by Lessor in selling such Unit or Units and transferring title thereto, whereupon the obligation of Lessee to pay rent hereunder with respect to such Unit or Units due and payable after, but not on or before, the date of such sale shall terminate. If no sale shall be made pursuant to such notice of termination, this Lease shall continue in full force and effect with respect to such Unit or Units.

## 26. NOTICES

Any notices required or permitted under this Lease, or by law in respect of this Lease, shall be in writing and shall be deemed to have been duly given when personally delivered or when deposited in the mail, first class, postage prepaid, or when sent by prepaid telegraph addressed to the party required to receive the same at the address set forth below such party's signature hereto, or to such other address as such party shall specify by like notice.

IN WITNESS WHEREOF, the parties hereto have caused

this instrument to be executed on the date first above written but as of the day of the commencement of the term of this Lease.

(Corporate Seal)

ARMCO LEASING CORPORATION, *JWT*  
Lessor

Attest:

*L. K. MacLean*

Vice President  
Contract Administration

By *James J. Collins*

Title *PRESIDENT*

Address: *P.O. Box 900  
MIDDLETOWN, OHIO 45042*

(Corporate Seal)

OHIO POWER COMPANY  
Lessee

Attest:

*John M. Burt*  
*Secretary*

By *J. M. Burt*

Title *Vice President*

Address: *P.O. Box 18  
Bowling Green Station  
New York, NY 10004*

SCHEDULE TO  
LEASE OF RAILROAD EQUIPMENT  
DATED AS OF DECEMBER 3, 1974  
BETWEEN  
ARMCO LEASING CORPORATION  
AND  
OHIO POWER COMPANY

No. XXXXX-1

1. DESCRIPTION OF EQUIPMENT: 160 newly manufactured Bethlehem Steel Corporation 100-ton, three-pocket open hopper cars bearing road numbers AEPX-851 to AEPX-1010 inclusive. Total Cost--\$4,030,854.4
2. LOCATION: OF EQUIPMENT: To be used in interstate commerce.
3. TERM: The term commences on the date of the Acceptance Supplement with respect to the Units covered thereby and continues for a period of 15 years commencing on January 1, 1975 with respect to all Units accepted pursuant to the terms of the Lease.
4. RENT: A. Interim rent as set forth in Section 2.3 of the Lease, payable on January 1, 1975.  
B. Total rent for 15-year term commencing January 1, 1975:  
..... \$7,713,660.00  
Payable quarterly in arrears commencing on January 1, 1975 at the rate of \$128,561.00 each quarter.
5. STIPULATED LOSS VALUE AND TERMINATION VALUES: Amount to be paid pursuant to Sections 11 and 25 of the Lease:  
  
See Attachment A.
6. LESSOR'S OPTION TO REQUIRE LESSEE TO PURCHASE: The purchase price pursuant to Section 17 is \$1,889.00 per Unit.
7. LESSEE'S OPTION TO RENEW THE LEASE: Pursuant to Section 13.1 of the Lease, Lessee shall pay the then Fair Rental Value annually in advance.
8. IDENTIFICATION OF EQUIPMENT: As described in Acceptance Supplement.

APPROVED AND AGREED TO this 12th day of December, 1974,  
as schedule to and a part of the Lease of Railroad Equipment  
dated as of the 3rd day of December, 1974.

OHIO POWER COMPANY

ARMCO LEASING CORPORATION

Lessee

Lessor

By

Title:

(SEAL)

By

Title:

By

Title: President

(SEAL)

By

Title: Vice President

Contract Administration

ARMCO LEASING CORPORATION  
ATTACHMENT A

"STIPULATED LOSS VALUES" AND "TERMINATION VALUES" OF ANY UNIT OF THE EQUIPMENT AS OF ANY PARTICULAR DATE SHALL MEAN THE PRODUCT DERIVED FROM MULTIPLYING (1) THE PERCENTAGE FIGURE OPPOSITE THE NOTATION FOR THE APPROPRIATE TIME PERIOD AS SET FORTH IN THE TABLE BELOW BY (2) THE PURCHASE PRICE OF SUCH UNIT.

STIPULATED LOSS AND TERMINATION VALUES TABLE

| BEFORE RENTAL PAYMENT |   |   | % OF PRICE |
|-----------------------|---|---|------------|
| "                     | " | " | 100.0000   |
| "                     | " | " | 100.5705   |
| "                     | " | " | 101.0780   |
| "                     | " | " | 101.5224   |
| "                     | " | " | 101.9039   |
| "                     | " | " | 102.2223   |
| "                     | " | " | 102.4777   |
| "                     | " | " | 102.6701   |
| "                     | " | " | 102.7995   |
| "                     | " | " | 102.8659   |
| "                     | " | " | 102.8692   |
| "                     | " | " | 102.8096   |
| "                     | " | " | 102.6869   |
| "                     | " | " | 99.9371    |
| "                     | " | " | 99.6884    |
| "                     | " | " | 99.3767    |
| "                     | " | " | 99.0019    |
| "                     | " | " | 98.5642    |
| "                     | " | " | 98.0634    |
| "                     | " | " | 97.4996    |
| "                     | " | " | 96.8728    |
| "                     | " | " | 93.6189    |
| "                     | " | " | 92.8661    |
| "                     | " | " | 92.0502    |
| "                     | " | " | 91.1713    |
| "                     | " | " | 90.2295    |
| "                     | " | " | 89.2246    |
| "                     | " | " | 88.1567    |
| "                     | " | " | 87.0257    |
| "                     | " | " | 83.2677    |
| "                     | " | " | 82.0107    |
| "                     | " | " | 80.6908    |
| "                     | " | " | 79.3078    |
| "                     | " | " | 77.8618    |
| "                     | " | " | 76.3528    |
| "                     | " | " | 74.7807    |
| "                     | " | " | 73.1457    |
| "                     | " | " | 71.4476    |
| "                     | " | " | 69.6866    |
| "                     | " | " | 67.8625    |

STIPULATED LOSS AND TERMINATION VALUES TABLE

|                       |   |   |            | % OF PRICE |
|-----------------------|---|---|------------|------------|
| BEFORE RENTAL PAYMENT |   |   | 41         | 65.9754    |
| "                     | " | " | 42         | 64.0252    |
| "                     | " | " | 43         | 62.0121    |
| "                     | " | " | 44         | 59.9359    |
| "                     | " | " | 45         | 57.7968    |
| "                     | " | " | 46         | 55.5946    |
| "                     | " | " | 47         | 53.3294    |
| "                     | " | " | 48         | 51.0012    |
| "                     | " | " | 49         | 48.6100    |
| "                     | " | " | 50         | 46.1557    |
| "                     | " | " | 51         | 43.6384    |
| "                     | " | " | 52         | 41.0582    |
| "                     | " | " | 53         | 38.4149    |
| "                     | " | " | 54         | 35.7086    |
| "                     | " | " | 55         | 32.9393    |
| "                     | " | " | 56         | 30.1069    |
| "                     | " | " | 57         | 27.2116    |
| "                     | " | " | 58         | 24.2532    |
| "                     | " | " | 59         | 21.2318    |
| "                     | " | " | 60         | 18.1474    |
|                       |   |   | THEREAFTER | 15.0000    |

CERTIFICATE OF ACCEPTANCE AND DELIVERY

To: Bethlehem Steel Corporation

I, a duly authorized inspector and authorized representative for (i) (hereinafter called the Lessor) for purposes of the Assignment of Purchase Agreement dated as of December 3, 1974 (hereinafter called the Assignment), between the Lessor, Ohio Power Company (hereinafter called the Lessee), and American Electric Power Service Corporation and for (ii) the Lessee for purposes of the Lease of Railroad Equipment dated as of December 3, 1974, between the Lessor and the Lessee (hereinafter called the Lease), DO HEREBY CERTIFY as follows:

Under the authority of the Lessor, I have inspected the units of equipment specified in Schedule A, attached hereto and made a part hereof, and such units conform to the description, quality and specifications as described in the Original Contract (as defined in the Assignment) and such units have been delivered to and hereby are accepted by the Lessor at Johnstown, Pennsylvania.

Under the authority of the Lessee, I further certify that the units of equipment described in Schedule A hereto have been inspected and hereby are accepted on behalf of the Lessee and that each unit is in good order and condition.

I DO FURTHER CERTIFY that there is plainly, distinctly, permanently and conspicuously marked on each side of each said units the following legend in letters not less than one inch in height:

"Owned by

Dated                      , 1974

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AMENDMENT TO SCHEDULE TO LEASE OF  
RAILROAD EQUIPMENT

AMENDATORY AGREEMENT, dated as of September 17, 1975, between ARMCO LEASING CORPORATION, an Ohio corporation (hereinafter called the "Lessor"), and OHIO POWER COMPANY, an Ohio corporation, (hereinafter called the "Lessee"),

WITNESSETH:

WHEREAS, Lessor and Lessee are parties to a LEASE OF RAILROAD EQUIPMENT dated as of December 3, 1974 (hereinafter called the "Lease"), and;

WHEREAS, Lessor and Lessee are parties to an Assignment of Purchase Agreement dated as of December 3, 1974 (hereinafter called "Purchase Agreement"), and;

WHEREAS, Lessor and Lessee are parties to a SCHEDULE to the Lease bearing No. XXXXX-1, which Schedule was approved and agreed to by Lessor and Lessee on December 12, 1974, and;

WHEREAS, the terms of the Purchase Agreement provide for certain increases in the cost of the Units under the Lease and it has been determined that such cost increases have been incurred, and;

WHEREAS, the Lessor and Lessee desire to include said cost increases in the total cost of the Units under the Lease and amend the Schedule in the manner set forth below;

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

1. The total cost of the 160 newly manufactured Bethlehem Steel Corporation 100-ton, three pocket open hopper cars bearing road numbers AEPX-851 to AEPX-1010 inclusive is \$4,164,187.20.

2. The total rent for the 15 year term commencing January 1, 1975 is \$7,968,840.00 payable quarterly in arrears commencing January 1, 1975 at the rate of \$132,814.00 each quarter. Lessee shall pay Lessor the sum of \$8,506.00 concurrently with execution of this Amendatory Agreement.

3. The purchase price pursuant to Section 17 of the Lease is \$1,952.00 per unit.

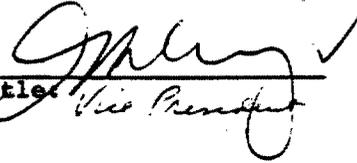
4. It is understood and agreed that this Amendatory Agreement shall be filed in the appropriate records of the Interstate Commerce Commission at Lessee's sole expense.

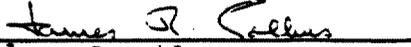
All other terms and conditions of the Schedule and the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendatory Agreement as of the day and year first above written.

OHIO POWER COMPANY  
Lessee

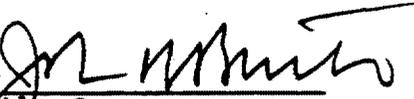
ARMCO LEASING CORPORATION  
Lessor

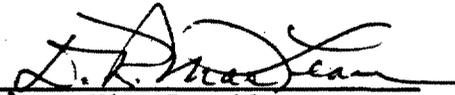
By   
Title: Vice President

By   
Title: President

(SEAL)

(SEAL)

By   
Title: Secretary

By   
Title: Vice President -  
Contract Administration