

RECORDATION NO. 8048-E Filed 1425  
COMMUNICATION NO. 8048-E Filed 1425  
JUN 7 1985 11 00 AM  
INTERSTATE COMMERCE COMMISSION

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8048-E  
11:00 a.m.  
6/7/85

The Pittsburgh and Lake Erie Railroad Company

5-158A030

May 29, 1985

Interstate Commerce Commission  
Twelfth Street and Constitution Avenue, N.W.  
Washington, D.C. 2043

No.   
Date JUN 07 1985  
Fee \$ 10.00  
ICC Washington, D.C.

Attention: Secretary

Dear Secretary:

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

The enclosed document, a secondary document, is an amendment to a lease and is dated as of May 1, 1985.

The primary document to which the enclosed document is connected was recorded with the Interstate Commerce Commission on September 15, 1975 under Recordation No. 8048.

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

Lessor: Sanwa General Equipment Leasing,  
Incorporated, formerly known as  
CI General Equipment Leasing  
Corporation  
1 South Wacker Avenue, 37th Floor  
Chicago, Illinois 60606

(PLEASE INDEX UNDER BOTH THE NAMES OF  
"SANWA GENERAL EQUIPMENT LEASING,  
INCORPORATED" AND "CI GENERAL EQUIPMENT  
LEASING CORPORATION.")

Lessee: The Pittsburgh and Lake Erie Railroad  
Company  
Commerce Court  
Four Station Square  
Pittsburgh, Pennsylvania 15219-1199

ICC OFFICE OF  
THE SECRETARY  
JUN 7 10 49 AM '85  
MOTOR OPERATING UNIT

*Clarence J. [Signature]*  
*C.T. Karpela*

May 29, 1985

The Connecticut National Bank, not in its individual capacity but as Security Trustee, is a party to the enclosed secondary document for purposes of only acknowledging the terms thereof but is not a party to the primary document.

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

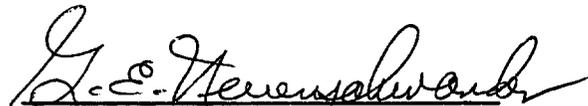
231 70-T OT Hopper Railcars with railcar identification numbers as follows:  
62746-62753; 62756-62854; 62856-62875;  
62877-62968; 62970-62980 (all numbers inclusive).

A fee of ten dollars (\$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:

Amendment Agreement to that certain Lease Agreement, dated as of September 10, 1975, with Recordation No. 8048, dated as of May 1, 1985, covering 231 70-T OT Hopper Railcars with railcar identification numbers as follows: 62746-62753;\* 62770-62980 (all numbers inclusive).

Very truly yours,



Enclosures

\* 62756-62854; 62856-62875; 62877-62968

JUN 7 1985 - 11 00 AM

INTERSTATE COMMERCE COMMISSION

AMENDMENT AGREEMENT dated as of May 1, 1985 between THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY (the "Lessee") and SANWA GENERAL EQUIPMENT LEASING, INCORPORATED, formerly known as CI GENERAL EQUIPMENT LEASING CORPORATION (the "Lessor").

W I T N E S S E T H:

WHEREAS, the Lessee and the Lessor have entered into the Lease Agreement dated as of September 10, 1975 (as amended by Amendment No. 1 dated as of September 10, 1975 and Amendment No. 2 dated as of January 25, 1977, "Lease") which was filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 on September 15, 1975, under recordation number 8048;

WHEREAS, the Lessee, the Lessor, The Connecticut National Bank, as security trustee (the "Security Trustee"), and others are entering into the Master Agreement Regarding the Restructuring of Obligations of The Pittsburgh and Lake Erie Railroad Company dated as of May 1, 1985 (as amended from time to time, the "Master Agreement"), pursuant to which, among other things, the debt and lease obligations of the Lessee under the Lease and under certain of its other existing debt and lease obligations are to be restructured; and

WHEREAS, the parties hereto have agreed to amend the Lease so that the Lease, as amended, shall be consistent with the Master Agreement and the transactions contemplated thereby;

NOW, THEREFORE, in consideration of the representations and agreements hereinafter contained and as an inducement to the parties to the Master Agreement to enter into and to perform their obligations under the Master Agreement and the other transactions contemplated thereby, the parties hereto hereby agree as follows:

A. AMENDMENTS

1. This Amendment Agreement shall be effective from and after the Closing Date, as defined in the Master Agreement.

2. As of the date hereof, 231 units of equipment, as more fully described in Schedule A hereto, are being leased by the Lessor to the Lessee pursuant to the Lease. The present value of the aggregate amount of all unpaid Rental Payments, as defined in the Lease (as in effect prior to this Amendment), for all such units, whether accrued or unaccrued and determined at June 30, 1983, is \$1,517,242.66 which amount shall be satisfied in full by the issuance of the Preferred Certificates provided for in Section 4(ii) of the Lease (as amended hereby) and the payment in full of the amounts specified in Section 4(iii); Section 4A and Section 4B of the Lease (as amended hereby). All rentals and other payments required to be made by the Lessee under the Lease on or before June 30, 1983 were timely paid in full.

3. The Lease is amended by adding the following recital after the introductory paragraph thereto:

"The Lessee, the Lessor, The Connecticut National Bank, as security trustee (as amended from time to time, hereinafter, together with its successors and assigns, referred to as the 'Security Trustee') and the other parties named therein entered into The Master Agreement Regarding the Restructuring of Obligations of The Pittsburgh and Lake Erie Railroad Company dated as of May 1, 1985 (as amended from time to time, the 'Master Agreement'), pursuant to which certain debt and lease obligations of the Lessee were restructured. In the event of any inconsistency between the provisions of this Agreement and the provisions of the Master Agreement, the Master Agreement shall govern."

4. Section 3 of the Lease is amended by deleting the text of said Section in its entirety and substituting therefor the following:

"The term of lease under this Lease Agreement of each unit of Equipment shall commence on the date of delivery to Lessor and redelivery to Lessee for rebuilding of the hulk from which such unit was rebuilt and shall end on the Termination Date (as defined in Section 4). As used herein, the phrase 'Commencement Date' shall mean the date which shall be the earlier of

(i) the date as of which all rebuilt units of Equipment shall have been accepted by Lessee and (ii) November 30, 1975."

5. Section 4 of the Lease is amended by deleting the first five sentences from the first paragraph and substituting therefor the following:

"(i) For the period from the date each unit of Equipment was first leased to the Lessee hereunder to and including June 30, 1983, the Lessee paid to the Lessor, as rental, the amounts required to be paid pursuant to the provisions of this Lease then in effect, (ii) for the period from July 1, 1983 to and including June 30, 1985, the Lessee agrees to cause the Security Trustee to issue to the Lessor, as full payment of the rental for such period, 'Preferred Certificates' (as defined in the Master Agreement) in the 'Preferred Certificate Par Value Amount' (as defined in the Master Agreement) equal to \$313,311.01 and (iii) for the period from July 1, 1985 to and including the earliest of (a) a delivery of a Payment Order by the Security Trustee to the Lessee pursuant to Section 9.2 of the Master Agreement, (b) March 31, 1986, and (c) the date on which all units of Equipment shall have been purchased by the Lessee pursuant to Sections 4A and 4B (such earliest date being referred to herein as the 'Termination Date'), the Lessee agrees that the Lessor shall be paid, and the Lessor agrees to accept, as full payment of the rental for the units of Equipment under this Agreement, at the times and in the amounts provided in the Master Agreement, all distributions, whether in cash, property or securities, made by the Security Trustee to the Lessor under the Master Agreement (hereinafter referred to as 'Rental Payments')."

6. The Lease is amended by adding new Sections 4A and 4B which read as follows:

"4A. PURCHASE OF EQUIPMENT AT OPTION OF LESSEE.

Lessor agrees to sell to the Lessee, and Lessee agrees to purchase, at Lessee's option, from the Lessor, on one or more dates selected by the Lessee on or prior to the earlier of (a) a delivery of a Payment Order by the Security Trustee to the Lessee pursuant to Section 9.2 of the Master Agreement and (b) March 31, 1986, any one or more units of Equipment for a cash purchase price for each such unit of \$5,500. In addition, in respect

of each unit of Equipment so purchased by the Lessee which has suffered damage, loss, condemnation, confiscation, seizure or requisition of title or for which a recovery under a warranty has been made, the Lessor on the date of purchase of such unit shall deliver to the Security Trustee all awards, judgments, settlements and insurance, condemnation or warranty proceeds received by the Lessor in respect thereof and/or assign to the Security Trustee its right to receive all such awards, judgments, settlements and insurance, condemnation or warranty proceeds. Lessor agrees to execute and deliver to the Lessee or the Lessee's nominee at the time of any such purchase bills of sale and such other title documents (which documents need not contain representations or warranties of any kind, express or implied, as to the condition of any such unit) as may reasonably be requested by the Lessee in order to vest in the Lessee title to the units of Equipment so purchased.

#### 4B. SALE OF EQUIPMENT AT OPTION OF LESSOR.

Lessor agrees, at Lessor's option, to sell to the Lessee, and Lessee agrees to purchase from the Lessor, on March 31, 1986, any or all of the units of Equipment which have not theretofore been purchased by Lessee for a cash purchase price for each such unit of \$5,500. In addition, in respect of each unit of Equipment so purchased by the Lessee which has suffered damage, loss, condemnation, confiscation, seizure or requisition of title or for which a recovery under a warranty has been made, the Lessor on the date of purchase of such unit shall deliver to the Security Trustee all awards, judgments, settlements and insurance, condemnation or warranty proceeds received by the Lessor in respect thereof and/or assign to the Security Trustee its right to receive all such awards, judgments, settlements and insurance, condemnation or warranty proceeds. Lessor agrees to execute and deliver to the Lessee or the Lessee's nominee at the time of any such purchase bills of sale and such other title documents (which documents need not contain representations or warranties of any kind, express or implied, as to the condition of any such unit) as may reasonably be requested by the Lessee in order to vest in the Lessee title to the units of Equipment so purchased."

7. The Lessor represents that all amounts payable by the Lessee under Section 7 of the Lease have been paid in full.

8. Section 11 of the Lease is amended by (a) deleting paragraph (b) and substituting therefor the following:

"(b) Other than in respect of a Casualty Occurrence, as defined in the Master Agreement, upon the happening of any loss, theft, destruction, damage, condemnation, requisition, taking by eminent domain or other interruption or termination of use of any unit of Equipment regardless of the cause thereof (such occurrence being hereinafter called an 'Event of Loss'), Lessee may, at its option, make all repairs and replacements necessary to restore or repair such unit of Equipment so that the Equipment thereafter subject to lease hereunder is substantially equivalent to, and of a value not less than, the Equipment subject to lease prior to such Event of Loss,"

; (b) deleting the first two lines of paragraph (c) and substituting therefor the following:

"(c) If the Lessee has exercised its option under Section 11(b) hereof to repair or restore any unit or units of Equipment after the occurrence of one or more Events of Loss, Lessor shall"

; and (c) adding a new paragraph (d) which shall read as follows:

"(d) If a Casualty Occurrence, as defined in the Master Agreement, shall have occurred with respect to any unit of Equipment, Lessee shall promptly notify Lessor thereof and on March 31, 1986, shall, at Lessor's option, either:

(1) deliver to the Lessor a unit of Equipment comparable to such unit; or

(2) pay to the Lessor an amount equal to 20% of the sum of the Acquisition Cost for such unit and the Reconstruction Cost for such unit.

If Lessor shall have received (and not delivered to the Security Trustee), prior to March 31, 1986, insurance or condemnation proceeds in respect of such Casualty Occurrence for such unit, or shall have failed to assign to the Security Trustee its right to receive all such insurance or condemnation proceeds, Lessee shall not be obligated to comply with either of the options set forth in clauses (1) and (2) above."

9. Section 15 of the Lease is amended by deleting the first three lines thereof and substituting therefor the following:

"Upon final termination of the lease term hereunder of any unit of Equipment (other than a termination under Section 11(b)), and subject to the rights of the Lessee or Lessor under Section 4A and Section 4B hereof, respectively, Lessee shall forthwith deliver possession of the".

10. Section 17 of the Lease is amended by deleting paragraphs (a) and (b) and substituting therefor the following:

"(a) The following shall be events of default hereunder:

(i) The delivery of a Payment Order by the Security Trustee pursuant to Section 9.2 of the Master Agreement; and

(ii) Default in the performance of any of Lessee's agreements set forth in Section 4A or 4B.

(b) Upon the happening of an event of default, Lessor shall (except to the extent otherwise required by law) be entitled to:

(1) proceed by appropriate court action or actions to enforce performance by Lessee of the applicable covenants (including, without limitation, Section 4B) and terms of this Lease Agreement or to recover damages for the breach thereof;

(2) repossess any or all units of Equipment without prejudice to any remedy or claim hereinafter referred to;

(3) elect to sell any or all units of Equipment, after giving 30 days' notice to Lessee, at one or more public or private sales; or

(4) by notice to Lessee, declare this Lease Agreement and the Reconstruction Agreement

terminated without prejudice to Lessor's rights in respect of obligations then accrued and remaining unsatisfied.

The remedies herein set forth or referred to shall be cumulative.

In lieu of exercising any of the foregoing remedies, the Lessor may make demand upon the Lessee for, and the Lessee shall pay to the Lessor, an amount equal to \$2,213,847.32 which amount shall be deemed to constitute liquidated damages arising from the occurrence of such event of default. Such amount shall be paid to the Lessor without deduction, setoff or counterclaim of any kind (but subject to the subordination provisions set forth in Article B of the Amendment Agreement dated as of May 1, 1985 between the Lessor and the Lessee), and upon payment thereof, (i) the Lessor shall have no further claim against the Lessee, (ii) title to the units of Equipment subject to this Lease shall vest in the Lessee and (iii) the Lessor shall execute and deliver to the Lessee or the Lessee's nominee such bills of sale and such other title documents (which documents need not contain representations or warranties of any kind, express or implied, as to the condition of any such unit) as may reasonably be requested by the Lessee in order to vest in the Lessee title to the units of Equipment."

11. Section 18 of the Lease is amended by (a) deleting from the heading the phrase "MERGER," (b) deleting paragraph (a) and (c) deleting the first two lines of paragraph (b) and substituting therefor the following:

"Lessee shall be entitled to the possession and use of the units of Equipment in accordance with the terms of this Lease Agreement and Lessee shall be entitled to".

12. Section 19 of the Lease is deleted in its entirety and the phrase "19. [INTENTIONALLY OMITTED]" is substituted therefor.

13. Section 20 of the Lease is amended by (a) inserting after the phrase "this Lease Agreement" which appears in the first sentence the phrase "only with the consent of the Security Trustee given in accordance with the Master Agreement", (b) deleting the second sentence of the first paragraph and (c) deleting the second paragraph.

14. Sections 23 and 24 of the Lease are deleted in their entirety and the phrases "23. [INTENTIONALLY OMITTED]" and "24. [INTENTIONALLY OMITTED]" are substituted therefor, respectively.

15. The Lease is amended by deleting the address of the Lessee from the signature pages and substituting therefor the following:

"The Pittsburgh and Lake Erie Railroad Company  
Suite 680  
Commerce Court  
Four Station Square  
Pittsburgh, Pennsylvania 15219-1199  
Attn: Office of the General Counsel"

16. The Lease is amended by deleting Exhibit C.

17. The Lessor hereby revokes its termination of the Lease contained in its letter to the Lessee dated April 13, 1984 and agrees that the Lease continues in full force and effect.

#### B. SUBORDINATION

1. Definitions. Capitalized terms used herein shall have the same meanings as set forth in the Master Agreement, unless otherwise defined herein or unless the context otherwise requires, and the following terms shall have the following respective meanings:

"Proceeds" shall have the meaning assigned to it under the Code and, in any event, shall include, but not be limited to, (i) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to the Lessee, PLECO or any of the Lessee's Subsidiaries from time to time with respect to any of their respective Properties and (ii) any and all payments (in any form whatsoever) made or due and payable to the Lessee, PLECO or any of the Lessee's Subsidiaries from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of any of their respective Properties by any governmental body, authority, bureau or agency (or any Person acting under color of governmental authority).

"Senior Creditors" shall mean the Security Trustee, the Creditors, and Creditors' Agents and their

respective successors, indorsees, transferees and assigns.

"Senior Obligations" shall mean all New Obligations, Existing Obligations and other obligations of the Lessee, PLECO and the Lessee's Subsidiaries now existing under or hereafter arising under the Senior Security Agreements, whether such obligations are liquidated or unliquidated, contingent or matured, disputed or otherwise, for payment or redemption, and including, without limitation, principal thereof and interest thereon; dividends on, and the redemption price of, any Preferred Stock; all costs, expenses and fees now or hereafter owing to the Senior Creditors in accordance with the Senior Security Agreements; and all other liabilities and indemnification obligations of the Lessee, PLECO and the Lessee's Subsidiaries under the Senior Security Agreements; provided, however, that any such obligations or liabilities which constitute "Subordinated Obligations", if any, shall not be Senior Obligations.

"Senior Security Agreements" shall mean, collectively, all of the Old Financing Agreements, the New Financing Agreements and the GECC Financing Agreements.

"Subordinated Obligations" shall mean all indebtedness, obligations, claims and liabilities of the Lessee to the Lessor now existing or hereafter arising (other than under the first sentence of Section 4 of the Lease, Section 4A of the Lease and the last paragraph of Section 17(b) of the Lease to the extent of an amount equal to the Single Investor Claim of the Lessor), whether such indebtedness, obligations and liabilities are liquidated or unliquidated, contingent or matured, disputed or otherwise, and including, without limitation, principal thereof and interest thereon, and (a) any payment, indemnification, fee or reimbursement obligation under the Lease (other than under the first sentence of Section 4 of the Lease, Section 4A of the Lease and the last paragraph of Section 17(b) of the Lease to the extent of an amount equal to the Single Investor Claim of the Lessor), including, without limitation, any payment, indemnification, fee or reimbursement obligation under the last sentence of the first paragraph of Section 4 and Sections 4B, 13, 14, 17 and 21 of the Lease and (b) any indebtedness, obligations, claims and liabilities arising under Section 4.1(b) or 4.2(b) of the Master Agreement.

2. Subordination. (a) The Lessor agrees, for itself and each future holder of the Subordinated Obligations, that the Subordinated Obligations are expressly subordinate and junior in right of payment (as defined in subsection (b)) below to all Senior Obligations.

(b) "Subordinate and junior in right of payment" shall mean that:

(i) No part of the Subordinated Obligations shall have any claim to or Lien on the Property of the Lessee, PLECO or any of their respective Subsidiaries on a parity with or prior to the claim or Lien of the Senior Obligations. Unless and until the Senior Obligations shall have been fully paid and satisfied, the Lessor will not, without the express prior written consent of the Security Trustee, take, demand or receive from the Lessee, PLECO or any of their respective Subsidiaries, and the Lessee will not, nor will it permit any of its Subsidiaries to, make, give or permit, directly or indirectly, by set-off, redemption, purchase or in any other manner, any payment or security for the whole or any part of the Subordinated Obligations, and, without the express prior written consent of the Security Trustee, the Lessor will not accelerate for any reason the maturities of any amount owing in respect of the Subordinated Obligations or commence any action or proceeding, judicial or otherwise, to enforce the payment of such Subordinated Obligations or to foreclose upon or realize on any collateral for the Subordinated Obligations; provided, however, for so long as no Payment Order, as defined in the Master Agreement, shall have been delivered to the Company by the Security Trustee pursuant to Section 9.2 of the Master Agreement and no Event of Default, as defined in the Master Agreement, under Section 9.1(a) thereof shall have occurred and be continuing, the obligations of Lessee under Section 4B hereof shall not be considered to be "subordinate and junior in right of payment."

(ii) Without limiting the generality of clause (i) above (A) in the event of any distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any substantial part of the Property or business of the Lessee, PLECO or any of their respective Subsidiaries or the Proceeds thereof, to any creditor or creditors of the Lessee, PLECO or any of their respective Subsidiaries or (B) upon any indebtedness of the Lessee,

PLECO or any of their respective Subsidiaries becoming due and payable by reason of any liquidation, dissolution or other winding-up of the Lessee, PLECO or any of their respective Subsidiaries or any of their respective businesses or by reason of any sale, receivership, insolvency, reorganization or bankruptcy proceedings, assignment for the benefit of creditors, arrangement or any proceeding by or against the Lessee, PLECO or any of their respective Subsidiaries for any relief under any bankruptcy, reorganization or insolvency law or laws, Federal or state, or any law, Federal or state, relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension, or (C) in the event that any Subordinated Obligation is declared due and payable prior to its stated maturity (under circumstances when the preceding clause (A) or (B) shall not be applicable), or (D) in the event a Payment Order shall have been delivered to the Lessor under Section 9.2 of the Master Agreement, then and in any such event, any payment or distribution of any kind or character, whether in cash, securities or other Property, which, but for the subordination provisions contained herein, would otherwise be payable or deliverable to the Lessor upon or in respect of the Subordinated Obligations, shall instead be paid over or delivered to the Security Trustee for the account of the Senior Creditors and the Lessor shall not receive any such payment or distribution or any benefit therefrom.

3. Rights of Senior Creditors. (a) The Lessor irrevocably authorizes and empowers (without imposing any obligation on) the Security Trustee to demand, sue for, collect and receive every such payment or distribution due in respect of the Subordinated Obligations and give acquittance therefor, to file claims and proofs of claim in any statutory or non-statutory proceeding, to vote the full amount of the Subordinated Obligations in the sole discretion of the Security Trustee in connection with any resolution, arrangement, plan of reorganization, compromise, settlement or extension and to take all such other action (including, without limitation, the right to participate in any composition of creditors and the right to vote the Subordinated Obligations at creditors' meetings for the election of trustees, acceptances of plans and otherwise), in its own name as Security Trustee, or in the name of the Senior Creditors or the Lessor or otherwise, as the Security Trustee may deem necessary or advisable for the enforcement of the provisions of this Agreement. The Lessor hereby

agrees duly and promptly to take such action as may be requested at any time and from time to time by the Security Trustee to collect the Subordinated Obligations and to file appropriate proofs of claim in respect of the Subordinated Obligations, to deliver the instruments evidencing the Subordinated Obligations to the Security Trustee on demand therefor (duly endorsed in blank), and to execute and deliver such powers of attorney, assignments or proofs of claim or other instruments as may be requested by the Security Trustee, in order to enable the Security Trustee to enforce any and all claims upon or in respect of the Subordinated Obligations and to collect and receive any and all payments or distributions which may be payable or deliverable at any time upon or in respect of the Subordinated Obligations.

(b) Should any payment or distribution or security or the Proceeds of any thereof be collected or received by the Lessor in respect of the Subordinated Obligations, the Lessor will forthwith turn over the same to the Security Trustee for the account of the Senior Creditors, in the form received (except for the indorsement or the assignment of the Lessor when necessary) and, until so turned over, the same shall be held in trust by the Lessor as the Property of the Senior Creditors.

(c) Subject to the payment in full of the Senior Obligations, the Lessor shall be subrogated to the rights of the Senior Creditors to receive payments or distributions of Property of the Lessee, PLECO and their respective Subsidiaries made on the Senior Obligations until the Subordinated Obligations shall be paid in full; and, for the purposes of such subrogation, payments or distributions to the Senior Creditors of any cash, securities or other Property to which the Lessor would be entitled except for the provisions of this Agreement shall, as between the Lessee, PLECO and their respective Subsidiaries and their respective creditors other than the Senior Creditors and the Subordinated Creditors, be deemed to be a payment by the Lessee, PLECO or such Subsidiary, as the case may be, to or on account of the Subordinated Obligations, it being understood that the provisions of this Agreement are, and are intended solely, for the purpose of defining the relative rights of the Lessor, on the one hand, and the Senior Creditors, on the other hand.

4. Modification of Senior Obligations. (a) The Lessor hereby consents that, without the necessity of any reservation of rights against the Lessor and without notice

to or further assent by the Lessor, any delivery of a Payment Order or demand for payment of any of the Senior Obligations made by the Security Trustee and the exercise by the Security Trustee of any right or remedy under any Senior Security Agreement may be rescinded by the Security Trustee and any of the Senior Obligations continued, and the Senior Obligations, or the liability of the Lessee, PLECO or any of their respective Subsidiaries or any other party upon or for any part thereof, or any collateral security or guaranty therefor or right of set-off or subordination in respect thereof, may from time to time, in whole or in part, be renewed, extended, amended or modified, accelerated, compromised, waived, surrendered or released by the Security Trustee, and any Senior Security Agreement or other guaranty or document in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the Security Trustee may deem advisable from time to time, and any collateral security or guaranty or right of set-off or subordination at any time held by the Security Trustee or any Senior Creditor for or in respect of the payment of the Senior Obligations may be sold, exchanged, waived, surrendered or released, all without the necessity of any reservation of rights against the Lessor and without notice to or further assent by the Lessor which will remain bound hereunder and under the Senior Security Agreements to which it is a party, notwithstanding any such renewal, extension, modification, acceleration, compromise, amendment, supplement, termination, sale, exchange, waiver, surrender or release. Neither the Security Trustee nor any Senior Creditor shall have any obligation to protect, secure, perfect or insure any collateral security document or Property subject thereto at any time held as security for the Senior Obligations or any Senior Security Agreement. Neither the Security Trustee nor any Senior Creditor shall be liable for failure to collect or realize upon the Senior Obligations or any collateral security or guarantee therefor, or any part thereof, or for any delay in so doing nor shall any of them be under any obligation to take any action whatsoever with regard thereto. When making any demand hereunder or exercising any right or remedy hereunder or under the Senior Security Agreements against the Lessor, the Security Trustee may, but shall be under no obligation to, make a similar demand on the Lessee, PLECO or any of their respective Subsidiaries or any guarantor or other subordinated creditor or exercise any other rights or remedies under the Senior Security Agreements, and any failure by the Security Trustee to make any such demand or to collect any payments from the Lessee, PLECO or any of their respective Subsidiaries or any such guarantor or other

subordinated creditor or to exercise any such other right or remedy or any release of the Lessee, PLECO or any of their respective Subsidiaries or such guarantor or other subordinated creditor shall not relieve the Lessor of its obligations or liabilities hereunder or thereunder, and shall not impair or affect the rights and remedies, expressed or implied, or as a matter of law, of the Security Trustee against the Lessor. For the purposes hereof, "demand" shall include the commencement and continuance of any legal proceedings.

(b) The Lessor hereby waives any and all notice of the creation, renewal, extension or accrual of any of the Senior Obligations and notice of or proof of reliance by the Senior Creditors, and each of them, upon this Agreement or acceptance of this Agreement, and the Senior Obligations, and each of them, shall conclusively be deemed to have been created, contracted or incurred in reliance upon this Agreement, and all dealings between the Lessee, PLECO or any of their respective Subsidiaries or the Lessor and the Security Trustee or any Senior Creditor shall likewise be conclusively presumed to have been had or consummated in reliance upon this Agreement. The Lessor hereby waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Lessee, PLECO and their respective Subsidiaries or the Lessor in respect of the Senior Obligations. This Agreement shall be construed as continuing, absolute and unconditional without regard to the validity, regularity or enforceability of the Senior Security Agreements, any of the Senior Obligations or any collateral security or guaranty therefor or the right of set-off in respect thereof at any time or from time to time held by any Senior Creditor and without regard to any defense, set-off or subordination or counterclaim which may at any time be available to or be asserted by the Lessee, PLECO or any of their respective Subsidiaries against any Senior Creditor, or by any other circumstance whatsoever (with or without notice to or knowledge of the Lessee, PLECO or any of their respective Subsidiaries, as the case may be, or the Lessor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Lessee, PLECO or any of their respective Subsidiaries for the Senior Obligations, or of the Lessor under this Agreement, in bankruptcy or in any other instance, and the obligations and liabilities of the Lessor hereunder shall not be conditioned or contingent upon the pursuit by the Security Trustee or any other Person at any time of any right or remedy against the Lessee, PLECO or any of their respective Subsidiaries or against any other Person which may be or become liable in

respect of all or any part of the Senior Obligations or against any collateral security or guaranty therefor or right of set-off in respect thereof. This Agreement shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Lessor and its successors and assigns and shall inure to the benefit of the Senior Creditors, and each of them, and their successors, indorsees, transferees and assigns, until all the Senior Obligations shall have been satisfied by payment in full.

5. Legend. The Lessor will cause each agreement which evidences the Subordinated Obligations owed to it to bear upon its face a statement or legend to the effect that such agreement and the obligations evidenced thereby are subordinate and junior in right of payment to the Senior Obligations in the manner and to the extent herein set forth.

6. Termination. The subordination provisions contained in this Part B shall terminate ninety-one (91) days after the date of final payment of the Senior Obligations, provided that no Bankruptcy Proceeding shall have occurred with respect to the Lessee, PLECO or any of their respective Subsidiaries within such period.

7. Continuation of Lease. Except as amended by Part A hereof, the Lease shall continue in full force and effect.

8. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute a single instrument.

9. Recording. The Lessee shall cause this Amendment to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by duly authorized officers as of the date first set forth above.

[Corporate Seal]

THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY

Attest:

*G. H. [Signature]*

By *R. E. [Signature]*

[Corporate Seal]

CI GENERAL EQUIPMENT LEASING CORPORATION

Attest:

\_\_\_\_\_

By \_\_\_\_\_

[Corporate Seal]

THE CONNECTICUT NATIONAL BANK, as Security Trustee

Attest:

*[Signature]*  
Authorized Person

By *[Signature]*

VICE President

8. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute a single instrument.

9. Recording. The Lessee shall cause this Amendment to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by duly authorized officers as of the date first set forth above.

[Corporate Seal]

THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY

Attest:

\_\_\_\_\_

By \_\_\_\_\_  
SANWA GENERAL EQUIPMENT LEASING, INCORPORATED,  
formerly known as  
CI GENERAL EQUIPMENT LEASING  
CORPORATION

[Corporate Seal]

Attest:

\_\_\_\_\_

By Jim H. Paulsen Vice President

[Corporate Seal]

THE CONNECTICUT NATIONAL BANK,  
as Security Trustee

Attest:

\_\_\_\_\_

By \_\_\_\_\_

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

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 he is president of THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY, a Delaware corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that the said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Florence V. Ressegue  
Notary Public

[Notarial Seal]

FLORENCE V. RESSEGUE  
Notary Public, State of New York  
No. 31-4732713  
Qualified in New York County  
Term Expires March 30, 1986

My Commission expires \_\_\_\_\_

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

On this 29th day of May, 1985, before me personally appeared Michael M. Hopkins, to me personally known, who, being by me duly sworn, says that he is VICE president of THE CONNECTICUT NATIONAL BANK, a national banking association, that one of the seals affixed to the foregoing instrument is the seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

Florence V. Ressegue  
Notary Public

[Notarial Seal]

My Commission expires \_\_\_\_\_

FLORENCE V. RESSEQUE  
Notary Public, State of New York  
No. 31-4732713  
Qualified in New York County  
Term Expires March 30, 1986

STATE OF ILLINOIS        )  
                                  )  
COUNTY OF COOK         )    ss.:

On this 5th day of June, 1985, before me personally appeared Jon H. Laubscher, to me personally known, who, being by me duly sworn, says that he is Vice President of Sanwa General Equipment Leasing, Incorporated formerly known as CI GENERAL EQUIPMENT LEASING CORPORATION, a Delaware corporation, that said instrument was signed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.



Linda J. Ferrucci  
Notary Public

(Notarial Seal)

My Commission expires 1-29-89

SCHEDULE A

DESCRIPTION OF EQUIPMENT

<u>CAR SERIES</u>	<u>NO. OF CARS</u>	<u>CAR TYPE</u>
62746-62980	231	70-T Ot Hopper