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13166

RECORDATION NO. 13166
JUN 29 1981 - 11 40 AM

JEFFREY L. GLATZER
ELLIOTT D. HEFLER
J. ANDREW RAHL, JR.
RONALD B. RISDON
SIDNEY M. SEGAL
MICHAEL W. STAMM

INTERSTATE COMMERCE COMMISSION

June 29, 1981

No. 1-180A116

Date JUN 29 1981

Fee \$ 50.00

ICC WASHINGTON, D.C.

Office of the Secretary
Recordation Office
Interstate Commerce Commission
Twelfth and Constitution Avenue, N.W.
Washington, D.C. 20423

Re: Recordation and Filing of Documents pertaining to 3 Railroad Engines Numbered WVN50, WVN51 and WVN52 (the "Equipment")

Dear Sir:

In accordance with the provisions of Section 11303 of the revised Interstate Commerce Act, 49 U.S.C. §11303, and Part 1116 of Title 49 of the Code of Federal Regulations, we request that the enclosed documents be recorded and filed by the Interstate Commerce Commission (the "Commission").

A. Description of the Documents and the Parties Thereto

Enclosed herewith are three originals of a Loan Agreement dated as of June 1, 1981 among the County Commission of Preston County, West Virginia, The Chase Manhattan Bank (National Association), Manufacturers Hanover Trust Company and The Chase Manhattan Bank (National Association) as Agent (the "Loan Agreement"). We request that one original of the Loan Agreement be recorded and filed. We request that the two additional originals be stamped by your office and returned to us.

The names and addresses for the parties to the transaction are:

- ✓ The County Commission of Preston County
Courthouse
Kingwood, West Virginia 26537.
- ✓ The Chase Manhattan Bank (National Association)
1441 Broadway
New York, New York 10018

RECEIVED
JUN 29 11 28 AM '81
F.O.C.
OPERATION

Handwritten signatures and notes on the right margin.

SLADE PELLMAN & BIEHL

Office of the Secretary
Recordation Office
June 29, 1981
Page two

Manufacturers Hanover Trust Company
350 Park Avenue
New York, New York 10022

Emons Industries, Inc.
490 East Market Street
York, Pennsylvania 17403

West Virginia Northern Railroad, Inc.
c/o Emons Industries, Inc.
490 East Market Street
York, Pennsylvania 17403

B. Description of Transaction

The Loan Agreement pertains to a \$2,000,000 Industrial Revenue Bond Financing pursuant to which the West Virginia Northern Railroad, Inc. will acquire the Equipment, which is the subject of this filing, as well as other property from the County Commission of Preston County, subject to a lien created by the Loan Agreement in favor of the lending banks, The Chase Manhattan Bank (National Association) and Manufacturers Hanover Trust Company. The \$2,000,000 obligation to which the Loan Agreement pertains is guaranteed by Emons Industries, Inc.

C. Procedural Matters

We respectfully request that each of the following names be inserted in the Commission Index established pursuant to Section 1116.5(c) of Title 49 of the Code of Federal Regulations.

1. West Virginia Northern Railroad, Inc.
2. Emons Industries, Inc.
3. The County Commission of Preston County
4. The Chase Manhattan Bank (National Association)
5. Manufacturers Hanover Trust Company

A check in the amount of ^{\$ 50.00}~~\$150.00~~ has been enclosed with this letter of transmittal to cover the recordation fee.

SLADE PELLMAN & BIEHL

Office of the Secretary
Recordation Office
June 29, 1981
Page three

Please stamp and return the enclosed copy of this letter of transmittal.

If there are any questions with respect to the enclosed or the transactions described therein, please feel free to telephone J. Andrew Rahl, Jr. of this office, or the undersigned, collect.

Very truly yours,

SLADE PELLMAN & BIEHL

/om

Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

J. Andrew Rahl
Slade Pellman & Biehl
850 Third Avenue
New York, N. Y. 10022

Dear Sir:

The enclosed document (s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 6/29/81 at 11:40AM , and assigned re-
recording number (s). 13166

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

13166
RECORDATION NO. Filed 1425

JUN 29 1981 - 11 40 AM

INTERSTATE COMMERCE COMMISSION

THIS INSTRUMENT HAS BEEN EXECUTED IN SEVERAL COUNTERPARTS,
BUT ONLY COUNTERPART NO. 1, NUMBERED ON PAGE 1 HEREOF,
WHICH BEARS THE MANUALLY SIGNED RECEIPT OF THE CHASE
MANHATTAN BANK (NATIONAL ASSOCIATION) ON SAID PAGE SHALL BE
OR CONSTITUTE THE ORIGINAL OF THIS INSTRUMENT

THE COUNTY COMMISSION OF PRESTON COUNTY, WEST VIRGINIA

AND

THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION),
MANUFACTURERS HANOVER TRUST COMPANY
AND THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION),
AS AGENT

LOAN AGREEMENT

Dated as of June 1, 1981

THE COUNTY COMMISSION OF PRESTON COUNTY, WEST VIRGINIA
AND
THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION),
MANUFACTURERS HANOVER TRUST COMPANY
AND THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION),
AS AGENT

LOAN AGREEMENT

Dated as of June 1, 1981

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LOAN AGREEMENT

THIS LOAN AGREEMENT (the "Agreement"), made as of the 1st day of June, 1981, by and between THE COUNTY COMMISSION OF PRESTON COUNTY, a public corporation organized and existing under the laws of the State of West Virginia (the "Commission"), and THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION), a national banking association with principal office in the City of New York, New York ("Chase"), and MANUFACTURERS HANOVER TRUST COMPANY, a New York banking corporation ("Manufacturers"), with principal office in the City of New York (Chase and Manufacturers are collectively called the "Banks"), and THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION) as Agent hereunder.

W I T N E S S E T H: That

WHEREAS, the Commission has been requested by Emons Industries, Inc. (the "Parent") to issue its Industrial Revenue Bonds (West Virginia Northern Railroad, Inc. Project) in the aggregate principal amount of not to exceed \$2,000,000 (the "Bonds") for the purpose of paying the cost of acquiring certain real estate and an existing railroad system operating in Preston County and of constructing improvements incidental thereto, such properties to be owned by West Virginia Northern Railroad, Inc. (the "Company") a Delaware corporation duly admitted to do business in West Virginia and a wholly-owned subsidiary of the Parent, and the Commission has heretofore, on October 6, 1980, adopted an Inducement Resolution contemplating the issuance of the Bonds;

WHEREAS, the Company will convey its Real Estate in Preston County to the Commission in fee simple with Covenants of general warranty, subject only to Permitted Encumbrances, and will sell its Personal Property in Preston County to the Commission, free and clear of all liens and encumbrances, in return for the moneys to be lent to the Company by the Commission to finance the acquisition of such Real Estate and Personal Property and improvements to be constructed and acquired therefor by the Company;

WHEREAS, Pursuant hereto, the Commission will mortgage such Real Estate and after-acquired real estate and will grant a first security interest in such Personal Property and after-acquired personalty (which Real Estate, Personal Property and the improvements to be constructed and acquired therefor are herein called the "Project") to the Agent as security for payment of the Bonds which the Banks purchase from the Commission pursuant hereto;

WHEREAS, the Commission will thereupon reconvey such Real Estate to the Company with covenants of special warranty by deed reserving a vendor's lien therein to the Commission to secure payment of the loan of the Bond proceeds by the Commission to the Company and will re-sell such Personal Property to the Company upon conditional sale agreement, reserving a vendor's lien upon such Personal Property, which deed and conditional sale agreement with reservation of said vendor's liens shall be contained in an instrument designated as the "Deed Reserving Vendor's Lien and Conditional Sale Agreement" (the "Deed") and the Purchase Price of the Project payable by the Company will be payable in installments in such amounts and at such times and at such interest rates as to provide sufficient moneys to enable the Commission to pay the Bonds and the interest thereon as the same become due and payable;

WHEREAS, the Banks hereby agree to purchase the Bonds from the Commission in accordance with and subject to the terms and conditions hereof;

NOW, THEREFORE, THIS LOAN AGREEMENT WITNESSETH:

ARTICLE I
DEFINITIONS, INTERPRETATION AND
MISCELLANEOUS MATTERS

Section 1.01. Definitions. The following terms shall have for all purposes of this Agreement the following respective meanings unless the context shall clearly indicate some other meaning:

"Account" means any of the accounts to be established with the Agent pursuant to Article V.

"Act" means Chapter 13, Article 2C of the West Virginia Code of 1931, as amended to the date of delivery hereof.

"Acknowledgment" means the acknowledgment, dated as of June 1, 1981, by the Company of the assignment by the Commission to the Agent on behalf of the Bondholders of all right, title and interest of the Commission in and to the Deed and amounts received or to be received thereunder to secure the obligations of the Commission to the Agent and the Bondholders under this Agreement and the Bonds.

"Additional Bonds" means any of the bonds of the Commission authorized by a Series Resolution, and issued hereunder and delivered in accordance with Sections 3.04 and 3.06 and any bonds issued in lieu of or in substitution for (but not to refund) said bonds as provided herein.

"Additional Facilities" means any improvements to be financed for the Company by the Commission with proceeds of any Additional Bonds on the site of the Initial Facility as more fully described in the Series Resolution authorizing such Additional Bonds, and any Personal Property financed with the proceeds of such Additional Bonds.

"Agent" means Chase in its capacity as agent hereunder and its successor or successors and any other corporation that may be substituted in its place pursuant to Article VIII.

"Agreement" means this Loan Agreement as it may be supplemented or amended from time to time by Supplemental Agreements.

"Authorized Investments" means:

(i) direct obligations of the United States of America;

(ii) obligations unconditionally guaranteed by the United States of America;

(iii) obligations of any agency or corporation which is or may hereafter be created by or pursuant to an act of the Congress as an agency or instrumentality of the United States of America;

(iv) obligations of any state of the United States of America or any political subdivision thereof, that are full faith and credit obligations payable from ad valorem taxes and are rated at least "AA" by Standard and Poor's Corporation or Moody's Investor Service, Inc.;

(v) certificates of deposit or commercial paper issued by any commercial bank (including a Bank) or any holding company of any commercial bank (including a holding company of a Bank) that has capital and surplus in excess of \$50,000,000;

(vi) commercial paper of industrial firms that are rated at least "A-2" or "P-2" by Standard and Poor's Corporation or by Moody's Investor Service, Inc.; and

(vii) contracts for the purchase and resale of obligations of the type specified in (i) through (vi), above, with banks (including a Bank) having capital and surplus in excess of \$50,000,000.

"Banks" means Chase, in its capacity as a Holder, and Manufacturers, and Bank means either Chase or Manufacturers.

"Bonds" means the Series A Bonds and any Additional Bonds.

"Bond Counsel" means the law firm of Steptoe & Johnson of Clarksburg, West Virginia.

"Bondholder or Holder" means any Bank or any subsequent owner of a Bond of which the Company and the Agent have notice pursuant to Section 4.07.

"Chase" means The Chase Manhattan Bank (National Association).

"Code" means the Internal Revenue Code of 1954, as the same may be amended from time to time. References to a provision of the Code by number or letter include (unless the context otherwise requires) any regulations, whether proposed, temporary or otherwise, of the Department of the Treasury thereunder and include any law hereafter enacted as an amendment to or substitute for such provision.

"Commission" means The County Commission of Preston County, a public corporation organized and existing under the laws of the State and a political subdivision of the State.

"Company" means West Virginia Northern Railroad, Inc., a corporation organized under the laws of the State of Delaware, duly admitted to do business in the State, with its principal place of business in Kingwood, West Virginia, and a wholly owned subsidiary of the Parent.

"Deed" means the Deed Reserving Vendor's lien and Conditional Sale Agreement dated as of June 4, 1981, between the Commission as grantor and vendor and the Company as grantee and vendee.

"Expenses of Issuance" means all expenses incurred in connection with the authorization, issuance and delivery of a Series of Bonds, including, without limiting the generality of the foregoing, surveying (if any), advertising, printing, lithography, legal (including the fees and disbursements of local counsel to the Commission, Bond Counsel, counsel to the Company and the Parent, counsel with respect to Interstate Commerce Commission matters related to the transactions hereby contemplated and counsel to the Agent) and fiscal expenses (including any fee payable to a Bank in connection with its commitment to lend to the Commission), and fees for recording the conveyance by the Company to the Commission, the Mortgage, the Deed and other instruments, all which shall be paid to the persons to whom obligations therefor shall have been lawfully incurred upon vouchers approved by the Company.

"Guarantee" means the Guarantee dated as of June 1, 1981, by the Parent in favor of the Banks.

"Initial Facility" means the site to be financed by the Commission pursuant hereto described in Schedule-Real Estate attached hereto as a part hereof, and the improvements to be constructed with proceeds of the Series A Bonds on such site and any Personal Property acquired with proceeds of the Series A Bonds.

"Interest Payment Date" means any date on which interest is due and payable on the Bonds.

"Manufacturers" means Manufacturers Hanover Trust Company.

"Mortgage" means the Mortgage dated as of June 1, 1981, and any supplements thereto or amendments thereof, by the Commission to the Banks to secure Payment of the Bonds, in form of Exhibit I attached hereto as a part hereof.

"Outstanding" means, as of any date, a Bond or Bonds theretofore or thereupon being delivered under the Indenture except:

(i) any Bonds cancelled by the Agent, or proven to the satisfaction of the Agent to have been cancelled, at or prior to such date;

(ii) Bonds (or portions of Bonds) for the payment or redemption of which cash, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held hereunder for such purpose (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, notice of such redemption shall have been given as provided in Section 4.06;

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Sections 4.09, 4.10 or 9.07.

"Parent" means Emons Industries, Inc., a corporation organized under the laws of the State of New York with its principal office in York, Pennsylvania.

"Permitted Encumbrances" means, as of any particular time,

(i) liens for ad valorem taxes which may lawfully apply and not then delinquent,

(ii) the Mortgage, the Deed and this Agreement,

(iii) utility, access and other easements and rights of way, restrictions and exceptions which the Company certifies, in its opinion, will not interfere with or impair the operations being conducted at the Project,

(iv) any mechanics's, laborer's, materialman's, supplier's or vendor's lien or right to a

purchase money security interest in respect thereof if payment is not yet due and payable under the contract in question, and

(v) such minor defects, irregularities, encumbrances, easements, rights of way and clouds on title as normally exist with respect to properties similar in character to the Project and as do not, in the opinion of counsel satisfactory to the Agent, materially impair the Project for the purpose for which it was acquired or is held by the Company.

"Personal Property" means and includes furniture, furnishings, machinery and equipment, including without limitation, railroad equipment such as locomotives.

"Pledged Revenues" has the meaning given to that term by Section 4.02(d).

"Prime Rate" means the prime commercial lending rate per annum as announced from time to time by Chase at its principal office as in effect during any particular period of computation (each change in said prime commercial lending rate to be effective on the date so announced.)

"Principal Installment" means for any particular month, the portion of the principal of Outstanding Bonds due and payable in such month.

"Project" means the Initial Facility and any Additional Facilities and all other future additions, extension, and improvements upon the site of the Initial Facility and any new or additional properties of any kind rebuilt or acquired as replacements pursuant hereto or to the Mortgage.

"Project Costs" means all costs incident to the acquisition and construction of the Project for (i) labor and materials, (ii) installments of utilities, (iii) acquisition of land rights of way and other interests in real property and onsite land improvements, (iv) engineering, consulting and contractors' fees, charges and expenses, (v) necessary surveys, licenses and permits, (vi) architects fees, (vii) interest during the construction period, (viii) insurance costs during construction of the Project, (ix) legal fees and expenses and (x) all other costs and expenses relating to acquisition and construction of the Project.

"Project Reimbursements" means an amount sufficient to reimburse the Company for any expenses previously incurred in

planning, designing and partial acquisition or construction of the Project, which amount shall be paid to the Company out of the Construction Account.

"Purchase Price" means the sum owed to the Commission by the Company upon purchase of the Initial Facility by the Company from the Commission, which sum is equal to the proceeds of sale of the Series A Bonds in the aggregate principal amount of \$2,000,000.

"Real Estate" means the real property and interests therein described in Schedule-Real Estate attached hereto.

"Series" or "Series of Bonds" or words of similar import means all the Bonds delivered on original issuance in a simultaneous transaction and any Bonds thereafter delivered in lieu of or in substitution for those Bonds pursuant hereto.

"Series A Bonds" means the \$2,000,000 aggregate principal amount of bonds designated as "The County Commission of Preston County, West Virginia, Industrial Revenue Bonds (West Virginia Northern Railroad, Inc. Project), Series A," authorized by the Series A Resolution, issued in accordance herewith and delivered in accordance with Sections 3.04 and 3.05 and any bonds issued in lieu of or in substitution for (but not to refund) said bonds as provided herein.

"Series A Resolution" means the duly adopted resolution of the Commission authorizing the execution and delivery of this Agreement, the Mortgage, the Deed and the Series A Bonds.

"Series Resolution" means a resolution duly adopted by the Commission authorizing, among other things, the execution and delivery of a Series of Bonds in accordance herewith.

"State" means the State of West Virginia.

"Substantial User" means a "substantial user" of the Initial Facility or a "related person" as those terms are used in Section 103 of the Code.

"Supplemental Agreement" means any agreement adopted by the Commission in accordance with Article IX and supplemental to or amendatory to this Agreement.

"Title Insurance" means a binder for a mortgagee title insurance policy delivered at the date of a Series delivery, to be succeeded promptly thereafter by a title insurance policy with the same terms and provisions.

"Transferee" has the meaning given to that term by Section 4.07(B).

Exhibits and Schedules attached hereto as parts hereof are the following:

- Schedule - Real Estate
- Schedule - Personal Property
- Exhibit A - Commission Certificate
- Exhibit B - Company Certificate
- Exhibit C - Parent Certificate
- Exhibit D - Opinion of Counsel to the Commission
- Exhibit E - Opinion of Counsel to the Company
- Exhibit F - Opinion of Counsel to the Parent
- Exhibit G - Opinion of Bond Counsel
- Exhibit H - Requisition Form
- Exhibit I - Mortgage Form

Section 1.01A. Interpretation. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

The terms "hereby", "hereof", "hereto", "herein", "hereunder" and any similar terms, as used in this Agreement, refer to the Agreement as a whole unless otherwise expressly stated.

Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Agreement.

Section 1.02. Headings. Any headings preceding the texts of the several Articles and Sections, any table of contents prefixed to this Agreement and any marginal notations on the pages of this Agreement are solely for convenience of reference and shall neither constitute a part of this Agreement nor affect its meaning, construction or effect.

Section 1.03. Severability. If any one or more of the covenants, stipulations, promises, agreements or obligations provided in this Agreement on the part of the Commission, the Parent, the Banks or the Agent to be performed should be determined by a court to be contrary to law, then such covenant or covenants, stipulation or stipulations, promise or promises, agreement or agreements, obligation or obligations shall be deemed and interpreted to be severable from the remaining covenants, stipulations, promises, agreements and obligations contained herein and shall in

no way affect the validity of the other provisions of this Agreement.

Section 1.04. Agreement Constitutes Security Agreement. THIS AGREEMENT GRANTS, BY THE COMMISSION TO THE AGENT ON BEHALF OF THE BONDHOLDERS, A SECURITY INTEREST IN THE REVENUES AND ASSETS PLEDGED HEREBY AND CONSTITUTES A SECURITY AGREEMENT UNDER THE STATE UNIFORM COMMERCIAL CODE.

Section 1.05. Laws Governing Agreement. The effect and meaning of this Agreement and the rights of all parties hereunder shall be governed by and interpreted in accordance with the laws of the State.

Section 1.06. Counterparts. This Agreement may be executed in several counterparts, but Counterpart No. 1 shall be the only original of this document and all of which together shall constitute but one and the same instrument; no security interest herein or assignment of any rights herein or hereunder may be created or perfected through the transfer or possession of any executed copy or counterpart hereof other than the executed counterpart containing the receipt therefor manually executed by the Agent ~~following the signatures hereto.~~ *on page one hereof,*

Section 1.07. Opinions of Counsel. In rendering any opinion responsive to any provision of this Agreement, any counsel, including Bond Counsel, may include a statement to the effect that the enforceability of any document or instrument referred to in such opinion may be limited by bankruptcy, insolvency or other laws theretofore or thereafter enacted affecting creditors' rights or remedies.

Section 1.08. Notices to Bondholders. (A) Where this Agreement provides for publication of notice to Bondholders of any event, such notice shall be sufficiently given if in writing and mailed in accordance with this Section not later than the latest date nor earlier than the earliest prescribed for the first publication of such notice.

(B) Any provision in this Agreement for the mailing of a notice or other document to the Bondholders shall be fully complied with if it is mailed postage prepaid to the Bondholders then Outstanding at the address last appearing upon the records of the Agent.

Section 1.09. Parties of Interest. Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the Commission, the Agent and the Holders of the Bonds, and the

Parent with respect to, but only with respect to, the provisions contained in Section 9.03(E) any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation thereof. All the covenants, stipulations, promises and agreements in this Agreement contained by and on behalf of the Commission shall be for the sole and exclusive benefit of the Commission, the Agent and the Holders of the Bonds, and the Parent with respect to, but only with respect to the provisions contained in Section 9.03(E).

Section 1.10. No Recourse Under Agreement or Bonds. All covenants, stipulations, promises, agreements and obligations of the Commission contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Commission and not of any member, officer or employee of the Commission in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or hereunder against any member, officer or employee of the Commission or any person executing any Bonds.

Section 1.11. Evidence of Signature of Holders of Bonds and Ownership of Bonds. Any request, consent or other instrument which this Agreement may require or permit to be signed and executed by the Holders of Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of the fact and date of the execution by the Holder of any Obligation or his attorney of such instrument may be proved by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Agent or of any notary public or other officer authorized to take acknowledgment of deeds to be recorded in the state in which he purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Holder of Bonds may be established without further proof if such instrument is signed by a person purporting to be the president or vice-president of such corporation with a corporate seal, affixed and attested by a person purporting to be its secretary or an assistant secretary. The Agent, however, may nevertheless in its discretion require further or other proof in cases where it deems the same desirable.

The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the records of the Agent. Any request, consent or vote of the Holder of any Bond shall bind all Transferees and all future owners of such Bond in respect of anything done or suffered to be done by the Commission or the Agent in accordance therewith.

Section 1.12. Notices. Any notice, demand, direction, request or other instrument authorized or required by this Agreement to be given to or filed with the Commission or the Agent shall be deemed to have been sufficiently given or filed for all purposes of this Agreement if and when sent by registered or certified mail, postage prepaid or sent by telex and confirmed by such registered or certified mail:

(i) To the Commission,
The County Commission of Preston County,
Courthouse,
Kingwood, West Virginia. 26537
Attention: The President

(ii) To Chase or the Agent,
The Chase Manhattan Bank (National Association),
1441 Broadway
New York, New York. 10018
Attention: Mr. Thomas Vogel

(iii) To Manufacturers,
Manufacturers Hanover Trust Company,
350 Park Avenue,
New York, New York. 10022
Attention: Mr. Roger Marvinney, Vice President

and copy to:
Christopher Rodier, Esquire

(iv) To Emons Industries, Inc.,
Emons Industries, Inc.,
490 East Market Street,
York, Pennsylvania. 17403
Attention: Vice President

and a copy addressed to:
Slade, Pellman & Biehl,
850 Third Avenue,
New York, New York. 10022
Attention: Melvin S. Slade, Esquire

(v) To West Virginia Northern Railroad, Inc.,
West Virginia Northern Railroad, Inc.,
c/o Emons Industries, Inc.,
490 East Market Street,
York, Pennsylvania. 17403
Attention: Vice President

ARTICLE II

REPRESENTATIONS

Section 2.00. Representations and Warranties of Commission. The Commission represents, covenants and warrants to the Agent and the Holders as hereinafter stated in this Article II.

Section 2.01. Organization and Existence. The Commission is a public corporation and a political subdivision of the State, duly organized and validly existing under and pursuant to the Constitution and laws of the State, including the Act.

Section 2.02. Power and Authority. The Commission has full power, authority and legal right under the Constitution and laws of the State, including the Act:

(i) to finance the acquisition by the Company, at the request of the Parent, of the Project by borrowing the amount provided for in this Agreement and issuing each of the Bonds as provided herein in order to evidence such borrowing,

(ii) to execute and deliver the Deed, the Mortgage and this Agreement and to issue each of the Bonds and

(iii) to perform and observe all the terms and provisions of the Deed, the Mortgage and this Agreement.

Section 2.03. Due Authorization. (A) The Commission has by proper corporate action duly adopted the Series Resolution authorizing the Series A Bonds in accordance with the Constitution and laws of the State, including the Act, and has, by the adoption of that Series Resolution, duly authorized the execution and delivery of the Deed, the Mortgage and this Agreement and the issuance of each of the Series A Bonds.

(B) Prior to the delivery of any Additional Bonds to the Banks, the Commission shall have by proper corporate action duly adopted the Series Resolution authorizing those Bonds in accordance with the Constitution and laws of the State, including the Act, and duly authorized the issuance of each of those Bonds.

Section 2.04. Execution and Delivery. (A) This Agreement and the Mortgage have been duly executed and delivered and

constitute legal, valid and binding obligations of the Commission enforceable in accordance with their respective terms.

Section 2.05. Delivery of Bonds. Upon the delivery of any Bond to a Bank such Bond shall have been duly executed, issued and delivered and constitute the legal, valid and binding special obligation of the Commission enforceable in accordance with its terms.

Section 2.06. Authorization and Performance. The execution and delivery of the Deed, the Mortgage and this Agreement, the adoption of any Series Resolution, and performance of the transactions contemplated hereby and thereby do not and will not conflict with, or result in the violation or breach of, or constitute a default under or require any consent, or create any lien, charge or encumbrance (other than in favor of the Agent for the benefit of the Holders) under the provisions of:

(i) the Constitution of the State or any law, including the Act, rule or regulation of any governmental authority,

(ii) the bylaws or other organic documents governing the Commission,

(iii) any agreement, bond agreement, resolution, instrument or other document to which the Commission is a party or by which the Commission or any of its assets may be bound or affected or

(iv) any order, writ, judgment, injunction, decree, determination or award of any court, government or governmental authority applicable to the Issuer or any of its assets.

Section 2.07. Consents and Approvals. All consents, approvals, authorizations and orders of, or filings or registrations with, any governmental or regulatory authorities or public bodies, including without limitation the Securities and Exchange Commission, which are required for the execution and delivery of the Deed, the Mortgage and this Agreement and the performance of the transactions contemplated hereby and thereby will have been duly obtained or made prior to the delivery of each Series of Bonds.

Section 2.08. Compliance with Requirements. All requirements and conditions specified in the Act, in the bylaws or other organic documents governing the Commission and in any other applicable laws or regulations which are required to be fulfilled

prior to the execution and delivery of the Deed, the Mortgage and this Agreement and the adoption of the Series A Resolution have been fulfilled and shall have been fulfilled on or prior to the adoption of any other Series Resolution and on or prior to the issuance and delivery of each Bond.

Section 2.09. No Litigation. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, by or before any court, public board or body, pending or known to be threatened against or affecting the Commission, calling into question the creation, organization or existence of the Commission or its power to enter into the transactions contemplated hereby or wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or would affect the validity, or adversely affect the enforceability, of the Deed, the Mortgage or this Agreement or any other agreement or instrument to which the Commission is a party and which is to be used in connection with or is contemplated by this Agreement, nor to the best knowledge of the Commission is there any basis therefor.

Section 2.10. Validity and Priority of Liens. (A) This Agreement creates, and there are hereby created, in favor of the Agent for the benefit of Bondholders:

(i) a prior perfected security interest in and valid first lien upon the rights conferred upon the Commission under the Deed and all moneys due and to become due thereunder, subject to no equal, prior or other lien, charge, encumbrance or security or other interest whatsoever; and

(ii) a pledge of and general lien upon all money and investments at any time held in any Account established hereunder, subject to no equal, prior or other lien, charge or encumbrance or security or other interest whatsoever.

(B) The assignment contained in this Agreement is effective to vest in the Agent for the benefit of the Banks the right to enforce the Deed in accordance with its terms.

ARTICLE III

TERMS OF LENDING AND CONDITIONS PRECEDENT
TO DELIVERY OF BONDS

Section 3.01. Obligations of Banks. (A) Each of the Banks severally agrees, pursuant to the terms of this Agreement, to make its Proportionate Share of a loan not in excess of \$2,000,000 to the Commission to enable the Commission to finance its acquisition of the Project. The proceeds of the loan shall be applied to acquire the Initial Facility. The loan to be applied to costs related to the Initial Facility shall be evidenced by, and repaid with interest in accordance with, Bonds designated as "Series A."

(B) The obligation of each Bank with respect to the Initial Facility shall in no event exceed its Proportionate Share of all Bonds simultaneously issued and delivered in a single transaction to acquire the Initial Facility. All Bonds issued and delivered to acquire the Initial Facility shall not exceed \$2,000,000 in aggregate principal amount.

(C) For the purposes of this Section, the Proportionate Share of each Bank shall be as follows:

Chase	71.450%
Manufacturers	28.550%

with the result obtained by application of such percentage rounded to the nearest \$1,000. The amount of such Proportionate Shares or the amount by which an amount is rounded may be increased or decreased by agreement of the Banks.

(D) The obligation of either Bank to make all or a portion of the loan shall terminate on November 26, 1981, and shall be of no force and effect for any portion of the loan not made before that date. Any Bank may extend, at its sole option, one or more times the date on which its obligation shall expire.

(E) The Proportionate Shares and termination date set forth above are for the sole benefit of the Banks. Any increase or decrease in Proportionate Shares or extension of a termination date shall have not affect the authorization of Bonds.

Section 3.02. Representation of Banks. Each of the Banks represents to the Commission that it is making the loan to be made by it pursuant to this Agreement in the ordinary course of its commercial banking business; that it is familiar with the federal

legislation, rules and regulations relating to limitations upon the public distribution of securities; and that it has no present intention of making any sale or other distribution of such loan or the Bonds acquired by it under this Agreement in violation of such legislation, rules or regulations.

Section 3.03. Issuance and Delivery of Bonds. After the authorization of a Series of Bonds by a Series Resolution, such Series of Bonds shall be executed by or on behalf of the Commission and thereupon be delivered upon original issuance by or upon the order of the Commission to the Banks upon compliance by the Commission with the provisions of this Article and upon deposit of the proceeds of the portion of the loan evidenced by such Series of Bonds by the Banks into the Construction Account.

Section 3.04. Conditions Precedent to the Delivery of Any Bonds. (A) Bonds shall be delivered upon original issuance by or upon the order of the Commission if but only if the Agent and the Banks shall receive and hold:

(1) a copy duly certified by the Clerk of the Commission of the Series Resolution authorizing the issuance of the Series of Bonds then to be delivered; and establishing the amounts and dates of Principal Installments on, and first Interest Payment Date of, such Series of Bonds in accordance with Section 4.09.

(2) an executed counterpart of this Agreement;

(3) a certificate of authorized officers of the Commission, dated the date of delivery of such Series of Bonds, certifying, in accordance with Section 103(c) of the Code, to certain matters with respect to such Series of Bonds and the use of the proceeds thereof;

(4) a certificate of authorized officers of the Company, dated the date of delivery of such Series of Bonds, certifying, in accordance with Section 103(c) of the Code, to certain matters with respect to such Series of Bonds and the use of the proceeds thereof; and

(5) an approving opinion of Bond Counsel addressed to the Commission and the Banks, dated the date of delivery of such Series of Bonds and to the effect that (i) such Series of Bonds,

were duly authorized executed and delivered, are entitled to the benefits of this Agreement, and are valid and binding special obligations of the Commission enforceable in accordance with their terms and (ii) interest to be paid on such Series of Bonds is exempt from federal income taxation except Bonds held by a Substantial User of the Initial Facility.

(B) The obligation of any Bank to make any portion of the loan is subject to the condition that the Agent and the Banks shall receive and hold the following documents in addition to the documents described in Subsection (A) of this Section:

(1) a certificate of the Commission substantially in the form attached hereto as Exhibit A with respect to the Series of Bonds then being delivered;

(2) a certificate of the Company substantially in the form attached hereto as Exhibit B with respect to the Series of Bonds then being delivered;

(3) a certificate of the Parent substantially in the form attached hereto as Exhibit C with respect to the Series of Bonds then being delivered;

(4) a copy of the Articles of Incorporation of the Company certified within a period of time satisfactory to the Banks by the Secretary of State of the State of Delaware;

(5) a copy of the by-laws of the Company certified by the Secretary of the Company as of the date of delivery of such Series of Bonds evidencing that portion of the loan;

(6) a certificate of the Secretary of State of the State of Delaware, dated within a period of time satisfactory to the Banks and certifying that the Company has fulfilled and paid all tax and other obligations due and payable to the State of Delaware necessary to preserve and continue its status as a Delaware corporation in good standing, such status to be confirmed by telegram of such Secretary of State as of a date prior to the delivery of such Series of Bonds;

(7) a certificate of the Secretary of State of the State of West Virginia, dated within a period of time satisfactory to the Banks and certifying that the Company is a corporation in good standing in the State of West Virginia, that the Company has fulfilled and paid all tax and other obligations due and payable to the State of West Virginia and that the Company is qualified to do business as a foreign corporation in the State of West Virginia, such status to be confirmed by telegram of such Secretary of State as of a date prior to the closing;

(8) a copy of the Certificate of Incorporation of the Parent certified within a period of time satisfactory to the Banks by the Secretary of State of the State of New York;

(9) a copy of the by-laws of the Parent certified by the Secretary of the Parent as of the date of delivery of such Series of Bonds;

(10) a certificate of the Secretary of State of the State of New York, dated within a period of time satisfactory to the Banks and certifying that the Parent has fulfilled and paid all tax and other obligations due and payable to the State of New York necessary to preserve and continue its status as a New York corporation in good standing, such status to be confirmed by telegram of such Secretary of State as of a date prior to the delivery of such Series of Bonds;

(11) the opinion of general counsel to the Commission, dated the date of delivery of such Series of Bonds, addressed to the Agent and the Banks and substantially in the form attached hereto as Exhibit D with respect to the Series of Bonds then being delivered;

(12) the opinion of Slade, Pellman & Biehl, dated the date of delivery of such Series of Bonds, addressed to the Agent and the Banks and substantially in the form attached hereto as Exhibit E with respect to the Series of Bonds then being delivered;

(13) the opinion of Macdonald & McNerny, Washington, D.C., attached to the opinion of Slade, Pellman & Biehl, dated the date of delivery of such Series of Bonds, addressed to Slade, Pellman & Biehl, and substantially in the form attached hereto as Exhibit F with respect to the Series of Bonds then being delivered; and

(14) the opinion of Bond Counsel, dated the date of delivery of such Series of Bonds, addressed to the Commission and to the Banks and substantially in the form attached hereto as Exhibit G with respect to the Series of Bonds then being delivered.

(C) The requirements set forth in Subsection (B) of this Section are for the sole benefit of the Agent and the Banks and may be modified, amended or waived by mutual agreement of the Agent and the Banks.

Section 3.05. Conditions Precedent to the Delivery of Series A Bonds. (A) Series A Bonds shall be delivered upon original issuance by or upon the order of the Commission if but only if the Agent and the Banks shall receive and hold the following in addition to the documents described in Section 3.04(A):

- (1) an executed counterpart of the Deed;
- (2) an executed counterpart of the Mortgage;
- (3) an executed counterpart of the Guarantee;
- (4) an executed counterpart of the Acknowledgment;
- (5) evidence satisfactory to the Agent, each of the Banks and Bond Counsel that this Agreement, the Deed and the Mortgage and financing statements in respect thereof were duly filed and recorded in all places required for due perfection of the lien created thereby under applicable laws and regulations, including the State Uniform Commercial Code and laws and regulations governing the Interstate Commerce Commission; and

(6) Title Insurance for insurance in an amount satisfactory to the Agent, each of the Banks and Bond Counsel to the effect that the Mortgage is a valid and effective first lien, subject to Permitted Encumbrances, upon the properties subject thereto except the rights-of-way and personal property described in paragraph (A) of "Schedule - Real Estate" attached hereto as a part hereof.

(B) The obligation of any Bank to make any portion of the loan to be evidenced by Series A Bonds is subject to the condition that the Agent and the Banks shall receive and hold the following documents in addition to the documents described in Section 3.04 and Subsection (A) of this Section:

(1) a copy duly certified by the Secretary of the Company of all corporate resolutions duly authorizing the execution and delivery or acceptance or approval of the Conveyance of the Initial Facility to the Commission, the Deed, the Guarantee and financing statements and any action to be taken by the Company contemplated by the said Conveyance, the Deed and the Guarantee;

(2) a copy duly certified by the Secretary of the Parent of all corporate resolutions duly authorizing the execution and delivery of the Guarantee and any actions contemplated thereby;

(3) evidence of insurance on the Initial Facility satisfactory to the Banks and meeting the requirements of Section 5.10 of the Deed, including casualty insurance, general public liability insurance and workmen's compensation insurance; and

(4) a certificate of the Controller, Treasurer or other chief financial officer of the Parent that no Event of Default has occurred with respect to any Credit Transaction, as defined in Section 4.12 of the Guarantee, has occurred and is continuing and that no event which would constitute an Event of Default thereunder with the passage of time or the giving of notice, or both, has occurred and is continuing.

(C) The requirements set forth in Subsection (B) of this Section are for the sole benefit of the Agent and the Banks and may be modified, amended or waived in whole or in part by mutual agreement of the Agent and the Banks.

Section 3.06. Conditions Precedent to the Delivery of Additional Bonds. (A) So long as the Deed, Mortgage, Acknowledgment and Guarantee shall be in full force and effect, Additional Bonds may be delivered upon original issuance hereunder for the purpose of acquiring Additional Facilities, but only in the event that the Banks agree in advance in writing to purchase such Additional Bonds.

(B) Additional Bonds shall be delivered upon original issuance by or upon the order of the Commission if but only if the Agent and the Banks shall receive and hold the following in addition to the documents described in Section 3.04(A):

(1) an executed counterpart of an amendment to the Mortgage expressly providing that for all purposes thereof the property thereunder shall include the Additional Facilities and the Bonds referred to therein shall include the Additional Bonds;

(2) an executed counterpart of an amendment to the Deed expressly providing that for all purposes thereof the property thereunder shall include the Additional Facilities and the Bonds referred to therein shall include the Additional Bonds;

(3) an executed counterpart of an amendment to the Guarantee expressly providing that the Bonds referred to therein shall include the Additional Bonds;

(4) an executed counterpart of the amendment to the Acknowledgment expressly providing that for all purposes thereof, the references to the Deed therein shall include the Deed as amended in accordance with this Agreement.

(5) evidence satisfactory to the Agent, each of the Banks and Bond Counsel that this Agreement, Deed and Mortgage and financing statements in respect thereof were duly filed and recorded in all plans required for due perfection of the lien created thereby with

respect to the Additional Facilities under applicable laws and regulations, including the State Uniform Commercial Code and laws and regulations governing the Interstate Commerce Commission; and

(6) Title Insurance increased in principal amount satisfactory to the Agent, each of the Banks and Bond Counsel to the effect that the Mortgage is a valid and effective first lien upon the properties subject thereto, subject to Permitted Encumbrances.

(C) The obligation of any Bank to make any portion of the loan to be evidenced by Additional Bonds is subject to the condition that the Agent and the Banks shall receive and hold the following documents in addition to the documents described in Section 3.04 and Subsection (A) of this Section:

(1) a copy duly certified by the Secretary of the Company of all corporate resolutions duly authorizing the execution and delivery of the amendment of the Deed, Acknowledgment and the Guarantee and any action to be taken by the Company contemplated by the Deed, Acknowledgment and the Guarantee, all as amended;

(2) a copy duly certified by the Secretary of the Parent of all corporate resolutions duly authorizing the execution and delivery of the Guarantee, as amended, and any other actions contemplated thereby;

(3) evidence of insurance on the Project increased in an amount sufficient to meet the requirements of Section 5.11 of the Deed, including casualty insurance, general public liability insurance and workmen's compensation insurance, and satisfactory to the Banks;

(4) a certificate of the Treasurer, Controller or other chief financial officer of the Company that no Event of Default has occurred and is continuing under the Deed and that no event which would constitute an Event of Default thereunder with the passage of time or giving of notice, or both, has occurred and is continuing; and

(5) a certificate of the Treasurer, Controller or other chief financial officer of the Parent that no Event of Default has occurred and is continuing under the Agreement or the Guarantee and that no event which would constitute an Event of Default thereunder with the passage of time or giving of notice, or both, has occurred and is continuing.

(D) The obligation of any Bank to make any portion of the loan to be evidenced by Additional Bonds is also subject to the conditions that (i) no event of default under this Agreement, the Deed, the Mortgage or the Guarantee shall have occurred and be continuing and (ii) no event shall have occurred and be continuing which with either or both notice and passage of time would constitute an event of default under this Agreement, the Deed, the Mortgage or the Guarantee.

(E) The requirements set forth in Subsections (B), (C) and (D) of this Section are for the sole benefit of the Agent and the Banks and may be modified, amended or waived in whole or in part by agreement of the Agent and the Banks.

ARTICLE IV

TERMS OF BONDS

Section 4.01. Special Obligations of Commission. (A) No covenant or agreement contained in this Agreement, the Mortgage or in the Bonds and no obligation herein or therein imposed upon the Commission and no breach thereof shall constitute or give rise to or impose upon the Commission a general liability or a charge upon its general credit or property other than the Project or upon any revenues or income of the Commission other than the Pledged Revenues.

(B) All obligations respecting money are limited to the proceeds of the sale of the Bonds, the Pledged Revenues, and the proceeds of any sale of the Project, and any part thereof at foreclosure or otherwise. The Commission and the County of Preston are not liable for the payment of the principal or Redemption Price, if any, of or interest on the Bonds or for the performance of any pledge, obligation or agreement of any kind whatsoever which is undertaken by the Commission except as provided herein or in the Mortgage.

(C) Neither the Bonds nor any agreement of the Commission shall be construed to constitute an indebtedness of the Commission or the County within the meaning of any constitutional or statutory provision limiting indebtedness.

(D) No covenant or agreement contained herein or in the Bonds and no obligation herein or therein imposed, and no breach thereof shall constitute or give rise to or impose upon any member, officer or employee of the Commission any personal liability whatsoever.

(E) The provisions of this Agreement are covenants and agreements with Agent and Bondholders which the Commission hereby determines to be reasonable and proper for the security and payment of the Bonds. The provisions, covenants and agreements herein set forth to be performed on behalf of the Commission shall be for the equal benefit, protection and security of the Holders of any and all Bonds, all of which, regardless of the time or times of their issue or maturity, shall be on a parity with each other and of equal rank without preference, priority or distinction of any Bonds over any other thereof except as expressly provided in this Agreement.

Section 4.02. Security for Bonds; Security Interests Granted. (A) In order to secure the payment of the principal, or Redemption Price, if any, of and interest on the Bonds, all

according to the true intent and meaning thereof, and to secure the performance and observance of all the covenants and conditions therein and herein contained, and for other good and valuable considerations, the receipt whereof is hereby acknowledged, the Commission by these presents does bargain, sell, convey, grant, assign, transfer, warrant, pledge, grant a security interest in and set over unto the Agent on behalf of the Bondholders, and to successor or successors of the Agent and to its or their assigns forever, free and clear of all liens and encumbrances (except Permitted Encumbrances) all the following property, revenues and income:

(a) The deed of the real estate situate in the County of Preston, State of West Virginia, by which the Company conveyed the site to the Commission, which real estate is described in "Schedule--Real Estate" attached hereto as a part hereof, together with all right, title and interest of the Commission pursuant to the said deed in and to all buildings and facilities on said real estate and any and all property constituting the Project together with all extensions, additions and improvements thereto;

(b) All the right, title and interest of the Commission in and to all and singular the tenements, hereditaments, appurtenances, easements, rights privileges, permits and licenses of every kind or nature whatsoever which the Commission now has or may hereafter acquire, in law or in equity, in and to all or any of the foregoing;

(c) The Deed and the Mortgage;

(d) All the moneys paid upon the Purchase Price, the revenue, receipts and income derived from the leasing or sale of the properties described in the foregoing paragraphs (a), (b) and (c) and all casualty or hazard insurance proceeds and condemnation awards (less any expenses incurred in obtaining such awards) and all the foregoing are collectively called "Pledged Revenues"; and

(e) The vendor's liens retained by the Commission in the Deed.

(B) All moneys and investments standing to the credit of any Account are hereby pledged to the Agent for the benefit of Bondholders until expended or paid over as herein provided and the Agent for the benefit of Bondholders is hereby granted a general lien upon, a security interest in, and a right of set-off against, all such moneys and investments, as security for the payment in full of each of the Bonds and all other amounts due to the Agent and Bondholders under the Mortgage, the assigned Deed, the Guarantee and this Agreement.

Section 4.03. Dates of Bonds. (A) Upon original issuance each Bond shall be dated the date of its delivery.

(B) Any Bond issued upon an exchange or transfer shall be dated as of the Interest Payment Date immediately preceding the date of delivery unless the date of delivery is an Interest Payment Date. In that case, such a Bond shall be dated as of the date of delivery.

(C) Notwithstanding Subsection (B) of this Section, if interest on any Bond surrendered for exchange or transfer shall be in default, the Bond issued in lieu of such Bond shall be dated as of the date to which interest has been paid in full on the Bond so surrendered.

Section 4.04. Principal and Interest. (A) The principal of the Series A Bonds shall be payable in twelve (12) substantially equal Principal Installments commencing on the last day of the fifteenth (15th) calendar month following the calendar month in which the Series A Bonds are delivered and quarterly thereafter on the last day of the last calendar month in each successive quarter of a calendar year. The amounts of each such Principal Installment and the date on which each such Principal Installment is due and payable, unless redeemed prior thereto, shall be set forth in the Series Resolution authorizing the Series A Bonds.

(B) The principal of any Additional Bonds shall be payable as shall be provided in the Supplemental Agreement and the Series Resolution for the Additional Bonds.

(C) Each Principal Installment of each Bond shall bear interest at the rate of seventy percent (70%) of the Prime Rate from the date of the Bond until the obligation of the Commission with respect to such Principal Installment shall be discharged. Interest shall be due and payable with respect to each Series of Bonds on the Interest Payment Date specified in the Series Resolution authorizing such Series and quarterly thereafter on each Interest Payment Date. Interest shall be calculated on the basis of the actual number of elapsed days in a year of three hundred and sixty (360) days.

(D) Upon any failure to make any of the payments required under the provisions of this Section, the item or Principal Installment in default shall continue as an obligation of the Commission until it is fully paid with interest thereon. From the date payment of such item or such Principal Installment is due until it is paid in full, interest shall accrue on such item or such Principal Installment in default at a rate per annum equal to the Prime Rate plus 3% or if such rate shall be unlawful, then at the maximum rate permitted by law.

(E) Anything herein to the contrary notwithstanding, the obligations of the Commission under this Agreement shall be subject to the limitation that payments of interest on any Bond shall not be required to the extent that receipt of any such payment by the Bondholder holding such Bond would be contrary to provisions of law applicable to such Bondholder which limit the maximum rate of interest which may be charged or collected by such Bondholder.

Section 4.05. Medium and Method of Payment. (A) The principal or Redemption Price, if any, of and interest on the Bonds and other charges under this Agreement to be made to Bondholders shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

(B) All payments of principal or Redemption Price, if any, of and interest on each of the Bonds and other charges under this Agreement to be made to Bondholders shall be made in immediately available funds and shall be made no later than 11:00 a.m. New York time at the principal office of the Agent in New York, New York, on the date due for the account of each Bondholder. If any such payment falls due on a Saturday, Sunday or public holiday at the place of payment thereof, then such due date shall be extended to the next succeeding full business day at such place and interest shall be payable in respect of such extension.

(C) Except as otherwise expressly provided herein, each payment in respect of the Bonds and of other sums due hereunder, shall be distributed to each Bondholder pro rata in accordance with the amount of such payment then due and payable to each of them. In the event that on any date the Pledged Revenues available for payment are less than the amount then due hereunder, such partial payment shall be applied to the amounts then due in the following order of priority: (i) reimbursable expenses and indemnities, (ii) accrued interest on the Bonds, (iii) principal or Redemption Price, if any, of the Bonds and (iv) any other amounts due and payable hereunder.

(D) Each Bondholder shall permit the Commission or the Parent at any time during regular business hours at the principal office of such Holder to make an appropriate notation or notations on such Bonds held by it of payments of principal or Redemption Price, if any, thereof, if at least five (5) days prior thereto the Commission, or the Parent shall have given written notice of its intention to do so and if it shall not have received from such Holder a written confirmation that the requested notation or notations have been made.

Section 4.06. Redemption of Bonds. (A) The Bonds shall be subject to redemption in whole at any time or in part on any Interest Payment Date as provided in this Section and, in the case of redemption in the circumstances contemplated in Subsection (F) of this Section, upon the giving of written notice, which shall be irrevocable, by the Company to the Commission, the Agent and Bondholders not less than five business days prior to the date of prepayment. Prepayments shall be applied to Principal Installments in inverse order of maturity. "Redemption" as used in this Section means prepayment in whole or in part, as the case may be.

(B) In the event of a redemption of less than all Outstanding Bonds of a Series of Bonds, a portion of each Outstanding Bond of that Series shall be redeemed in such proportion that the unpaid Principal Installments of that Bond bears to the unpaid Principal Installments of all Outstanding Bonds of that Series. In such event, the Redemption Price shall be credited to Principal Installments in inverse order of maturity.

(C) If in accordance with Section 8.1(B) of the Deed, the Company elects to prepay the Purchase Price equal to the sum of one or more Principal Installments on all Outstanding Bonds plus interest to accrue on such Principal Installments to the date of redemption, such prepayment shall be applied in full to the redemption of Outstanding Bonds plus interest accrued to the date of redemption on the principal of such Bonds to be redeemed. The Redemption Price in this case shall be equal to the principal amount to be redeemed.

(D) Upon the occurrence of a Determination of Taxability, the Bonds shall be redeemed in whole at the Redemption Price equal to the purchase price set forth in Section 10.02 of the Guarantee. Any payments of the purchase price made by a Guarantor to such Bondholder pursuant to Section 10.02 of the Guarantee shall be credited to the Redemption Price.

(E) Upon certification by the Company to the Agent that all costs to be paid from a Construction Account or a Reconstruction Account have been paid, all amounts credited to such Account shall

be applied in full to the redemption of Outstanding Bonds of the Series for which such Account was created plus interest to accrue to date of redemption. The Redemption Price in this case shall be equal to the principal amount to be redeemed.

(F) Upon the giving of notice by the Company of its election to:

(i) prepay a portion of the Purchase Price pursuant to Section 8.1(B) of the Deed or

(ii) pay the Redemption Price of Bonds following a Determination of Taxability under Section 10 of the Guarantee prior to the last date on which such purchase is required to be made pursuant to such Section 10, the Principal Installments of the Bonds to be prepaid or purchased shall become due and payable at the applicable Redemption Price on the redemption date specified in the notice together with interest accrued and unpaid to the date of redemption. On the redemption date the Holders of such Bonds shall be paid the applicable Redemption Price plus interest accrued and unpaid to the date of redemption.

(G) If the Company shall not give notice as provided in clause (ii) of Subsection (F) of this Section, the applicable Redemption Price of all Outstanding Bonds shall become due and payable on the last date on which such redemption is required to be made (such date shall be deemed the redemption date) together with interest accrued and unpaid to the date of redemption.

(H) From and after the redemption date, interest on the Principal Installments so called for redemption shall cease to accrue and become payable if but only if:

(i) on the redemption date moneys equal to the Redemption Price of the Bonds or portions thereof to be redeemed together with interest to the redemption date shall be held by the Agent so to be available therefor on that date; and

(ii) notice of redemption, if required by subsection A of this Section, shall have been given as therein provided.

If said monies shall not be so available on the redemption date, the Bonds or portions thereof to be redeemed shall continue to bear

interest until paid at the same rate as they would have borne if they had not been called for redemption.

Section 4.07. Ownership and Transfer Bonds. (A) Each Bond shall be payable to the order of the Holder, and such Holder shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or Redemption Price, if any, of and interest on such Bond shall be made only for the account of such Holder at the principal office of the Agent. All such payments shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sums so paid whether or not any transfer thereof shall be made until the Agent and the Company shall have received written notice of such transfer as provided in Subsection (B) of this Section.

(B) Each Holder may at any time transfer, sell, assign, grant participations in or otherwise dispose of all or any portion of any Bond held by it and the loan evidenced thereby or of such Holder's right, title and interest therein or thereto or in or to a transferee (a "Transferee"); provided, however, that:

(a) no Transferee whose interest constitutes a participation in a Bond shall be deemed a Holder; and

(b) notwithstanding any transfer by a Holder, the Agent, the Commission and the Parent may deem and treat such Holder as the owner of the Bond which is the subject of such transfer for all purposes of this Agreement and the Transferee of such interest in such Bond shall not be a Holder unless and until (subject to Subsection (A) of this Section):

(i) the Holder then transferring the Bond shall have given notice of such transfer to the Agent and Company identifying the Bond that is the subject of such transfer and specifying the name and address of the Transferee; and

(ii) such Transferee shall have duly executed and delivered to the Agent an instrument satisfactory in form and substance to the Agent whereby such Transferee agrees to observe and be bound by the provision of Section 4.05 and Article VIII.

The Agent will promptly notify the Parent of each transfer of which it receives notice hereunder.

(iii) The Holder transferring any interest in a Bond shall deliver to the Transferee an assignment of the appropriate proportion of its interest in the Mortgage to such Transferee.

Section 4.08. Form, Denominations, Number and Execution.
Bonds of any series shall be issued in order form, in denominations of at least \$100,000 and not exceeding in aggregate principal amount the aggregate principal amount of Bonds of such Series authorized to be issued under this Agreement. Bonds of each Series shall be numbered consecutively from one (1) upwards with the letter or number designation of the Series preceding the Bond number (No. A-1, etc. for Series A, No. B-1, etc. for Series B and so on), and shall be typewritten, photo-offset, printed or any combination of the foregoing. Bonds of each Series shall be captioned "The County Commission of Preston County, West Virginia, Industrial Revenue Bond (West Virginia Northern Railroad, Inc. Project), Series _____.

The Bonds shall be executed for the Commission by its President and the seal of the Commission shall be affixed thereto and attested by its Clerk.

Section 4.09. Exchange of Bonds. (A) Bonds, upon the surrender thereof to the Agent with a duly executed endorsement of transfer satisfactory in form and substance to the Agent, may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same Series, maturity and interest rate of any authorized denomination. The Commission shall execute and deliver to the Agent, for delivery to the Holder, Bonds in the requested authorized denominations.

(B) All Bonds surrendered in any such exchange shall forthwith be cancelled by the Agent and evidence of such cancellation shall be given to the Commission.

(C) For every such exchange of Bonds, the Commission or the Agent may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange, and except as otherwise provided in this Agreement, may charge a sum sufficient to pay the cost of preparing each new Bond issued upon such exchange, which sum or sums shall be paid by the person requesting such exchange as a condition precedent to the exercise of the privilege of making such exchange. The Commission shall not be obligated to make any such exchange of Bonds during the ten (10) days next preceding an Interest Payment Date.

Section 4.10. Stolen, Lost or Mutilated Bonds. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Commission shall execute and deliver to the Agency for delivery to the Holder thereof a new Bond of like Series, maturity, interest rate and principal amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the Commission and the Agent evidence satisfactory to them that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Commission and the Agent with indemnity satisfactory to them and complying with such other reasonable regulations as the Commission and the Agent may prescribe and paying such expenses as the Commission and the Agent may incur in connection therewith. All Bonds so surrendered to the Agent shall be cancelled by it and evidence of such cancellation shall be given to the Commission.

ARTICLE V

CUSTODY AND APPLICATION OF
BOND PROCEEDS AND OTHER AMOUNTS

Section 5.01. Construction Accounts. The proceeds of each Series of Bonds shall be deposited in the Construction Account for such Series of Bonds established for the Commission with the Agent and held, invested and applied to the payment of Expenses of Issuance, Project Reimbursements and Project Costs in accordance with this Article.

Section 5.02. Reconstruction Account. (A) If the whole or any part of the Project shall be damaged or destroyed by fire or other hazard or condemned by the power of eminent domain, the proceeds of any casualty or hazard insurance or condemnation award (less any reasonable or necessary expenses incurred in connection with obtaining such award) shall be deposited in a Reconstruction Account for the Series of Bonds, the proceeds of which financed the portion of the Project so damaged, destroyed or taken, established for the Commission with the Agent and held invested and applied as provided in this Article.

(B) The Agent shall at the written direction of the Company either (i) permit, subject to Subsection (C) of this Section, the Company to pay Project Costs in order to repair, restore or reconstruct the Project with facilities and equipment to replace that which was damaged, destroyed or condemned ("Replacements") or (ii) apply the proceeds of casualty or hazard insurance or condemnation award to the redemption of Bonds.

(C) Replacements may be made if but only if:

(1) the Company shall have paid to the Agent for deposit in the appropriate Reconstruction Account the amount of the cost of Replacements in excess of the amount of casualty or hazard insurance proceeds or condemnation award held in the Reconstruction Account and

(2) the Company shall represent and warrant in writing to the Agent and the Bondholders that the Replacements will restore the Project so that its use and value shall not be materially impaired and that casualty or hazard insurance as required by the Deed has been obtained and will be maintained on the Project as repaired, restored or reconstructed.

Section 5.03. Special Accounts. Any moneys required or directed to be paid to the Agent, as depositary, under the Deed or this Agreement other than amounts to be deposited in a Construction Account or a Reconstruction Account shall be deposited in one or more special accounts (the "Special Accounts") held by the Agent and applied upon instructions of the Company to the purposes for which such moneys were deposited. Such moneys, pending such application, shall be held and invested as provided in this Article.

Section 5.04. Application of Construction Account and Reconstruction Account. (A) The Agent shall make disbursements from the Construction Account or Reconstruction Account in accordance with the written instructions of the Company with the Agent upon receipt by the Agent of a signed Requisition in the form of Exhibit H attached hereto.

(B) Amounts standing to the credit of a Construction Account at the date of completion of the Project, as certified in accordance with the Deed, shall be applied to the redemption of Bonds of the Series for which the Account was created, as required in accordance with Section 4.06(E).

(C) Amounts standing to the credit of a Reconstruction Account at the date of the completion of repair, restoration or reconstruction of the Project, as certified by an authorized representative of the Company shall, upon written direction of such representative, be transferred in accordance with the written instructions of the Company.

Section 5.05. Investment of Accounts. (A) The Commission consents and agrees that any moneys standing to the credit of any Account (including investment earnings) shall be temporarily invested or reinvested by the Agent for the account and risk of the Company (pending the disbursement thereof), in such Authorized Investments as the Company shall direct in writing. The Agent shall have no liability with respect to any investments made in accordance with a written request of the Company.

(B) Each investment direction shall specify the issuer, tenor and other similar terms of such Authorized Investments; provided, however, that such instructions shall specify Authorized Investments that (i) shall mature at times and in amounts necessary to make the payments when reasonably expected by the Company to be required and (ii) in the case of investments of amounts deposited in the Construction Account, shall mature or be sold on or before the date three (3) years from the date of the Bonds of the Series which provided the amounts to be so invested.

(C) Investments shall be deemed at all times to be a part of the Account from which the moneys were applied to acquire the Investment in question, and the interest accruing thereon, and any profit resulting therefrom shall be a credit to such account, and any loss resulting therefrom shall be charged to such Account.

(D) The Agent is hereby empowered to sell or convert to cash Authorized Investments held in any Account to provide cash to make the disbursements to be made therefrom pursuant to instructions in accordance with this Article. Any interest accruing on, or profit realized upon the sale of, the Authorized Investments held in any Account shall be applied by the Agent in reduction of any or all amounts payable by the Commission to the Agent under this Agreement or the Bonds as such amounts become due.

Section 5.06. The Depository. To induce the Agent to act in respect of each Account, it is further agreed and understood that:

(1) The Agent shall not be under any duty to give the property standing to the credit of any Account any greater degree of care than it gives its own similar property and shall not be liable or responsible for any action or omission to act by it under this Article except for its own gross negligence or willful misconduct.

(2) The Agent may act in reliance upon any instrument or signature reasonably believed by it to be genuine and authorized. The provisions of this Article alone set forth all the duties of the Agent with respect to any and all matters pertinent to any Account, and no implied duties or obligations shall be read into this Agreement, or otherwise, against the Agent.

(3) The Agent makes no representation as to the validity, genuineness or collectibility of any security held for any Account.

(4) The Agent shall not be bound in any way by any agreement or contract (whether or not it has knowledge thereof) other than this Agreement, nor shall it be required to take notice of any fact or event, whether or not it has actual knowledge thereof, unless the existence or occurrence of the same shall have been communicated to it in the manner provided for in this Agreement. The Agent's only duties

or responsibilities shall be to deal with amounts standing to the credit of any Account in accordance with the terms hereof.

ARTICLE VI

PARTICULAR COVENANTS OF THE COMMISSION

Section 6.01. Effect of Covenants. The Commission hereby particularly covenants and agrees with the Agent and with the Holders of Bonds, to the effect and with the purpose set forth in the following Sections of this Article. The provisions of this Article shall be effective from and after the time of delivery by the Commission of the first Bond issued under this Agreement.

Section 6.02. Payment of Bonds. The Commission hereby covenants and agrees that it shall duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of and interest on the Bonds (whether at maturity, by acceleration or otherwise) at the dates and places and in the manner described in the Bonds according to the true intent and meaning thereof.

Section 6.03. Performance of Agreements. The Commission will take all action and do all things which it is authorized by law to take and do in order to perform and observe all covenants and agreements on its part to be performed and observed under this Agreement or the Bonds and in order to provide for and to assure payment of the principal or Redemption Price, if any, of the Bonds and any interest thereon when due.

Section 6.04. Creation of Liens. The Commission will not and will not permit the Company to create, assume or suffer to exist any assignment, mortgage, pledge, security interest or other lien, encumbrance or charge on any Pledged Revenues or other revenues derived or to be derived from the Deed on any property or assets, real or personal, of the Commission or the Company, respectively, including a security interest therein, from time to time included in the Project, excluding, however, the Permitted Encumbrances and any other liens, encumbrances or charges in favor of the Agent for the benefit of the Bondholders as security for the Bonds.

Section 6.05. Amendment. The Commission shall not alter, amend or repeal any Series Resolution, or, without the prior written consent of each Bondholder holding at least 27% of Outstanding Bonds agree to any alteration or amendment of the Deed, Mortgage, Acknowledgment or this Agreement, or take any action impairing any authority, right or benefit given or conferred by any Series Resolution, or the Deed, Mortgage, Acknowledgment or this Agreement.

Section 6.06. Payment. The Commission shall pay or cause to be paid the principal or Redemption Price, if any, of and the

interest on the Bonds as the same become due, whether by acceleration at maturity or otherwise, but solely from the sources referred to herein.

Section 6.07. Tax Exempt Status of Bonds. The Commission covenants and agrees that it shall not take or authorize or permit any action to be taken and has not taken or authorized or permitted any action to be taken which could result in interest paid on any of the Bonds being included in federal gross income of the Holders thereof.

Section 6.08. Arbitrage. Notwithstanding any other provision of this Agreement, the Commission covenants that (i) it will make no use of the proceeds of the loans made hereunder, or any of its funds, or of the Bonds which, if such use had been reasonably expected on the date hereof or the date of issue of the Bonds, would have caused any of the Bonds to be an "arbitrage bond" within the meaning of Section 103(c) of the Code or Treasury Department Regulations promulgated thereunder as at the time in effect and (ii) so long as any of the Bonds are Outstanding, it will comply with the requirements of said Section 103(c) and said Regulations.

Section 6.09. Acquisition and Completion of the Project. The Commission has acquired by the conveyance from the Company the real estate and improvements thereon constituting the Project, subject only to Permitted Encumbrances, has transferred back to the Company the Project by the Deed, and the Commission will cause the Company to complete the Project. All proceeds derived from the sale of the Bonds shall be used by the Commission and the Commission will require the Company to use such proceeds, solely for the purposes for which the same are authorized hereunder and not otherwise.

Section 6.10. Cooperation with Company. The Commission will cooperate with the Company to the end that the Project may be placed in operation at the earliest practical time and thereafter that the Project may be operated by the Company in the most successful and productive manner feasible and will insist upon and enforce compliance by the Company with the terms and provisions of the Deed, and will cause the Company to observe and perform the terms and provisions of the Deed.

Section 6.11. Commission to Cooperate Upon Default Under Deed. The Commission shall cooperate with the Agent and others to sell the Project under its reserved vendor's liens in the Deed in the event of default thereunder by the Company.

Section 6.12. Project to be Maintained in Good Repair. The Commission shall cause the Company to keep and maintain the Project at all times in good repair and operating condition and will

cause all needful and proper repairs, renewals and replacements thereto to be made from time to time.

Section 6.13. Insurance. The Commission will cause the Company to provide continuously from the effective date hereof, unless otherwise herein stated, the insurance coverage provided in Section 5.10 of the Deed, and will cause the Company to certify annually, on or before the 1st day of January of each year, to the Agent that all such insurance coverage remains and has continuously remained in effect from the effective date hereof. The proceeds of such insurance shall be applied as provided in Section 5.02.

Section 6.14. Use of Proceeds of Public Liability Insurance. The Commission will cause the proceeds of all public liability and landlord's liability insurance to be by the Company applied to the payment of any judgment, settlement or liability incurred for risks covered by such insurance. Any excess over the amount required for such purpose shall be paid to the Company if the Company is not in default under the Deed, or shall be used to remedy such default to the extent feasible.

Section 6.15. Use of Condemnation Proceeds. The Commission will cause the Company, in the event of condemnation of any part of the Project, to use the condemnation proceeds, after deducting its costs and expenses incurred in the condemnation proceedings, (i) for prepayment of the Purchase Price to the extent of such proceeds or (ii) for replacement of the condemned property, in which event such proceeds shall be deposited in the Construction Account or Reconstruction Account together with sufficient additional funds of the Company required to pay the costs of such replacement.

Section 6.16. Collection and Disposition of Revenues and Receipts. The Commission shall cause the Company to pay to the Agent for the account of the Commission all Pledged Revenues.

Section 6.17. Renewals, Replacements, Extensions and Improvements. The Commission will cause the Company to make such renewals, replacements, extensions and improvements as are necessary from time to time to keep the Project in good operating condition. The Commission may permit the Company to make any improvements on the Project which constitute facilities necessary or desirable in connection with efficient operation of the Project, which improvements shall be subject to the vendor's lien of the Deed. The value of the Project shall not be reduced by such improvements.

Section 6.18. Sale or Disposition of Project Prohibited. The Commission shall not permit the Company to sell or in any manner dispose of any part of the Project except as may be permitted by Section 6.19 or Section 6.20.

Section 6.19. Alteration of Project; Personal Property Connected with Project. (A) Unless the Commission or the Company shall be in default hereunder, the Commission may permit the Company, without procuring the consent of the Agent, to alter or improve the Project, provided that such action does not impair either the value of the Project or the utility thereof for the purpose intended; and provided further that any such alteration or improvement of the Project shall be deemed a part of the Project subject to the vendor's lien reserved in the Deed.

(B) Unless the Commission or the Company shall be in default hereunder, the Commission may permit the Company to dispose of, free from the lien of the Mortgage and the vendor's lien reserved in the Deed, any personal property, constituting a part of the Project, provided that the Company shall first have substituted or installed personal property of equal value or utility to be subject to such liens.

(C) Anything in this Section to the contrary notwithstanding, the Mortgage may provide that additions of personal property acquired by the Company from its own funds and which are not part of the Project and which do not constitute repairs, renewals or replacements of any part of the Project, shall not become a part of the Project nor be subject to the lien of the Mortgage, but that such additions shall be and remain the property of the Company, subject to the provisions of the Deed.

(D) Unless the Company shall be in default under the Deed, the Commission shall accord to the Company the right to sell any personal property, constituting a part of the Project, provided that such sale be reported by the Company in writing to the Agent and at the option of the Company, the proceeds of such sale be either (i) applied to the purchase of substitute personal property of equal value and utility, to be subject to the provisions of the Deed or (ii) be deposited in a Special Account to be applied to the redemption of Bonds.

Section 6.20. Release Clause. Unless the Commission or the Company shall be in default hereunder or the Company shall be in default under the Deed or the Parent shall be in default under the Guarantee, the Commission may permit the Company to obtain the release of any part of the Project not needed as a part of the Project and not useful in the maintenance and care of the Project, and the Bondholders shall release the same from the lien of the Mortgage upon deposit by the Company for the account of the Commission with the Agent of the following:

- (1) A resolution of the Company describing the property to be released in reasonable

detail, stating that the Company is not in default under any provisions of the Deed and the Parent is not in default under any provisions of the Guarantee and requesting such release, and stating that the Company is not informed of any default under the this Agreement by the Commission that has not been fully cured;

(2) A certificate of the authorized representative of the Company made and dated not more than sixty (60) days prior to the date of release, stating that the property to be released is not and will not be needed by the Company as part of the Project, that such release is, in the opinion of the signer, desirable in the conduct of the business of the Project by the Company and that the Commission is not, to the knowledge of the signer, in default under any of the provisions of this Agreement the Company is not in default under any of the provisions of the Deed and the Parent is not in default under any provisions of the Guarantee;

(3) An appraisal of any real property proposed to be released by a qualified real estate appraiser satisfactory to the Agent dated not more than sixty (60) days prior to the date of the release; and

(4) An amount in cash equal to the full value of the property to be released as specified in the aforesaid appraisal, which cash shall be deposited with the Agent in a Special Account.

Upon compliance with the foregoing conditions, the Bondholders shall, at the expense of the Company, execute and deliver to the Commission or its order any and all instruments that may be necessary to release from the lien of the Mortgage that portion of the Project to be released. The money deposited with the Agent as aforesaid shall be applied to the redemption of the Bonds.

Section 6.21. Interest of Commission in Project.

(A) The Commission had title to or a beneficial interest in and was lawfully possessed of fee simple title to the Project at the time of delivery of the Mortgage, and had the rightful power and lawful authority to encumber the same as provided in the Mortgage, subject

to Permitted Encumbrances. The Commission shall warrant and defend such title mortgaged by the Mortgage and every part thereof to the Agent, its successors and assigns, for the benefit of the Holders of the Bonds against the claims and demands of all persons whomsoever.

(B) The Commission covenants that the Project is free and clear of and from all and any liens and encumbrances of every nature and kind except Permitted Encumbrances and those created in favor of the Agent for the benefit of Bondholders, and will be so kept except as herein otherwise permitted, and the Commission will at all times maintain and preserve the lien and rank of the Mortgage as herein provided.

Section 6.22. Title to Pledged Revenues and Real Estate Documents. The Commission has legal title to and the beneficial interest in the Pledged Revenues and the reserved vendor's lien in the Deed and the rightful power and the lawful authority to pledge and assign the same. The Commission shall warrant and defend such pledge to the Agent, its successors and assigns, for the benefit of the Holders of the Bonds, against the claims and demands of all persons whomsoever. The Pledged Revenues and the Deed are now and will be kept free and clear of and from any all liens and encumbrances of every nature and kind except as herein otherwise provided. The Commission will at all times maintain and preserve, subject to Permitted Encumbrances, the lien and rank of the Mortgage as a first and prior lien upon the Project, the Pledged Revenues and the vendor's liens reserved under the Deed.

Section 6.23. Further Assurances; Recording. (A) The Commission covenants that it will at any time or times do, execute, acknowledge and deliver, and cause to be done, executed, acknowledged and delivered, all such further acts, assignments, pledges, continuation statements, transfers and assurances in law as the Agent shall reasonably require for the better assuring, assigning, transferring, pledging and confirming unto the Agent, all and singular, the property and rights herein assigned, transferred and pledged or intended so to be.

(B) The Commission will cause the Company to have all instruments executed pursuant to the provisions hereof, the Mortgage and the Deed, at all times to be recorded and filed and kept recorded and filed in such public offices as may be necessary or required by law, including the Interstate Commerce Commission, in order fully to preserve, continue and protect the security of the Bonds and the rights and remedies of the Agent, and the Commission will cause the Company to comply fully with all the requirements of any and every recording law or any other law affecting the due recording and filing of this Agreement and any documents referred to herein required to be recorded or filed to perfect any lien contemplated hereby or to comply with any requirement of law.

ARTICLE VII

DEFAULT AND REMEDIES

Section 7.01. Events of Default. Any one or more of the following, by the Company or the Commission, as the case may be, shall constitute an "Event of Default" hereunder:

(1) Failure to pay when due (i) any Principal Installment or Redemption Price, if any, of, or any interest on any of the Bonds, or (ii) of any amount payable to the Agent or any Bondholder hereunder and the continuance of such failure for a period of ten (10) consecutive days after the due date thereof; or

(2) A breach or failure of performance by the Commission of any covenant, condition or agreement contained in Section 6.03; or

(3) Except as provided in paragraph (2) above, a breach or failure of performance by the Commission or the Company of any other covenant, condition or agreement on its part to be observed or performed pursuant to this Agreement or the Deed, as the case may be, for a period of thirty (30) days after the Agent or any Bondholder holding at least twenty-seven percent (27%) of the aggregate principal amount of Bonds then Outstanding shall have given written notice to the Commission or the Company, as the case may be, specifying such breach or failure and requesting that it be remedied; or

(4) The Company or the Parent or any Subsidiary shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the federal Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or

composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against itself in an involuntary case under such Bankruptcy Code, or (vii) take any corporate action for the purpose of effecting any of the foregoing; or

(5) A proceeding or case shall be commenced, without the application or consent of the Company or the Parent or any Subsidiary in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding-up or composition or readjustment of debts of the Company or the Parent or any Subsidiary, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of the Company the Parent or any Subsidiary or of all or any substantial part of the assets of any of them or (iii) similar relief in respect of the Company or the Parent or any Subsidiary under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition and adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of thirty (30) days, or any order for relief against the Company or the Parent or any Subsidiary shall be entered in an involuntary case under such Bankruptcy Code; or

(6) The rendering against the Company or the Parent or any Subsidiary of a judgment, decree or order for the payment of money in excess of fifty thousand dollars (\$50,000) in the aggregate, and the continuance of such judgment, decree or order unsatisfied and in effect for a period of sixty (60) consecutive days without a stay of execution; or

(7) Any material representation or warranty herein or in the Guarantee or in any certificate or other instrument or document delivered under or pursuant to any provision hereof or thereof in connection with the financing of the Project shall prove to have been false or incorrect or breached in any

material respect on the date as of which made;
or

(8) The occurrence of a default in the performance of any obligation under the Deed, the Acknowledgment or the Mortgage; or

(9) A breach or failure of performance by the Company or the Parent of any covenant, condition or agreement on its part to be observed or performed contained in Sections 8.11 to 8.16, inclusive, of the Guarantee; or

(10) Except as provided in paragraph (9) of this Section, a breach or failure of performance by the Parent of any covenant, condition or agreement on its part to be observed or performed contained in the Guarantee, for a period of thirty (30) consecutive days after written notice specifying such breach or failure shall have been given to the Parent by the Agent or any Bondholder holding at least twenty-seven percent (27%) of the aggregate principal amount of Bonds then Outstanding.

Section 7.02. Remedies on Default. Whenever any Event of Default referred to in Section 7.01 shall have occurred and be continuing, the Agent may, and upon instructions from the Holders of not less than twenty-seven percent (27%) in principal amount of Bonds then Outstanding, shall take any one or more of the following remedial steps; provided, however, that upon the occurrence of any Event of Default referred to in paragraph (4) or (5) of Section 7.01, all amounts payable hereunder and pursuant to the Bonds, together with the accrued interest thereon, shall become immediately due and payable without any further act or action on the part of the Agent or any Bondholder, and the Agent may thereupon take any one or more of the remedial steps as follows:

(1) The Agent may, by written notice to the Commission, cause all amounts payable hereunder and pursuant to the Bonds for the remainder of the term of this Agreement, or any renewal thereof, to be immediately due and payable, whereupon the same, together with the accrued interest thereon, shall become immediately due and payable;

(2) The Agent may realize upon collateral hereunder; and

(3) The Agent may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements or covenants of the Commission or the Company under this Agreement, the Deed, the Acknowledgment or the Mortgage.

Section 7.03. Possession of Bonds by Agent not Required. All rights of action under this Agreement or under any of the Bonds enforceable by the Agent, may be enforced by it without the possession of any of the Bonds or the production thereof on the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Agent shall be brought in its name for the benefit of all the Holders of Bonds, subject to the provisions of this Agreement.

Section 7.04. Right to Enforce Payment of Bonds Unimpaired. Nothing in this Article VII contained shall affect or impair the right of any Holder of any Bond to enforce the payment of the principal of and interest on his Bond, or the obligation of the Commission to pay the principal or Redemption Price of and interest on each Bond issued hereunder to the Holder thereof at the time and place expressed in said Bond.

ARTICLE VIII

AGENT

Section 8.01. Appointment of Agent. The Chase Manhattan Bank (National Association) is hereby appointed and authorized to act as the agent of the Bondholders hereunder and as to the Deed, the Acknowledgment, the Guarantee and the Mortgage with such powers as are expressly hereby delegated to the Agent together with such other powers as are reasonably incidental thereto.

Section 8.02. Rights, Duties and Obligations of Agent. The Agent shall not have any duties or responsibilities except those expressly set forth in this Agreement, nor shall it by virtue of this Agreement be deemed to have a fiduciary relationship with any Bondholder. Neither the Agent nor any of its affiliates shall be responsible to any Bondholder for any recitals, statements, representations or warranties made by the Commission, the Parent or the Company or any official of the Commission, the Parent or the Company contained herein or in the Deed, the Acknowledgment, the Mortgage or the Guarantee or in any certificate or other document referred to or provided for in, or received by any of any Bondholder hereunder or thereunder, for the value, validity, effectiveness, genuineness, enforceability or sufficiency hereof or of the Deed, the Acknowledgment, the Mortgage or the Guarantee or any other document referred to or provided for herein or therein, for the existence, perfection or continued perfection, or for the prior status, of any security interest or for any failure by the Commission or the Company to perform its obligations hereunder or thereunder. The Agent may employ agents and attorneys-in-fact on behalf of Bondholders, and the Agent or the Bondholders shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. Neither the Agent nor any of its directors, officers, employees or agents shall be responsible for any action taken or omitted to be taken by it or them hereunder or in connection herewith, except for its or their own gross negligence or willful misconduct.

The Agent shall be entitled to rely upon any certificate, notice or other document (including any cable, telegram or telex) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper official of the Company, the Parent or the Commission, and upon advice and statements of legal counsel, independent accountants and other experts selected by the Agent. As to any matters not expressly provided for by this Agreement, the Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder, or in connection herewith, in accordance with written instructions signed by the

Holders of not less than 27% in principal amount of the Bonds, and such instructions of such Holders and any action taken or failure to act pursuant thereto shall be binding on all Bondholders.

The Agent shall not be deemed to have knowledge or notice of the occurrence of an event of default under the Deed, the Acknowledgment, the Guarantee or the Mortgage unless the Agent has received written notice from any Bondholder, the Parent or the Company or the Commission referring to this Agreement, describing such event of default and stating that such notice is a "notice of default". In the event that the Agent receives such a notice of the occurrence of an event of default, the Agent shall give notice thereof to the Holders of Bonds. The Agent shall take such action with respect to such event of default as shall be reasonably directed by the Holders of not less than 27% of the principal amount of the Bonds; provided that, unless and until the Agent shall have received such directions, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event of default as it shall deem advisable in the best interests of the Holders of Bonds. The Agent, upon direction by the Holders of not less than 27% of the principal amount of the Bonds, shall waive one or more covenants set forth in the Guarantee.

Section 8.03. Agent as a Bondholder. With respect to the loan made by Chase evidenced by the Bond held by it, Chase in its capacity as a Bondholder shall have the same rights and powers hereunder and under the Deed, the Acknowledgment, the Guarantee and the Mortgage as any other Bondholder and may exercise the same as though it were not acting as the Agent. Chase and its affiliates may (without having to account therefor to any other Bondholder) accept deposits from, extend credit (on a secured or unsecured basis) to and generally engage in any kind of banking, trust or other business with the Company, the Parent or the Commission or any affiliate or subsidiary of any of them as if it were not acting as the Agent.

Section 8.04. Indemnity. Without limiting the obligations of the Company, the Parent or the Commission, any Bondholder agrees to indemnify the Agent, ratably in accordance with the aggregate principal amount of the loans made by it and to the extent not reimbursed by the Company or the Parent, for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may at any time (including, without limitation, at any time following the payment of the loans hereunder) be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of this Agreement, the Mortgage, the Deed, the Acknowledgment and the Guarantee or any documents contemplated by or referred to herein or therein or the transactions

contemplated hereby or thereby (including, without limitation, the costs and expenses which the Commission is obligated to cause the Company to pay hereunder) or the enforcement of any of the terms hereof or of any such other documents, provided that no Bondholder liability shall exist for any of the foregoing to the extent they arise from the Agent's gross negligence or willful misconduct.

Section 8.05. No Reliance on Agent. Each Bondholder represents that it has, independently and without reliance on the Agent or any other Bondholder, and based on such documents and information as it has deemed appropriate, made its own appraisal of the financial condition and affairs of the Company and decision to enter into this Agreement and agrees that it will, independently and without reliance upon the Agent or any other Bondholder, and based on such documents and information as it shall deem appropriate at the time, continue to make its own appraisals and decisions in taking or not taking action under this Agreement or any document referred to herein or the Bond held by it. The Agent shall not be required to keep any Bondholder informed as to the performance or observance by the Commission of this Agreement or any other document referred to or provided for herein or to make inquiry of, or to inspect the properties or books of, the Company or the Commission.

The Agent shall forward to each Bondholder, promptly after the Agent's receipt thereof, a copy of each document furnished to the Agent hereunder or under any document or agreement referred to herein. Except for notices, reports and other documents and information expressly required to be furnished to any Bondholder by the Agent hereunder, the Agent shall not have any duty or responsibility to provide any Bondholder with any credit or other information concerning the Company or the Commission or any which may come into the possession of the Agent or any of its affiliates.

Section 8.06. Resignation. Subject to the appointment and acceptance of a successor Agent as provided below, the Agent may either resign at any time by giving written notice thereof to every Bondholder, the Company and the Commission or be removed at any time with or without cause by any Bondholder holding not less than 27% in aggregate principal amount of the Bonds. Upon any such resignation or removal, Manufacturers shall have the right to become successor Agent. If neither Chase continues nor Manufacturers succeeds Chase as Agent, a successor Agent may be appointed by any other Bondholder holding a majority in aggregate principal amount of the Bonds, but if such shall not have accepted such appointment within thirty (30) days after the retiring Agent's giving of notice of resignation or its removal, then the Parent, acting hereunder on behalf of any Bondholder, may appoint a successor Agent, which shall be a bank with an office (or an affiliate with an office) in New York, New York, having a combined capital and surplus of not less than

\$10,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Agreement shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Agent.

Section 8.07. Cooperation Among Bondholders. If any Bondholder shall obtain any payment in respect of principal or Redemption Price, if any, of or interest on the Bonds held by a Bondholder and, as a result of such payment, that Bondholder shall have received a greater percentage of the principal of or Redemption Price, if any, or interest on the Bonds then due to that Bondholder than the percentage received by any other Bondholder or Bondholders of the principal of or interest on the Bonds then due to such other Bondholder or Bondholders (any such payment to such Bondholder being hereinafter called a Disproportionate Payment to such Bondholder), that Bondholder shall promptly purchase from such other Bondholder or Bondholders in such amounts, and make such other adjustments from time to time as shall be equitable, so that all payments of principal of and interest on the Bonds are shared pro rata in accordance with the amounts that would have been due and payable to any Bondholder had no such Disproportionate Payment been made.

Section 8.08. Non-Receipt of Funds. Unless the Agent shall have been notified by the Company prior to the date on which any payment is due hereunder or under any of the Bonds (which notice shall be effective on receipt thereof), that the Company does not intend to make such payment, the Agent may assume that the Company has made such payment when due, and the Agent may (but shall not be required to) in reliance upon such assumption make available to each Bondholder on a payment date, an amount equal to the portion of such assumed payment which the Holder is entitled to hereunder. If the Company has not in fact made such payment to the Agent, the Holder shall on demand repay to the Agent the amount so made available to the Holder, together with interest thereon for each day during the period commencing on the date such amount was made available to the Holder and ending on the date the Holder repays such payment to the Agent. Interest shall be computed at a rate per annum equal to the prime rate or rates as announced by the Agent as in effect at its principal office in New York for each such day.

ARTICLE IX

AMENDMENTS

Section 9.01. General Provisions Relating to Amendments.

(A) This Agreement, Deed, Mortgage or Acknowledgment shall not be modified or amended in any respect except in accordance with and subject to the provisions of this Article. Nothing contained in this Article shall affect or limit the rights or obligations of the Commission or the Company to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of Section 6.02, the granting clause in the Deed providing for further assurances, or the granting clause in the Mortgage providing for further assurances or the right or obligation of the Commission or the Company to execute and deliver to the Agent or the Commission any instrument elsewhere in this Agreement or in the Deed or Mortgage provided or permitted to be delivered to the Agent or the Commission.

(B) Except as otherwise provided in Section 9.02, no Supplemental Agreement shall become effective for any purpose under this Agreement unless and until the Agent shall hold a transcript consisting of:

(1) the written statement of the Agent responsive to Section 9.04(D),

(2) a Bond Counsel's opinion stating that such Supplemental Agreement was duly and lawfully executed and filed by the Commission in accordance with the provisions of the Agreement, is authorized or permitted by the Agreement, and is valid and binding upon the Commission and enforceable in accordance with its terms and

(3) proof of the mailing of notice pursuant to Section 9.04(D) if notice is required by that Section.

The transcript shall be conclusive evidence of the satisfaction of the requirements of this Article. The Agent shall provide the Commission with a certified copy of the transcript. Each Supplemental Agreement shall be deemed conclusively binding upon the Commission, the Agent and the Holders of all Bonds on the date the Agent shall hold the transcript continuing the aforesaid documents if no notice of the filing of consents is required by Section 9.04(D), otherwise, on the expiration of thirty (30) days after the mailing of the aforementioned notice, unless, in either

case, a court of competent jurisdiction shall enter a final decree setting aside such Supplemental Agreement in a legal action or equitable proceeding for such purpose commenced prior to the date such Supplemental Agreement shall become conclusively binding; PROVIDED, HOWEVER, that the Commission and the Agent during any period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Agreement as they may both deem expedient.

(C) The Agent is hereby authorized to accept delivery of a certified copy of any Supplemental Article permitted or authorized pursuant to the provisions of this Agreement and to make all further agreements and stipulations which may be contained therein, and, taking such action, the Agent shall be fully protected in relying on Bond Counsel's opinion that such Supplemental Agreement is authorized or permitted by the provisions of this Agreement.

Section 9.02. Issuance of Additional Bonds. If, but only if, the obligation, or any extension thereof, of a Bank to make a portion of the loan, as set forth in Section 3.01, shall not be terminated as provided by Section 3.01(E), upon not less than thirty (30) days notice to each Bank (or such lesser period of time as shall be satisfactory to each Bank), the Commission may enter into a Supplemental Agreement to provide for the issuance of one or more Series of Additional Bonds for the purpose of financing the acquisition of Additional Facilities in accordance with this Agreement. No additional Bonds shall be issued in any event, however, without the prior written consent of the Banks. No other consent shall be required for such a Supplemental Agreement unless such Supplemental Agreement shall otherwise modify or amend this Agreement. Such a Supplemental Agreement shall become effective upon filing a certified copy of it with the Agent unless such Supplemental Agreement shall otherwise supplement or amend this Agreement, in which case such Supplemental Agreement shall become effective as provided in Section 9.01(B).

Section 9.03. Limitations on Modifications or Amendments.

(A) No modification or amendment of this Agreement shall permit a change in the terms of redemption or maturity of the principal, or date or amount of payment of any Principal Installment of any Outstanding Bond or date of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of that Bond.

(B) No modification or amendment of this Agreement shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to affect any such modification or amendment.

(C) Without the consent of the Holders of all Outstanding Bonds, no modification or amendment of this Agreement shall (i) alter, amend, modify or otherwise affect the equal benefit, protection and security of the covenants and agreements set forth in this Agreement for the benefit of the Holders of any and all Bonds, as set forth in Section 4.01(E), or (ii) create any lien or pledge on, security interest in or right of set-off against the revenues and assets described in Section 4.02 other than the lien, pledge, security interest or right of set-off created or assigned by this Agreement.

(D) No modification or amendment of this Agreement shall change or modify any of the rights or obligations of the agent without the written consent of the Agent thereto.

(E) No modification or amendment of this Agreement shall change or modify or cause a change or modification of any of the rights or obligations of the Company under the Deed or the Acknowledgment or of the Parent with respect to the Guarantee without the written consent of the Company or the Parent, as the case may be, thereto.

Section 9.04. Powers of Amendment. (A) Any modification or amendment of this Agreement and of the rights and obligations hereunder of the Commission and of the Holders of the Bonds in any particular, may be made by a Supplemental Agreement with the written consent given as hereinafter provided in Section 9.05:

(a) of each Holder holding at least twenty-seven percent (27%) in principal amount of the Bonds Outstanding at the time such consent is given,

(b) the written consents, if any, required by Section 9.03 in the event that the amendment or modification shall have the effect described in that Section.

(B) For the purpose of this Section, the Agent in its discretion may determine whether or not any modification or amendment would have the effect described in Section 9.03. The Agent may receive an opinion of counsel, which may be Bond Counsel, as conclusive evidence as to whether any amendment or modification will have such an effect.

Section 9.05. Consents. (A) As soon as practicable after the adoption of a Supplemental Agreement making a modification or amendment permitted by Section 9.04, the Agent shall mail to the Holders of any Outstanding Bonds affected by the Supplemental

Agreement (and to the Company or the Parent, as the case may be, if its consent shall be required) a copy of such Supplemental Agreement (or brief summary thereof or reference thereto in form approved by the Agent) together with a request to such Holders of Outstanding Bonds (and to the Company or the Parent, as the case may be, if its consent shall be required), for their consent thereto in form satisfactory to the Agent. Failure to mail such copy and request shall not affect the validity of any Supplemental Agreement when consented to as provided in this Section.

(B) Each consent of a Bondholder shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given. The proof shall be such as is permitted by Section 1.12. A certificate or certificates by the Agent filed with the proof to the effect that such proof is sufficient in accordance with Section 1.12 shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Agent.

(C) Any consent shall be binding upon the Holder of the Bonds giving such consent and, anything in Section 1.12 to the contrary notwithstanding, upon any Transferee or subsequent Holder of such Bonds and of any Bonds issued in exchange for Bonds (whether or not such Transferee or subsequent Holder thereof has notice thereof) unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder (but not a Transferee) thereof by filing such revocation with the Agent prior to the time when the Agent files the written statement provided for in Subsection (D) of this Section. The fact that a consent has not been revoked may be proved by a certificate of the Agent filed with the Commission to the effect that no revocation thereof is on file with the Agent.

(D) Within ninety (90) days after the Holders of the required percentage of Bonds, any Holder whose consent is required by Section 9.03, and the Company or the Parent, as the case may be, if required by Section 9.03, shall have filed their consents to the Supplemental Agreement, the Agent shall make and file with the Commission a written statement that the required consents were filed and are effective in accordance with Subsection (B) of this Section and that no consent necessary under Section 9.04(A) was revoked in accordance with Subsection of this Section. Such written statement shall be conclusive that such consents so filed are effective and were not revoked.

(E) As soon as practicable after filing the written statement that the required consents have been obtained, the Agent shall mail to the Holders of all Outstanding Bonds (and to the Company or the Parent, as the case may be, if its consent was

required) notice stating in substance that the Supplemental Agreement (which may be referred to as a Supplemental Agreement adopted by the Commission on a stated date, a copy of which is on file with the Agent, has been consented to and will be effective as provided in Section 9.01(B). No notice is required to be given by this Subsection (i) in the adoption of a Supplemental Agreement to provide for the issuance of Additional Bonds in accordance with Section 9.02 or (ii) each Holder of any Outstanding Bond shall have effectively consented to the particular Supplemental Agreement. The Agent shall file with the Commission proof of the mailing of any notice required to be given by this Subsection.

Section 9.06. Exclusion of Bonds. Bonds owned or held by or for the account of the Commission or the Company shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, and neither the Commission nor the Company shall be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the Commission will require the Company to and the Commission shall furnish the Agent with a certificate of an authorized officer, upon which the Agent may rely, describing all Bonds so to be excluded.

Section 9.07. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as provided in this Article may, and if the Agent so determines, shall, bear a notation by endorsement or otherwise in form approved by the Commission and the Agent as to such action, and in that case upon demand of the Holder of any Bond Outstanding at such effective date and upon presentation of this Bond for such purpose at the principal office of the Agent, suitable notation shall be made on such Bond by the Agent as to any such action. If the Commission or the Agent shall so determine, new Bonds so modified as in the opinion of the Agent conform to such action shall be prepared. Upon demand of the Holder of any Outstanding Bond, then the Commission shall issue in the name of such Holder a new Bond or Bonds so modified in the same aggregate Outstanding principal amount as the Bond or Bonds surrendered for exchange. The exchange shall be without charge to the Holder of Bonds.

Section 9.08. Contracts. The Commission, insofar as authorized by law, may and, if requested by the Agent, shall enter into a contract with the Agent giving effect to any modification or amendment of the Bonds or of the Agreement as provided in this Article.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance by Timely Payment. If the Holders of Bonds shall be paid the principal or Redemption Price, if any, and interest to become due thereon, at the times and in the manner stipulated therein and in this Agreement, and if the Commission and the Company shall pay or cause to be paid all other amounts payable by either, respectively, hereunder or under the Deed, then the Pledged Revenues and assets hereby pledged and all other rights granted hereby shall be discharged and satisfied. In such event the Agent shall execute and deliver to the Commission and the Company, as the case may be, all such instruments as may be desirable to evidence such discharge and satisfaction, and the Agent shall pay over or deliver to the Company all cash or securities held by it pursuant to this Agreement which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Section 10.02. Disposition of Bonds Upon Payment. All Bonds paid or redeemed by the Agent under the provisions of this Agreement, either at or before maturity shall be cancelled when such payment or redemption is made. Those Bonds, unless then held by the Commission, shall be delivered to the Commission. All cancelled Bonds shall from time to time be cremated or otherwise destroyed by or for the Commission, and the Commission or its designated agent for the purpose shall execute in triplicate a certificate of cremation or destruction. One executed certificate shall be filed with the Agent, one executed certificate shall be filed with the Company and the remaining executed certificate shall be retained by the Commission.

IN WITNESS WHEREOF, THE COUNTY COMMISSION OF PRESTON COUNTY has caused this Agreement to be signed in its corporate name by its President and its corporate seal to be hereunto affixed and to be attested by its Clerk, both thereunto duly authorized, and THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION) and MANUFACTURERS HANOVER TRUST CO., have caused this Agreement to be signed in their corporate names by their authorized officers and THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION), as AGENT hereunder, has caused this

Agreement to be signed in its corporate name by its authorized officers, all as of the day and year first above written.

THE COUNTY COMMISSION OF PRESTON COUNTY

[SEAL]

By Ward Thomas
President

ATTEST:

Nancy Rekart
Clerk

THE CHASE MANHATTAN BANK
(NATIONAL ASSOCIATION)

By Thomas H. Vogel
Title: A.T.

MAHare
Title: Z.V.P.

MANUFACTURERS HANOVER TRUST COMPANY

By Thomas H. Vogel
Title: V.P.

By Thomas H. Vogel
Title: _____

THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION), as AGENT hereunder

By Thomas H. Vogel
Title: A.T.

By MAHare
Title: Z.V.P.

STATE OF WEST VIRGINIA,
COUNTY OF PRESTON, TO-WIT:

I, NEIL A. REED, a notary public of said County, do certify that WARD THOMAS, who signed the writing hereto annexed, bearing date as of the 1st day of June, 1981, for THE COUNTY COMMISSION OF PRESTON COUNTY, a public corporation, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

19th Given under my hand and official notarial seal this day of June, 1981.

My commission expires: FEBRUARY 5, 1988

[SEAL]

Neil A. Reed
Notary Public

New York

STATE OF ~~WEST VIRGINIA~~,
COUNTY OF ~~PRESTON~~, TO-WIT:
New York

I, JANICE C. ABRAHAMSON, a notary public of said County, do certify that JH Vogel + DM OHARE, who signed the writing hereto annexed, bearing date as of the 1st day of June, 1981, for THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION), a national bank, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said bank.

26 Given under my hand and official notarial seal this day of June, 1981.

My commission expires: _____

JANICE C. ABRAHAMSON
NOTARY PUBLIC, State of New York
No. 30-4731673
Qualified in Nassau County
Certificate filed in New York County
Commission Expires March 30, 1982

[SEAL]

Janice C. Abrahamson
Notary Public

New York
STATE OF ~~WEST VIRGINIA~~,
COUNTY OF ~~PRESTON~~, TO-WIT:

New York
I, Margaret R. Hayes, a notary public of said County, do certify that Roger K. Marwinney & Thomas Thompson, who signed the writing hereto annexed, bearing date as of the 1st day of June, 1981, for MANUFACTURERS HANOVER TRUST COMPANY, a corporation, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and official notarial seal this 25 day of June, 1981.

MARGARET R. HAYES
Notary Public, State of New York
No. 44-01HA 4635135
Qualified in Rockland County
Certificate filed in New York County
Commission Expires March 30, 1982

My commission expires:

[SEAL]

Margaret R. Hayes
Notary Public

New York
STATE OF ~~WEST VIRGINIA~~,
COUNTY OF ~~PRESTON~~, TO-WIT:
New York

I, JANICE C. ABRAHAMSON, a notary public of said County, do certify that T.H. VOGEL & D.M. O'HARE, who signed the writing hereto annexed, bearing date as of the 1st day of June, 1981, for THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION), as AGENT, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said Agent.

Given under my hand and official notarial seal this 26 day of June, 1981.

JANICE C. ABRAHAMSON
NOTARY PUBLIC, State of New York
No. 30-4731673
Qualified in Nassau County
Certificate filed in New York County
Commission Expires March 30, 1982

My commission expires:

[SEAL]

Janice C. Abrahamson
Notary Public

SCHEDULE - REAL ESTATE

All of the following described tracts or parcels of real estate, situate in Preston County, West Virginia, more particularly described and identified as follows:

All of the following described tracts of real estate situate in Kingwood Corporation, Preston County, West Virginia, bounded and described as follows:

TRACT NO. 1: Beginning at a wild cherry in Ann Harris's line and running S. 42° 30' E. 4 poles to a stake in said Harris's line; thence crossing the creek S. 22° 10' E. 10-3/10 poles to a double chestnut; thence S. 40° E. 30 poles to a large beech, standing about 25 feet west of said railroad track; thence N. 50° E. 2-8/10 poles (crossing said Railroad) to a stone in said creek; thence up and with the meanderings of said creek N. 26° W. 21-1/10 poles to a stone in the middle of the creek; thence N. 11° 30' W. 4-85/100 poles with the line of J. Ann Martin, to a stake, said Martin's corner thence with said Martin's line N. 73° E. 8-6/100 poles to a stake at the west side of the new street; thence with a line of said new street N. 41° W. 27-6/10 poles to a stake in said west line of said street; it being also a line of the land formerly belonging to Sallie Duncan; thence with a line of said Duncan's South 29° W. 15-15/100 poles crossing said creek to the said wild cherry, the beginning point, containing three acres and thirty-two poles, more or less.

TRACT NO. 2: Bounded on the west by a line beginning at the beech corner above referred to and running in a southern direction and parallel with the railroad to the original right-of-way; thence crossing said Railroad in an eastern direction with the western boundary of the Grantors' old right of way to the creek above what is known as the "Indian Creek Railroad trestle"; thence up said creek with its meanderings to a stone, it being the southeast corner of the tract first above described; thence crossing said railroad up the bank to the said beech, or beginning corner, containing acres, more or less.

The Grantee to erect and maintain a wire fence of legal height and five strands of barbed wire put upon locust posts not more than one rod apart, running along the west side of all the lands hereby conveyed, including the right of way to the old right-of-way, and to erect and maintain suitable bars or gate where Grantor now crosses the creek near the corner of Mrs. Harris' lot; and also said Grantee is to constantly provide a suitable crossing for said Grantor at such place as he may direct or as may be practicable, over which said Grantor may cross said Grantee's railroad; and the right to said Grantor to cross the land of the Grantee as hereby conveyed, to his premises on the west side of the creek is perpetual, but the right of way and crossing shall be at such place as will be practicable, and without making unnecessary inconvenience to either Grantor or Grantee.

Should the land conveyed be abandoned by Grantee and they cease to use the same for railroad purposes, or in any way for their benefit as a Railroad Corporation, same shall revert to Grantors, Grantee to have right to remove buildings and improvements within 1 year.

The above described Tract No. 1 and Tract No. 2 were conveyed to the Tunnelton, Kingwood and Fairchance Railroad Company by U. N. Orr and Molly J. Orr, his wife, by deed dated the 1st day of October, 1895, which deed is of record in said Clerk's Office in Deed Book 85, at page 438. Thereafter, on the 5th day of July, 1899, the Tunnelton, Kingwood and Fairchance Railroad Company changed its name to West Virginia Northern Railroad Company with the consent and approval of the Secretary of State of the State of West Virginia, as will appear in Record of Incorporations Book 3, at page 404.

The above described Tract No. 1 and Tract No. 2 are subject to that certain right of way or easement for the construction and maintenance of an electrical distribution and telephone system which was conveyed by the West Virginia Northern Railroad Company to the Monongahela Power Company by deed dated the 23rd day of June, 1947; and of record in said Clerk's Office in Deed Book 254, at page 150.

The above described Tract No. 1 and Tract No. 2 are subject to that certain right of way for water line and sewer line that was conveyed by the West Virginia Northern Railroad Company to the City of Kingwood by deed dated the 26th day of May, 1972, which deed is of record in said Clerk's Office in Deed Book 430, at page 477.

The above described Tract No. 1 and Tract No. 2 are subject to that pipeline right of way that was conveyed by the West Virginia Northern Railroad Company to Columbia Gas of West Virginia, Inc., by an agreement dated May 15, 1973, which agreement is of record in said Clerk's Office in Deed Book 439, at page 563.

All of the following described tract of real estate situate in Kingwood District and the Town of Kingwood, Preston County, West Virginia, bounded and described as follows:

TRACT NO. 3: Situate in Kingwood District and the Town of Kingwood, in said County and State and beginning at a stake on the east side of Sisler Street and in the northern boundary of the original Kemble tract; thence N. 39° 14' W. 1458.7 feet to a set stone (by reference S. 16.5 feet to a chestnut pointer); thence S. 5° 02' E. 297 feet to a point supposed to be the corner of the coal bank owned formerly by the heirs of Thomas Brown; thence with three lines of same N. 5° E. 198 feet; S. 85° 02' E. 307.9 feet; thence S. 5° 03' W. 198 feet; thence S. 85° 02' W. 880.4 feet to a stake on the east side of Sisler Street, and in the southern boundary of the original Kemble tract; thence with a new line and the eastern boundary of Sisler Street, N. 0° 52' W. 923.6 feet to the beginning, containing 28 acres, more or less. It is however, understood that the present acreage of this property is estimated at about 30 acres, the same having been increased by about 2 acres when the Town of Kingwood straightened Sisler Street, and being the same Tract of said property that was conveyed to the West Virginia Northern Railroad Company by James Jenkins, Jr., and Nellie Y. Jenkins, his wife, by deed dated the 21st day of March, 1955, which deed is of record in said Clerk's Office in Deed Book 318, at page 402.

There is excepted and reserved, the following described lot conveyed to Paul D. Shaffer by deed dated April 15, 1952, and recorded in said Clerk's Office in Deed Book 296, at page 256, in which said deed said lot was described as follows:

Beginning at a stake on the west side of Sisler Street, same stake being on corner Number four of Lot Number One and from said stake North 39° 14' West 125 feet to a stake, said stake being on corner Number three of Lot Number One and thence South 0° 46' West 60 feet to a stake; thence South 89° 14' East 125 feet to a stake on the west side of Sisler Street, and with Sisler Street North 0° 46' East 60 feet to place of beginning.

There is further excepted and reserved a lot conveyed to Junior Ray Bishoff by deed dated April 10, 1953, and recorded in said Clerk's Office in Deed Book 306, at page 36, designated Lot Number 5 of Jenkins Addition and described as follows:

Beginning at a point, corner to Sisler Street, and Lot No. 4, Jenkins Addition and running with said Lot No. 4, N. 89° 14' W. 125 feet to a stake; thence S. 0° 46' W. 60 feet to a stake; thence S. 39° 14' E. 125 feet to a stake in Sisler Street; thence with Sisler Street, N. 0° 46' E. 60 feet to place of beginning.

There is further excepted and reserved a lot conveyed to Hunter I. Waggoner by deed dated April 9, 1953, and recorded in said Clerk's Office in Deed Book 304, page 357, and described therein as follows:

Beginning at a stake on the west side of Sisler Street, same stake being on corner No. 4, and Lot No. 3, owned by Charles Lenhart, and from said stake, S. 88° 57' W. 125.87 feet along line of Lot No. 3 to a stake and said stake being on Corner Number 3, and Lot No. 4, and thence S. 0° 46' W. 60 feet to a stake, thence S. 89° 14' S. 125 feet to west side of Sisler Street 64 feet to place of beginning.

There is further excepted and reserved a lot conveyed to Charles Lenhart and Alice Lenhart, by deed dated August 31, 1950, and recorded in said Clerk's Office in Deed Book 284, page 257, described therein as follows:

Beginning at a stake on the west side of Sisler Street, same stake being on Corner No. 4 to Lot No. 2, and from said stake N. 89° W. 125' to a stake, said stake being on Corner No. 3 of Lot No. 2; and thence S. 0° 46' W. 60 feet to a stake, thence S. 88° 47' E. 125 feet to the west side of Sisler Street, thence along Sisler Street, N. 1° 3' W. 56 feet to the place of beginning.

There is further excepted and reserved from the above described Tract No. 3 a right of way for an electrical distribution system and telephone system which was conveyed by the West Virginia Northern Railroad Company to Monongahela Power Company by an agreement dated July 20, 1964, which agreement is of record in said Clerk's Office in Deed Book 376, at page 357.

There is further excepted and reserved from the above described Tract No. 3 a right of way 100 feet in width conveyed by the West Virginia Northern Railroad Company to the Monongahela Power Company by an agreement dated May 29, 1968, which is of record in said Clerk's Office in Deed Book 405, at page 501.

There is further excepted and reserved from the above described tract a standard distribution right of way which was conveyed by West Virginia Northern Railroad Company to Monongahela Power Company by an agreement dated January 13, 1971, which is of record in said Clerk's Office in Deed Book 419, at page 145.

There is further excepted and reserved a lot conveyed by the West Virginia Northern Railroad Company to Paul D. Shaffer and Hilda Shaffer, husband and wife, by deed dated September 8, 1980, which deed is of record in said Clerk's Office in Deed Book 488, at page 684, containing 7,200 square feet, to which deed reference is made for a more particular description.

All of the following described tracts of real estate situate in Kingwood District, Preston County, West Virginia, bounded and described as follows:

TRACT NO. 4: Beginning at a stone pile; thence S. (v. 2° 15') 130 poles to a stone; thence N. 88° 00' W. 21.8 poles to a stake; thence N. 62.4 poles to a point in the center of W. V. N. R. R.; thence S. 87° 30' W. 14.6 poles to a stake; thence S. 65° 00' W. 24 poles, with pipe, to corner Mrs. Wright's lot; thence with two lines of same, N. 27° 00' W. 13.7 poles to a stone; thence S. 60° 45' W. 9.7 poles to pointers; thence with Gocke; N. 3° 30' E. 23.6 poles to a stone pile; thence N. 87° 30' W. 92 poles to a stone pile corner Frank Grieser; thence with his line N. (v. 3° 53') 55.1 poles to a stone pile and pointers; corner Shulte; thence with same, S. 87° 00' E. 165.7 poles to the beginning, containing 74.46 acres.

In addition to the tract of land hereinabove described, less the exceptions and reservations hereinafter contained, there is further granted and conveyed unto said Grantee that certain lot of 5055 square feet conveyed to J. Walter Myers by George E. Myers and Beulah Myers, his wife, by deed dated the 9th day of April, 1949, which deed is of record in said Clerk's Office in Deed Book 269, at page 218, therein described as follows:

Beginning at a point in the northern edge of State Route 26, and a corner of lands of the Grantee, and running thence in a northern direction 337 feet to a point on Kray Coal Company right of way; thence with said right of way, in a western direction 15 feet; thence in a southern direction and parallel with the aforesaid 337 foot call to a point in said State Route No. 26; thence in an eastern direction with said State Route 26, 15 feet to the beginning, containing approximately 5,055 square feet, all minerals and mining rights heretofore conveyed away from said property are reserved from this conveyance.

There is further granted and conveyed unto said Grantee, all of those certain rights contained and granted to said Grantor, J. Walter Myers, in the deed last aforesaid, described therein, as "The Grantors further grant and convey unto the Grantees, all of their right, title and interest in and to all of the minerals underlying that certain tract of land containing 1-1/2 acres, more or less, that was conveyed to the Grantors, George E. Myers, by J. Walter Myers, by deed dated the 20th day of May, 1946, and of record in said Clerk's Office in Deed Book 246, at page 444, with the exception of that certain part of said conveyance which fronts on State Route 26 163 feet and extends in a northern direction, a uniform distance of 196 feet, containing 31,948 square feet, more or less, it being the intention of the Grantors to reserve the coal and other minerals underlying the dwelling and other buildings now located upon said premises."

With the tract first hereinafter above described and conveyed of 74.46 acres, less the coal as conveyed to said Merchant Coal Company in the deed thereinabove mentioned, of record in said County Clerk's Office in Deed Book 97, page 73, there is, however, granted and conveyed for the consideration aforesaid, all of the Grantor's right, title and interest in and to the coal and other rights which were reserved unto the Grantors in said conveyance to said Merchants Coal Company, being "1 acre adjoining Mrs. Wright's lot, now owned by Cocks". "1-1/4 acre of the Upper vein of coal where his dwelling house and other buildings stand on the home place and also 1.64 acres of said vein adjoining the said 1-1/4 acres, and under the orchard, the opening to the same to be made at the N. W. side, near a marked chestnut tree and stone pile".

Said tract hereinabove set forth, described as 74.46 acres, is subject to the following outconveyances appearing of record:

(1) That certain conveyance by George Myers and Hester J. Myers, his wife, to John Reese dated March 24, 1901, and of record in said County Clerk's Office in Deed Book 130, at page 24, conveying 9 acres described as "Beginning in W. A. Rhodes' line, formerly Mrs. Ann Wright's line on the boundary of W. V. N. Railroad, with said formerly W. A. Rhodes' line, Mrs. Ann Wright's line, S. to J. L. McKenzie's line; thence East with J. L. McKenzie's line to the line of Michael Linch; thence North with said Linch line to a line of the West Virginia Northern Railroad Company; thence with said Railroad to place of beginning, containing 9 acres, more or less".

(2) That certain conveyance by George Myers and Hester J. Myers, his wife, to Frank Hieman dated August 23, 1912, and of record in said County Clerk's Office in Deed Book 134, at page 1, conveying a lot containing 5.4 square poles, a lot containing 8.6 square poles, and releasing all claim and title, if any, of the Grantors to a lot described as containing 6.2 square poles.

(3) That certain conveyance from the said George Myers and wife to Frank C. Hieman, dated May 4, 1914, recorded in said Clerk's Office in Deed Book 139, at page 119, conveying 68 poles.

(4) That certain conveyance by George Myers and wife to West Virginia and Maryland Power Company of 1 acre conveyed to said Grantors by deed dated October 24, 1922, recorded in said County Clerk's Office in Deed Book 161, at page 232.

(5) That right-of-way agreement from George Myers and wife to Brooke Electric Company, dated December 19, 1921, and recorded in said Clerk's Office in Deed Book 182, at page 167, all of the rights reserved in said right-of-way agreement to the Grantors therein being hereby conveyed to the Grantee herein.

(6) That certain right-of-way agreement between George Myers and wife and West Virginia and Maryland Power Company, dated August 8, 1922, recorded in Deed Book 185, at page 266, there being hereby conveyed all of the rights therein retained, to the Grantors by this conveyance.

(7) That certain deed between J. Walter Myers, widower, and June Zugar, dated August 15, 1938, and of record in said Clerk's Office in Deed Book 204, at page 348, there being therein conveyed two tracts, one approximately 60 feet by 190 feet and the other about 1/4 acre.

(8) That certain conveyance from J. Walter Myers, unmarried, to Stanley Coal Company, by deed dated March 3, 1941, recorded in said Clerk's Office in Deed Book 211, at page 23, conveying a right of way for a railroad 1570 feet in length and 30 feet wide, there being certain agreements contained in said conveyance in favor of the Grantors therein, all of which are hereby conveyed unto the Grantee.

(9) That certain deed from J. Walter Myers, unmarried, to Kray Coal Company, Inc., dated October 10, 1941, and of record in said Clerk's Office in Deed Book 213, at page 372, conveying 0.23 acres, there being reserved from said conveyance, the coal and mining rights thereunder which had theretofore been sold.

(10) That certain conveyance dated March 15, 1945, recorded in said Clerk's Office in Deed Book 232, at page 468, between J. Walter Myers, widower, and Ethel C. Rhodes, conveying 3/4 of an acre.

(11) That certain deed dated April 18, 1946, recorded in said County Clerk's Office in Deed Book 241, at page 165, between J. Walter Myers, widower, and James Jenkins, Sr., conveying .23 acres, more or less.

(12) That certain inter-party agreement and deed dated June 11, 1946, and of record in said County Clerk's Office in Deed Book 242, at page 384, between Mary Alice Britton and husband and J. W. Myers, in which there was conveyed to the said J. W. Myers a tract described as, "Beginning at the west end of a lot conveyed to George W. Myers and another conveyed to Ann Wright, said parcel of land to be 10 feet wide from the northern boundary of the West Virginia Northern Railroad right of way and running East and parallel 10 feet wide with the boundary of the West Virginia Northern right of way for a distance of 13 rods to a planted stone", which is hereby conveyed unto the said Grantee herein, said conveyance conveying from J. W. Myers, widower, to the said Mary Alice Britton a tract of land being a strip 12 feet wide and extending from the point where the Britton outlet crossed the West Virginia Northern railway right of way and the land now optioned to the Gilbert Trust Company to the Kingwood and Tunnelton Pike, to which this deed is made subject.

(13) That certain deed between J. Walter Myers, widower, and Ernest H. Gilbert, Trustee, dated June 12, 1946, recorded in said Clerk's Office in Deed Book 242, at page 394, conveying 0.204 acres, more or less, there being excepted and reserved in said conveyance all of the oil, gas, and minerals under said tract, together with all necessary rights to extract and remove the same, there being also excepted and reserved a right of way over which a proper and suitable railroad crossing was to be constructed, which said right of way is also conveyed to the Grantee herein.

(14) That certain conveyance dated September 2, 1947, recorded in said County Clerk's Office in Deed Book 257, page 291, between J. Walter Myers, widower, and Ernest H. Gilbert, Sr., Trustee, conveying 1/2 acre.

(15) That certain agreement made March 15, 1949, and recorded in said Clerk's Office in Deed Book 269, page 101, between Walter Myers, single, and Kray Coal Company relating to the removal of timber from a tract of 3.488 acres, the Grantee having the right to remove the timber for a term of 10 years or until the coal under the Walter Myers' land has been removed, and timber remaining at the end of that time is to become the property of the party of the first part or his assigns, all of which reversionary rights are hereby conveyed to the Grantee herein.

(16) That certain deed from J. Walter Myers, single, to Kray Coal Company, dated May 1, 1957, recorded in said County Clerk's Office in Deed Book 336, at page 517, conveying two 10 foot strips of land adjoining the right of way granted in "No. 8 above". Said agreement containing certain covenants as to moving back a barbed wire fence, which rights are hereby granted to the Grantee herein and the agreement contains a covenant regarding certain grade crossings and abandoning an underpass mentioned in said March 3, 1941 agreement ("8." hereinabove), to all of which this conveyance is made subject, providing, however, that all rights therein of the Grantor passes by this conveyance to the Grantee herein.

(17) That certain deed dated April 9, 1892, from George Myers and Hester J. Myers, his wife, to Joseph Stephane which is of record in said Clerk's Office in Deed Book 72, at page 109, conveying 1 acre adjoining the Ann Wright property and fronting 80 feet on the Kingwood and Tunnelton Pike.

(18) That certain deed from George Myers and Hester J. Myers, his wife, to Ann Wright dated May 8, 1897, exchanging lots owned by the parties, which is of record in said Clerk's Office in Deed Book 83, at page 51.

(19) That certain coal deed dated the 3rd day of February, 1902, from George Myers and Hester J. Myers, his wife, to Merchants Coal Company conveying as the Second Tract all coal underlying 74.46 acres, excluding 1 acre adjoining Mrs. Wright's Lot now owned by Gocke, and further reserving 1-1/4 acre Upper vein of coal where his dwelling house and other buildings stand and 1.64 acres of the vein adjoining the 1-1/4 and under the orchard, and 1-1/4 acre of the vein of coal on the Roch place where it is now opened, which said coal deed contains broad mining rights including the waiver of damage to the surface and is of record in said Clerk's Office in Deed Book 97, at page 73.

(20) That certain standard electrical distribution right of way that was conveyed by John W. Myers to Monongahela Power Company by an agreement dated October 21, 1947, and of record in said Clerk's Office in Deed Book 257, at page 311.

(21) That certain electric and telephone distribution right of way that was conveyed by J. W. Myers, widower, to Monongahela Power Company by an agreement dated July 13, 1946, and of record in said Clerk's Office in Deed Book 244, at page 235.

(22) That standard electric and telephone distribution right of way that was conveyed by George E. Myers and Beulah Myers to Monongahela Power Company by an agreement dated February 12, 1949, which is of record in said Clerk's Office in Deed Book 268, at page 318.

(23) That deed dated January 4, 1956, executed by Walter Myers, single, to Kray Coal Company, conveying all of the unmined Upper Freeport coal (being the same vein now being mined by Grantee on adjoining tract on and under 1.64 acres, being the 1.64 acre coal under the orchard as described in the deed recorded in Deed Book 97, at page 73), and which said coal deed is of record in said Clerk's Office in Deed Book 324, at page 262.

(24) That certain lease dated June 1, 1979, executed by the West Virginia Northern Railroad Company to Lewis Coal & Coke Co., Inc., leasing the 74.46 acre tract, as well as a small strip of land between said 74.46 acres and Route 26/73 and a 3.9 acre tract for a term of 5 years, with the right to twice renew said lease for two additional five year terms, which said lease is of record in said Clerk's Office in Deed Book 484, at page 359.

(25) There is further granted and conveyed for the consideration aforesaid, all of the rights and ownership of the Grantors herein to the oil, gas, and other minerals located on and under the tracts hereinabove described, and also all of the oil and gas and other minerals reserved and excepted by the Grantor or any of its predecessors in title on and under all of the parcels of land sold or conveyed away as hereinabove set forth, including, but not restricted to, the tracts described in "No. 14" and "No. 16" hereinabove set forth, and as might otherwise appear in the chain of title to the tracts of land hereinabove described and conveyed, including to the said Grantee, all rights and delayed rentals and earned royalties from any oil and gas lease in favor of Consolidated Gas Supply Corporation, including but not limited to that lease dated June 25, 1968, executed by Margaret Myers, single, and the West Virginia Northern Railroad Company to Consolidated Gas Supply Corporation, which is of record in said Clerk's Office in Deed Book 402, at page 229.

The above described Tract No. 4 is the same real estate that was conveyed by Margaret Esther Myers, single, to the West Virginia Northern Railroad Company by deed dated the 5th day of July, 1961, and recorded in said Clerk's Office in Deed Book 358, at page 57.

All of the following described tracts of land situate in Kingwood District, Preston County, West Virginia, bounded and described as follows:

TRACT NO. 5: Beginning at a dogwood, corner of W. F. Menear's line (now Brand); thence N. $83\frac{1}{2}^{\circ}$ E. 13 $\frac{3}{4}$ poles to pointers in the W. F. Menear (now Brand) line; thence with C. & M. line, S. $6^{\circ} 31'$ W. 263 $\frac{1}{2}$ poles to a stake in a field; N. $58\frac{1}{2}^{\circ}$ W. 50 poles to a dogwood, now down; S. $53\frac{3}{4}^{\circ}$ W. 29 $\frac{7}{10}$ poles to a hickory; S. $77^{\circ} 7'$ W. 32 poles to a white oak at Dars; S. 34° E. 27 $\frac{6}{10}$ poles to a creek, thence with same S. $51^{\circ} 7'$ W. 10 $\frac{94}{100}$ poles; S. $52\frac{1}{2}^{\circ}$ W. 10 $\frac{5}{10}$ poles; S. 36° W. 107 poles; S. $80\frac{1}{2}^{\circ}$ W. 8 $\frac{4}{10}$ poles; S. 38° W. 5 $\frac{8}{10}$ poles; S. $12\frac{1}{2}^{\circ}$ W. 13 $\frac{8}{10}$ poles, S. 48° W. 4 $\frac{5}{10}$ poles to the original line; thence with same, leaving Creek S. 60° W. 9 $\frac{5}{10}$ poles to a point on Indian Rock; N. $86^{\circ} 53'$ W. 78 $\frac{2}{10}$ poles to a white oak; N. $2\frac{1}{3}^{\circ}$ E. 107 $\frac{4}{10}$ poles to pointers (pine) .. $87^{\circ} 25'$ E. 78 $\frac{9}{10}$ poles to a stone pile; N. $3^{\circ} 36'$ E. 143 $\frac{7}{10}$ poles to a white oak stump and stone pile, Ellis' corner; N. $71^{\circ} 10'$ E. 101 $\frac{7}{10}$ poles to a poplar and rock; N. $48\frac{1}{2}^{\circ}$ E. 7 $\frac{8}{10}$ poles to the beginning, containing 263 $\frac{1}{2}$ acres, more or less.

There is excepted and reserved from the above described 263½ acre tract that certain 71½ acre parcel which was conveyed by Nancy A. Burke to Jesse J. F. Burke by deed dated the 19th day of February, 1892, which deed is of record in said Clerk's Office in Deed Book 71, at page 391, and which said area is more particularly bounded as follows:

Beginning at a stone pile and pointers on the North side of the Creek, N. 2½° E. 68 poles to a stone pile and pointers, corner to A. B. Fortney and Brown, N. 70½° E. 100 poles to a stone pile and near to a poplar; N. 48½° E. 75 poles to a dogwood and pointers; N. 83° E. 13 3/4 poles to pointers, S. 5½° W. 80 poles to a stone pile at the Creek; thence down said Creek, with its meanderings 187 poles to the beginning, leaving a balance of 192 acres, more or less.

Together with said tract of land, the description for which was taken from a deed from George R. Burke and wife to H. G. Burke, by deed dated March 24, 1904, and recorded in the office of the Clerk of the County Commission of Preston County, West Virginia, in Deed Book 107, page 187, there is conveyed all of the Grantors' right, title and interest in and to a road or right-of-way set forth in a deed from Philip Knisell to George R. Burke and H. G. Burke, dated July 10, 1901, and recorded in said County Clerk's Office in Deed Book 92, at page 199.

There is further reserved all of the coal underlying said tract of land heretofore conveyed to Merchants Coal Company of West Virginia by G. R. Burke and others by deed dated the 6th day of December, 1901, which deed was recorded in Deed Book 97, at page 47, and conveys all of the coal, except the Austin vein.

There is further excepted and reserved a burial ground situate on said land containing 90/160 of an acre, more or less, with the right of ingress, egress and regress to and from said burial land over the road now used, which requires the Grantors to leave the gates and bars across said road to said burial ground in the same condition which they may be found in when using the same, which said burial ground was conveyed to Philip Knisel by Nancy A. Burke and others by deed dated the 10th day of July, 1901, which deed is of record in said Clerk's Office in Deed Book 92, at page 306.

There is further excepted and reserved from this conveyance that certain standard electric distribution and telephone right of way which was conveyed by Lucy Burke and others to Monongahela Power Company by agreement dated the 8th day of January, 1947, which is of record in said Clerk's Office in Deed Book 251, at page 150.

There is further excepted from this conveyance that certain standard electric distribution right of way which was conveyed by the West Virginia Northern Railroad Company to the Monongahela Power Company by deed dated the 3rd day of April, 1958, which agreement is of record in said Clerk's Office in Deed Book 337, at page 527.

There is excepted and reserved from the above described tract that certain 9.9 acre tract which was conveyed by Agostino DeProspero and others to the Kray Coal Company by deed dated the 30th day of June, 1952, which deed is of record in said Clerk's Office in Deed Book 303, at page 124, and which deed provides that there is conveyed to the Grantee the right to have constructed upon said premises conveyed to said Kray Coal Company and the adjoining premises, a switch and siding as described in said deed.

TRACT NO. 6: Beginning at Indian Rock, N. 86° 53' W. 78 2/10 poles to a white oak stump N. 2½° E. 14½ poles to a stake, corner with J. L. McKenzie; thence West to creek; thence with said Creek to the School House Lot.....Northern and Eastern boundaries to Pike; thence with Northern side of the Pike to H. Cook's line; thence with said line to beginning, containing 6 acres, more or less, the description to which said tract was taken from a deed from Ida J. Knisell and husband to Hiran Burke dated March 19, 1900, and recorded in said Clerk's Office in Deed Book 124, page 2.

For the consideration aforesaid, the Grantor does further grant and convey as appurtenant to the above described Tract No. 5 and 6 the tipple, siding and other personal property or fixture rights which were conveyed to the West Virginia Northern Railroad Company by John W. Markwood and Frank B. Everhart, doing business as Markwood and Everhart, as described in that agreement dated the 9th day of April, 1970, which is of record in said Clerk's Office in Deed Book 427, at page 244, which said tipple and siding agreement was executed in settlement of claims arising from a lease executed by the West Virginia Northern Railroad Company to Brookside Mining Company, predecessor in title to Markwood and Everhart, dated the 19th day of September, 1957, which is of record in said Clerk's Office in Deed Book 340, at page 707, as modified by a letter to said Brookside Mining Company, Inc., from the West Virginia Northern Railroad Company dated October 22, 1957, which letter amendment to said lease is recorded in said Clerk's Office in Deed Book 340, at page 714, and the said West Virginia Northern Railroad Company does warrant that the terms and conditions as modified concerning said tipple and siding as set forth in the agreement dated April 9, 1970, have been fully complied with by the West Virginia Northern Railroad and that said John W. Markwood and Frank B. Everhart, as well as Brookside Mining Company, have no further interest or claim to said real estate under said lease or the structures or personal property located thereon.

The above described real estate being all of the same real estate that was conveyed to the West Virginia Northern Railroad Company by Anna DeProspero, widow, and Ernest Giuliana and Beulah Giuliana, his wife, by deed dated the 10th day of April, 1957, which deed is of record in said Clerk's Office in Deed Book 332, at page 307.

TRACT NO. 7: Beginning at the Southwest corner of the Grantors' 5.7 acre Parcel No. 2, which said corner is a common corner of Patriot Mining Company, the Grantors and in the property line of Mary Ruth Corporation; thence running with the Mary Ruth Corporation line, S. 89° 6' 40" E. 220.53 feet, crossing said main line of said railroad to a 1/2" rebar set; thence leaving Mary Ruth Corporation line and running at all points an equal distance of 75 feet from said railroad main line, N. 62° 23' 34" W. 301.66 feet to a 1/2" rebar set; thence S. 18° 56' 40" E. 144.18 feet crossing said main line to the 1/2" rebar set, at the place of beginning, containing 0.34 of an acre.

The above described tract being the same real estate that was conveyed to the West Virginia Northern Railroad Company by Samuel A. Lipscomb and Helena Lipscomb, husband and wife, by deed dated the 9th day of October, 1980, which deed is of record in said Clerk's Office in Deed Book 488, at page 794.

There is excepted and reserved from this conveyance those certain exceptions and reservations set forth in conveyances of predecessors in title to the present owner, insofar as the same affect the surface land herein conveyed or the minerals underlying the same.

All of the following described tracts of real estate situate in Kingwood Corporation, Preston County, West Virginia, bounded and described as follows:

TRACT NO. 8: Beginning at a Black Oak, a corner to Wakefield; thence by division lines, N. 30° 10' E. 778.8 feet to a planted stone, a corner to the private roadway; thence N. 50° E. 96 feet to a planted stone; thence N. 39° E. 104 feet to a stone in the beginning line of the whole tract; thence with five lines of the boundaries of the original tract, S. 22° E. 156 feet to a Chestnut tree; thence S. 38° E. 438 feet to a post, a corner to David Younger; thence with a line of said Younger and a line of T. D. Craig, S. 43° 35' W. 350 feet to a Chestnut tree; thence S. 40° 34' W. 343.7 feet to post, a corner to T. D. Craig; thence with a line of T. D. Craig and a line of Wakefield, N. 65° W. 433 feet to the beginning, and containing 9.441 acres, and being the same real estate that was conveyed to the West Virginia Northern Railroad Company by Richard O. Burnside and Ethel Hope Burnside, his wife, by deed dated the 5th day of August, 1960, which deed is of record in said Clerk's Office in Deed Book 353, at page 561.

There is reserved from this conveyance, however, all the coal below the Three Foot vein of fuel coal, together with the usual mining rights, as were conveyed by U. N. Orr to W. P. Hurst, by deed dated the 3rd day of July, 1901, and recorded in said Clerk's Office in Deed Book No. 92, at page 151.

There is also reserved from this conveyance all the Three Foot vein of fuel coal commonly called the Bakerstown Seam of coal, together with all the usual and necessary mining rights to mine and remove the same, and without being liable for damage to the surface, water courses, or anything thereon, by reason of the mining and removal of any or all of said coal.

For the consideration aforesaid, the said Grantors further grant and convey unto the said Grantee all the rights and privileges owned and possessed by them in and to a certain street or road extending over lands formerly owned by Edward A. Heiman and being more fully described in a conveyance from the said Edward A. Heiman and wife to Charles W. Wolfe and May M. Wolfe, by deed bearing date the 30th day of September, 1920; and now of record in said Clerk's Office in Deed Book No. 155, at page 86.

There is further reserved from the above boundary, one (1) acre, more or less, that was conveyed by the aforesaid May M. Wolfe, widow, to Dale Turner and Thelma Turner, by deed bearing date the 6th day of April, 1942, and now of record in said Clerk's Office in Deed Book No. 216, at page 279.

All of the following described tract of real estate situate, lying and being on the waters of Indian Creek, adjoining lands now or formerly of Katie Kimble, James W. Flynn and others, in the Town of Kingwood, Preston County, West Virginia, bounded and described as follows:

TRACT NO. 9: Beginning at a stake in the line of Katie Kimble tract 8085 feet north, $86^{\circ} 15'$ west from the western limits of the County Road that leads to the West Virginia Northern Depot; thence with said Katie Kimble's line S. $86^{\circ} 15'$ East 458 feet to a stake on the west side of a drain; thence N. $10^{\circ} 40'$ W. 202 feet to a stake on the west side of said drain; thence N. $31^{\circ} 34'$ W. 204 feet to a stake on the east side of said drain in a line of J. W. Flynn and with same S. 43° West 456 feet to the place of beginning, containing 1.96 acres, more or less, and being the same real estate that was conveyed to the West Virginia Northern Railroad Company by M. L. Massie and Virginia Massie, husband and wife, by deed dated the 20th day of September, 1955, which deed is of record in said Clerk's Office in Deed Book 322, at page 356.

All of that certain lot of land situate on said Sisler Street and at an intersection of said Street with West Beverly Street in said Town, and being the same lot conveyed to the Mountain State Utilities Corporation by the Standard Oil Company, a corporation, by deed dated September 30, 1927, and recorded in said Clerk's Office in Deed Book 172, at page 375, and being further bounded and described as follows:

TRACT NO. 10: Beginning at the intersection of West Beverly Street and Sisler Street and being the southeast corner of the lot hereby conveyed; thence running with Sisler Street in a northerly direction 126 feet to a stake; thence leaving Sisler Street and running N. 66° W. approximately 70 feet to a stone; thence S. 40° E. 103-1/2 feet to a stake in West Beverly Street; thence with West Beverly Street S. 76° E. 71-1/4 feet to the beginning, and being the same real estate that was conveyed to the West Virginia Northern Railroad Company by the Town of Kingwood by deed dated the 11th day of February, 1952, which deed is of record in said Clerk's Office in Deed Book 318, at page 124.

There is excepted and reserved from the lot hereinabove described and conveyed all minerals, easements and rights of way which may have previously been conveyed away by the predecessors in title hereto.

For the consideration aforesaid, the said Grantors further grant and convey unto the said Grantee all the rights and privileges owned and possessed by them in and to a certain street or road extending over lands formerly owned by Edward A. Heiman and being more fully described in a conveyance from the said Edward A. Heiman and wife to Charles W. Wolfe and May M. Wolfe, by deed bearing date the 30th day of September, 1920, and now of record in said Clerk's Office in Deed Book No. 155, at page 86.

There is further reserved from the above boundary, one (1) acre, more or less, that was conveyed by the aforesaid May M. Wolfe, widow, to Dale Turner and Thelma Turner, by deed bearing date the 6th day of April, 1942, and now of record in said Clerk's Office in Deed Book No. 216, at page 279.

All of the following described tract of real estate situate, lying and being on the waters of Indian Creek, adjoining lands now or formerly of Katie Kimble, James W. Flynn and others, in the Town of Kingwood, Preston County, West Virginia, bounded and described as follows:

TRACT NO. 9: Beginning at a stake in the line of Katie Kimble tract 8085 feet north, $86^{\circ} 15'$ west from the western limits of the County Road that leads to the West Virginia Northern Depot; thence with said Katie Kimble's line S. $86^{\circ} 15'$ East 458 feet to a stake on the west side of a drain; thence N. $10^{\circ} 40'$ W. 202 feet to a stake on the west side of said drain; thence N. $31^{\circ} 34'$ W. 204 feet to a stake on the east side of said drain in a line of J. W. Flynn and with same S. 43° West 456 feet to the place of beginning, containing 1.96 acres, more or less, and being the same real estate that was conveyed to the West Virginia Northern Railroad Company by M. L. Massie and Virginia Massie, husband and wife, by deed dated the 20th day of September, 1955, which deed is of record in said Clerk's Office in Deed Book 322, at page 356.

All of that certain lot of land situate on said Sisler Street and at an intersection of said Street with West Beverly Street in said Town, and being the same lot conveyed to the Mountain State Utilities Corporation by the Standard Oil Company, a corporation, by deed dated September 30, 1927, and recorded in said Clerk's Office in Deed Book 172, at page 375; and being further bounded and described as follows:

TRACT NO. 10: Beginning at the intersection of West Beverly Street and Sisler Street and being the southeast corner of the lot hereby conveyed; thence running with Sisler Street in a northerly direction 126 feet to a stake; thence leaving Sisler Street and running N. 66° W. approximately 70 feet to a stone; thence S. 40° E. 103-1/2 feet to a stake in West Beverly Street; thence with West Beverly Street S. 76° E. 71-1/4 feet to the beginning, and being the same real estate that was conveyed to the West Virginia Northern Railroad Company by the Town of Kingwood by deed dated the 11th day of February, 1952, which deed is of record in said Clerk's Office in Deed Book 318, at page 124.

There is excepted and reserved from the lot hereinabove described and conveyed all minerals, easements and rights of way which may have previously been conveyed away by the predecessors in title hereto.

Said Grantor further conveys unto the said Grantee an easement or right of way for a single railroad track, being thirty (30) feet in width on either side of the center line of said track, together with the necessary privileges for the maintenance of said track and necessary land for cuts and fills through and over an unimproved alley to the northwest of the lot hereinabove described and conveyed, and which alley intersects Sisler Street, in said Town and lies between the two tracts of land now owned by the West Virginia Northern Railroad Company and formerly owned by M. A. Sisler and C. S. and I. E. Whetsell, and which said unimproved alley is shown on the master blue print of said Town, and which alley has never been opened for public use.

All of the following described tract of real estate situated in the Town of Kingwood, Preston County, West Virginia, fronting on Sisler Street in said Town and located near the West Virginia Northern Railroad shops, and described as follows:

TRACT NO. 11: Bounded on the East by Sisler Street and the lot formerly owned by the Standard Oil Company on the South by the county road and said lot formerly owned by said Standard Oil Company; on the West by Alonzo Feltz, and on the North by lands formerly owned by John Pacelly, now Whetsell, and containing one acre, more or less, and being the same tract of land that was conveyed to the West Virginia Northern Railroad Company by John A. Ross and Marguerite Ross, his wife, by deed dated the 21st day of March, 1955, which deed is of record in said Clerk's Office in Deed Book 318, at page 398.

TRACT NO. 12: Being that certain tract of .75 of an acre located on Sisler Street in the Town of Kingwood, Preston County, West Virginia, on which is situated a frame dwelling house, and which tract is bounded on the East by Sisler Street; on the South by lands of Alonzo Feltz; and on the North by lands of the West Virginia Northern Railroad Company, formerly J. H. Weirich and J. V. Gibson, and being the same which was conveyed to the West Virginia Northern Railroad Company by deeds recorded in said Clerk's Office in Deed Book 326, at page 178, Deed Book 326, at page 180, and Deed Book 325, at page 480.

All of the surface of the following described tract or parcel of land, situate in or near the Town of Kingwood, West Virginia, adjoining lands now or formerly owned by T. D. Craig, Guss J. Cresap and others, and bounded and described as follows:

TRACT NO. 13; Beginning at a post on the West side of Indian creek and a corner to the said W. Va. N. R. R.; thence down said creek with the line of said Railroad, S. 22° E. 172 feet to a double chestnut; thence S. 38° E. 438 feet to a post a corner to David Younger; thence with his line and a line of T. D. Craig S. 43° 35' W. 350 feet to a chestnut; thence S. 30° 34' W. 343.7 feet, to a post a corner of T. D. Craig; thence with a line of said Craig and a line of Wakefield N. 65° 30' W. 433 feet to an Oak; thence with said Wakefield S. 65° 30' W. 884 feet to a stake a corner to Gus J. Cresap; thence with the lines of said Cresap, N. 3° 35' E. 103 feet to a stake, N. 7° 45' E. 158 feet; N. 11° 28' E. 262 feet N. 19° 30' E. 219 feet to a double Black Oak; thence N. 47° 45' E. 192 feet, N. 45° 15' E. 311 feet; N. 50° 30' E. 101.6 feet; N. 58° 50' E. 38 feet; N. 78° E. 470 feet to a stake, a corner to Anna Harris; thence with said Harris line, S. 41° 30' E. 197 feet N. 58° 30' E. 70 feet, N. 26° 30' W. 65 feet; N. 74° E. 107 feet

to the beginning, and containing 26.87 acres, and being the same real estate that was conveyed to the West Virginia Northern Railroad Company by Everts Coal Company, a corporation, by deed dated the 11th day of April, 1963, which deed is of record in said Clerk's Office in Deed Book 368, at page 211.

This conveyance is made subject to all the reservations and exceptions contained within the aforementioned conveyance of May 2nd, 1956, reducing the acreage to 17 acres, more or less.

There is excepted and reserved from this conveyance all the coal and other minerals underlying said land, together with the right to mine, extract and remove all such minerals by the deep mining method only, and without the Grantor or its assigns, being liable to support the surface or overlying strata of said coal, or anything now erected thereon, or hereinafter erected thereon, and without being liable for the destruction of any wells, springs or water courses thereon.

All of the following described tract of real estate situate in the corporate limits of the Town of Kingwood and Kingwood District, Preston County, West Virginia, more particularly bounded and described as follows:

TRACT NO. 14: Beginning at a point in the center of the South Branch of Greens Run, in the Eastern outline of Elza Uphold's 8-35/100 acre tract, known as Tract No. 1, and the Southwest corner of Elza Uphold's 1-42/100 acre tract, known as Tract No. 2, thence by the Eastern outline of said Tract No. 1, S-54-20-W 154.0 feet to a point in the Northern limits of M and K railroad right-of-way line, thence by said right-of-way line by a curve to the right 82.0 feet, the end of said curve, thence continuing by said right-of-way line S-34-30-E 201.0 feet to a point of curve to the left 652.5 feet to the end of said curve; thence N-86-30-E 327.0 feet to a point on the North side of Green's Run, just West of bridge crossing said Run; thence along road N-8-45-E 25.0 feet to the South side of a 20-foot alley; thence with said alley N-68-45-W 195.0 feet, continuing with said alley N-54-30-W 267.0 feet, thence N-35-01-W 153.0 feet to the North East corner of Guy Uphold's lot and with said lot S-54-20-W 80.00 feet to the South East corner of said Lot, thence N-35-01-W 50.0 feet to the South East corner of Tract No. 2 of Elza Uphold, thence by the Southern outline of said tract, N-58-30-W 404.0 feet to the place of beginning, containing 6-29/100 acres, more or less, and being the same real estate that was conveyed to the West Virginia Northern Railroad Company by James Jenkins, Jr., and Nellie Y. Jenkins, his wife, by deed dated the 21st day of March, 1955, which deed is of record in said Clerk's Office in Deed Book 318, at page 402.

All of the following described tract of real estate situate in Kingwood District, Preston County, West Virginia, more particularly bounded and described as follows:

TRACT NO. 15: Being that certain tract of land containing 2,000 square feet, more or less, being the same tract of land that was conveyed to the West Virginia Northern Railroad Company by Charles V. Wehner and Geraldine P. Wehner, his wife, by deed dated the 4th day of June, 1963, which deed is of record in said Clerk's Office in Deed Book 369, at page 114.

All of the following described tracts or parcels of land, the first two hereinafter described being situate in Valley District, Preston County, West Virginia, and the third being situate in Kingwood District, Preston County, West Virginia, more particularly bounded and described as follows:

TRACT NO. 16: FIRST: That certain tract containing 40 acres, more or less, situate on the waters of Middle Branch of Three Fork Creek, in Valley District, adjoining lands now or formerly of Emmet Fortney, Hezekiah Saffer, J. L. McKenzie, Vester B. Dunn, and others, and being the same tract of land, a one-fourth (1/4) undivided interest in which was conveyed to the Grantor, William H. Stone, by Wilbert Pyles, widower, by deed dated November 13, 1917, and of record in said Clerk's Office in Deed Book 147, page 250, a one half (1/2) undivided interest in which was conveyed to the said William H. Stone as W. H. Stone by Charles Cassady, by deed dated September 15, 1917, and of record in said Clerk's Office in Deed Book 146, at page 482, and a one fourth (1/4) undivided interest in which was conveyed to the said William H. Stone by Josephine Martin and husband by deed dated May 14, 1923, and of record in said Clerk's Office in Deed Book 163, at page 16.

SECOND: That certain tract of land situate also on the waters of Middle Branch of Three Fork Creek, in said Valley District, and bounded as follows:

Beginning at a rock in a swamp, running thence S. 60 1/4° W. 32 poles to a stone; thence N. 20° W. 50 poles to a stone; thence running East parallel with Martin's and Fortney's line 32 poles to a stone; thence E. 50 poles to the line of a 48 acre tract of John V. Fortney, and containing 10 acres, more or less, and being the same tract of land conveyed to the said William H. Stone as W. H. Stone by Vester B. Dunn and wife by deed dated August 10, 1918, and of record in said County Clerk's Office in Deed Book 151, at page 272.

THIRD: That certain tract of land situate in Kingwood District, Preston County, West Virginia, bounded and described as follows:

Beginning at a pine, corner of Burke, with same East (V. 3° 31') 77.00 poles to a stone pile and pointer, corner Burke; thence N. (V. 4° 48') 51 poles to pointers, corner John V. Fortney's Heirs, to Burke's line; thence with Fortney's Heirs S. 62° 23' W. 97.7 poles to stake with pine pointers, corner Pugh tract; thence with three lines of same, S. 7° 45' W. 5.46 poles to stake; thence S. 33° 30' W. 30 poles to a stake; thence S. 12° W. 6.8 poles to a stone on North-West Bank of Middle Branch; thence S. 10° 30' E. 9 poles to a stake on South-East side of creek (birch gone) corner Cornelius Martin; thence with same S. (V. 4° 30') 45.7 poles to a point in creek in Phillip Knisell's line; thence with same East (V. 4°) 21 poles to a stake in Burke's line; thence with same, N. (V. 3° 30') 81.9 poles to the beginning, containing 24 acres, more or less, and being the same tract of land conveyed to the said William H. Stone as W. H. Stone by Thomas N. Tanner and wife by deed dated April 24, 1919, and of record in said Clerk's Office in Deed Book 151, page 271.

There is excepted and reserved from this, conveyance of all of the coal and mining rights therewith, which may have been conveyed away by the predecessors in title hereto, and being

conveyed herewith such coal and mining rights and other minerals which may be owned by the Grantors.

The above described Tract No. 16 being the same that was conveyed to the West Virginia Northern Railroad Company by William H. Stone and Flossie Claris Stone, his wife, by deed dated the 24th day of September, 1958, which deed is of record in said Clerk's Office in Deed Book 340, at page 378.

All of the following described oil and gas situate in Valley District, Preston County, West Virginia, bounded and described as follows:

TRACT NO. 17: Being an undivided one-half (1/2) interest in the oil and gas, which one-half (1/2) undivided interest was reserved under the Hoy Brown tracts described as the Second Parcel in a deed dated the 9th day of November, 1965, between the West Virginia Northern Railroad Company, the Grantor, and Kingwood Cattle Company, the Grantee, which deed is of record in said Clerk's Office in Deed Book 384, at page 288.

All of the following described tract or parcel of real estate situate in Kingwood District, Preston County, West Virginia, more particularly bounded and described as follows:

TRACT NO. 18: Being all of those certain two (2) ten foot strips of land lying adjacent to a present existing right of way conveyed by J. Walter Myers to Stanley Coal Company, by deed dated March 3, 1941, and of record in said Clerk's Office in Deed Book 211, at page 23, later conveyed by Stanley Coal Company to Kray Coal Company, Inc., said two (2) 10 foot strips of land being described and conveyed in a conveyance to Kray Coal Co., by J. Walter Myers dated May 1, 1937, and of record in said County Clerk's Office in Deed Book 336, page 517, it being the intention of this conveyance to vest and convey in the Grantee the entire ownership of the Grantor in and to said ten foot strips of land described in said last mentioned deed, to which reference is made for a more complete description thereof, and being the same real estate that was conveyed to the West Virginia Northern Railroad Company by Kray Coal Company by deed dated the 25th day of August, 1961, which deed is of record in said Clerk's Office in Deed Book 359, at page 177.

This conveyance is subject to the conditions in said deed contained as to fences, grade crossings and an underpass, insofar as the same may now still be in effect, the Grantee herein being now the owner of said land over which said ten foot strips adjacent to the previously conveyed right of way is located.

TRACT NO. 19: All of the right, title and interest of the West Virginia Northern Railroad Company in and to all trackage of the West Virginia Northern Railroad Company running through the premises previously owned by Victory Coal Company having a width of 50 feet on either side of said centerline of said trackage through said premises, together with such additional land for cuts, slopes and fills as are needful and necessary for the construction, operation, and maintenance of said tracks and for necessary grading, draining, preparing, laying or relaying the same at the location where said tracts now exist over and through said land.

The Grantee agrees that the Grantor's predecessors in title have built an outlet from their property to the new West Virginia Route 26 near an overhead concrete bridge on said highway which passes over the railroad tracks at a mutually agreeable location.

The above described Tract No. 19 being the same track and right of way that were conveyed to the West Virginia Northern Railroad Company by J. J. Zuchowski and Verna V. Zuchowski, his wife, by deed dated the 16th day of September, 1960, which deed is of record in said Clerk's Office in Deed Book 376, at page 227.

All of the following described tract or parcel of real estate situate in the Town of Kingwood, Preston County, West Virginia, more particularly described and identified as follows:

TRACT NO. 20: Being that certain lot situate in the junction formed by Tunnelton Street of said Town of Kingwood and the West Virginia Northern Railroad Company's railroad, and being the lot on which the building now occupied and used by the said West Virginia Northern Railroad Company, a corporation, as a station and office, is located, and being the same real estate that was conveyed to the West Virginia Northern Railroad Company by Fidelity-Philadelphia Trust Company, a corporation, and John P. Macklin, surviving Trustees under the Last Will and Testament of John H. Weaver, deceased, by deed dated the 23rd day of March, 1944, which deed is of record in said Clerk's Office in Deed Book 230, at page 518.

TRACT NO. 21: Fronting on Sisler Street of said Town, and near the West Virginia Northern Railroad Shops in said Town, and described as follows:

Bounded on the east by Sisler Street and the lot formerly owned by the Standard Oil Company, on the south by County road and said lot formerly owned by said Oil Company, on the west by lots or lands formerly owned by Alonzo Feltz, and on the north by lots formerly owned by Johnny Pacelly, now Whetsell, and containing one (1) acre, more or less, and being the same real estate that was conveyed to the West Virginia Northern Railroad Company by Bessie Sisler Kemple Hoover and A. C. Hoover, her husband, by deed dated the 1st day of October, 1945, which deed is of record in said Clerk's Office in Deed Book 236, at page 408.

TRACT NO. 22: Being 1-1/2 acres fee, delinquent in name of U. N. Orr Heirs, near West Virginia Northern Shops . . . Certification No. 328 in suit of State v. J. Y. McDonald, et al., and being the same real estate that was conveyed to the West Virginia Northern Railroad Co., by Cramer W. Gibson, Deputy Commissioner of Forfeited and Delinquent Lands for Preston County, West Virginia, by deed dated the 11th day of May, 1949, which deed is of record in said Clerk's Office in Deed Book 270, at page 77.

All of the following described tract or parcel of real estate situate in Kingwood District, Preston County, West Virginia, more particularly bounded and described as follows:

TRACT NO. 23: Beginning at a point in the Zugar right of way and running with the West Virginia Northern right of way N. 75° W. 201 feet; thence N. 74° W. 184.6 feet to a point; thence S. 82°

30' E. 379.65 feet to a point in said Zugar right of way; thence with Zugar right of way S. 4° W. 52 feet, containing .23 acre, more or less, and being the same tract of land conveyed to W. Va. Northern Railroad Co., by James Jenkins, Sr., widower, by deed dated the 7th day of August, 1951, which deed is of record in said Clerk's Office in Deed Book 318, at page 120.

There is excepted and reserved from the operation of this deed all of the minerals, together with the mining rights therewith, which have been conveyed away by the predecessors in title hereto.

TRACT NO. 24: FIRST: Beginning in the boundary, south side of West Virginia State Route No. 26, in the line between what is now or was formerly the Lynch land and J. W. Myers land; thence in a southerly direction with said Lynch and Myers line 60 feet; thence in a westerly direction a distance of 190 feet to the boundary of said State Route No. 26; thence in an easterly direction with said boundary of State Route No. 26 to the place of beginning.

SECOND: Beginning at the southeast corner of the above described tract of land; thence running south to the northern boundary of the West Virginia Northern Railroad, a strip being 15 feet in width, the content of which is estimated to be about one-fourth (1/4) of an acre.

Coal, oil and gas excepted, together with mining rights.

The above described Tract No. 24 being the same real estate that was conveyed to the W. Va. Northern Railroad Co., by Kingwood Ross Coal Company, Inc., a corporation, by deed dated the 7th day of August, 1951, which deed is of record in said Clerk's Office in Deed Book 318, at page 122.

All of the following described tract or parcel of real estate situate in the Town of Kingwood, Preston County, West Virginia, more particularly bounded and described as follows:

TRACT NO. 25: Beginning at an iron pipe in the west limits of Sisler Street and running thence S. 4° 05' W. 152.4 feet to an iron pin in the western limits of Sisler Street; thence leaving the western limits of Sisler Street and running thence S. 81° 08' W. 128.0 feet to a stake near a white oak, and running thence N. 0° 27' E. 209.2 feet to an iron pipe; and thence S. 74° 12' E. 140.5 feet to the place of beginning, estimated to contain 1/4 acre.

Minerals and mining rights reserved as heretofore conveyed away.

The above described Tract No. 25 being the same real estate that was conveyed to the W. Va. Northern Railroad Co., by C. S. Whetsell and Ruby Whetsell, his wife, and I. H. Whetsell, single, by deed dated the 11th day of February, 1948, which deed is of record in said Clerk's Office in Deed Book 318, at page 128.

All of the following described tract or parcel of real estate situate in Kingwood District, Preston County, West Virginia, more particularly bounded and described as follows:

TRACT NO. 26: Beginning at a point of intersection between Borgman tract of land and West Virginia State Route No. 59, formerly Route No. 26; thence running with said Borgman tract South $3^{\circ} 39' W.$ (var. $0^{\circ} 30'$) 411.5 feet to a point near the track of Grantee; thence following in the same general direction as and with said track North $70^{\circ} 45' W.$ 141 feet to a point; North $87^{\circ} 55' W.$ 128 feet to a point; South $71^{\circ} 35' W.$ 340 feet to a point; South $88^{\circ} 45' W.$ 138 feet to a point in line of Britton land and right of way belonging to the Grantee herein; thence N. $2^{\circ} 38' E.$ (var. $0^{\circ} 30'$) 63.1 feet to a point between two side tracks of said Grantee and near a tipple known as the Gilbert tipple; thence N. $78^{\circ} 03' E.$ 178.5 feet to a point also lying between said two side tracks; thence N. $0^{\circ} 50' E.$ 138.1 feet to a point near said West Virginia State Route No. 59; thence along and with said Route N. $77^{\circ} 08' E.$ 105 feet to a point, N. $65^{\circ} 47' E.$ 132 feet to a point; N. $55^{\circ} 07' E.$ 259 feet; thence $33^{\circ} 00' E.$ 138.4 feet to the place of beginning, containing 3.9 acres, more or less, and being the same real estate that was conveyed to the Grantor herein by James Jenkins, Jr., et al., by deed dated the 9th day of May, 1957, which deed is of record in said Clerk's Office in Deed Book 334, at page 404.

There is further excepted and reserved all of the oil and gas situate on and under the tract of land herein described and conveyed, which oil and gas have previously been reserved and excepted by the predecessors in title hereto.

TRACT NO. 27: FIRST: Beginning at a hub at intersection of the rights of way of the West Virginia Northern Railroad and the State Road; thence with the said right of way of the said road N. $64^{\circ} 32' E.$ 50.0 feet to a point 16 feet from the right of way of said railroad; thence leaving said road right of way by a curve to the right, with a chord of 170 feet and a bearing of N. $88^{\circ} 00' E.$ to a hub 16 feet from the right of way of said railroad; thence with a line parallel to and 16 feet from said railroad right of way, S. $82^{\circ} 34' E.$ 367.0 feet to a point; thence N. $86^{\circ} 06' E.$ 20.0 feet to a point 20.0 feet from the right of way of said railroad; thence S. $2^{\circ} 40' E.$ 20.3 feet to a point on said railroad right of way; thence with said right of way N. $82^{\circ} 34' W.$ 379.85 feet to a point; thence with a curve to the left with chord of 213.5 feet to the place of beginning, containing 0.204 acres, more or less.

SECOND: Beginning at the southeast corner of land now or formerly owned by J. W. Myers, where it joins the present railroad switch right-of-way line of the parcel hereby conveyed, and running with said railroad switch right of way line 120 feet in a westerly direction; thence with the line of land now or formerly owned by said J. W. Myers, to corner of land now or formerly owned by Zugar or Jenkins; thence with line of said last named tract in an easterly direction 120 feet to a corner; thence in a southerly direction to the place of beginning, containing one-half acre, more or less.

The above described Tract No. 27 being the same real estate that was conveyed to the West Virginia Northern Railroad Company by Eleanor M. Gilbert, widow, et al., by deed dated the 26th day of August, 1957, which deed is of record in said Clerk's Office in Deed Book 334, at page 613.

This deed is made subject to all of the restrictions, reservations and exceptions set forth in the aforesaid deed of August 26, 1957.

TRACT NO. 28: Being one steel coal tipple and contents, truck scales, railroad siding, building and appurtenances situate along State Route 92 on the West Virginia Northern Railroad line about four miles north of Newburg, West Virginia, which said tipple, scales, siding, buildings and appurtenances were acquired by the West Virginia Northern Railroad Company from John W. Markwood and Frank B. Everhart pursuant to an agreement dated April 9, 1970, which agreement is of record in said Clerk's Office in Deed Book 427, at page 244, and which said equipment was further conveyed by a bill of sale dated the 28th day of June, 1974, executed by John W. Markwood and Frank B. Everhart wherein said property was described as "Brook 12 Tipple".

TRACT NO. 29: Being the entire line of railroad belonging to the West Virginia Northern Railroad Company, which was formerly known as the Tunnelton, Kingwood and Fairchance Railway Company, a successor in title to the Kingwood Railway Company, which said entire line of railroad is situate and being in Preston County, West Virginia, between the Towns of Tunnelton and Kingwood, together with all of the appurtenances thereto, including roadway, rights of way, tracks, rails, ties, road beds, trestles, side tracks, switches, bridge culverts, stations, depots, warehouses, water tanks, machine shop tools and implements of all kinds, engine houses, depot grounds, fences, office, and all other buildings and structures, and being all of the property of every kind whatsoever, real, personal and mixed, which presently belong to the West Virginia Northern Railroad Company. Most of the entire line of railroad between the Towns of Tunnelton and Kingwood was initially acquired by the Kingwood Railway Company and conveyed to the Tunnelton, Kingwood and Fairchance Railway Company by Francis M. Durbin, Trustee, by deed dated the 5th day of May, 1888, which deed is of record in said Clerk's Office in Deed Book 67, at page 149.

The Kingwood Railway Company acquired rights of way for said line by right-of-way agreements and deeds for the land upon which the right of way was located, which said agreements and deeds are of record in the following Deed Books at the following pages: Deed Book 57, at pages 54, 55, 56, 58, 59, 61, 62, 63, 65, 70, 71, 72, 74, 349, 432, 435, and 445; Deed Book 58, at pages 178, 182, 244 and 350; Deed Book 59, at page 154; Deed Book 62, at page 144; and Deed Book 62, at page 231.

Thereafter, the Tunnelton, Kingwood and Fairchance Railroad Company changed its name to the West Virginia Northern Railroad Company with the approval of the Secretary of State of the State of West Virginia as will appear in said Clerk's Office in Record of Incorporations Book 3, at pages 304 and 305.

The Kingwood, Tunnelton and Fairchance Railway Company, in addition to acquiring the above described right of way and real estate of the Kingwood Railway Company by the aforesaid deed recorded in said Clerk's Office in Deed Book 67, at page 149, also acquired certain rights of way and land upon which rights of way or railroad property are located, while operating under the name of Tunnelton, Kingwood and Fairchance Railroad Company by deeds record in the following Deed Books at the following pages: Deed Book 62, at page 447; Deed Book 84, at pages 425 and 426; and Deed Book 86, at page 530.

By Deed dated the 5th day of February, 1900, Catherine Gocke granted a lot to the West Virginia Northern Railway Co., which Deed is recorded in said Clerk's Office in Deed Book 89, at page 334, in exchange for the 1/2 acre property which had been reconveyed to her by the deed recorded in said Clerk's Office in Deed Book 57, at page 445, which name of the Grantee in said deed was a misnomer, and it was obviously intended to mean West Virginia Northern Railroad Company.

The West Virginia Northern Railroad Company also acquired certain rights of way, leases or parcels of land upon which railways were located and other tracts of real estate which became a part of its entire line of railroad between Tunnelton and Kingwood, which deeds are recorded in the following Deed Books at the following pages: Deed Book 107, at page 326; Deed Book 155, at page 547; Deed Book 160, at page 443; Deed Book 175, at page 43; Deed Book 181, at page 176; Deed Book 234, at page 275; Deed Book 261, at page 184; Deed Book 318, at page 400; Deed Book 322, at page 86; Deed Book 322, at page 88; Deed Book 326, at page 25; Deed Book 327, at page 332; Deed Book 333, at page 420; Deed Book 335, at page 360; Deed Book 160, at page 466; and Deed Book 181, at page 227.

Reference is herein made to all of the above mentioned deeds for a more particular description of the entire line of the railroad herein conveyed as Tract No. 29.

There is excepted and reserved from this conveyance of 29 tracts all exceptions, reservations, adverse conveyances and reversionary interests that have been made by the Grantor or its predecessor in title which are of record in said Clerk's Office.

This conveyance is made under covenants of GENERAL WARRANTY as to Tracts Nos. 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17, 19, 21, 23, 24, 26 and 27 and under covenants of SPECIAL WARRANTY as to Tracts Nos. 1, 2, 15, 18, 20, 22, 25, 28, and 29.

(1) That certain Lease dated the 4th day of March, 1980, by and between the West Virginia Northern Railroad Company, the Lessor, and Patriot Coal Company, the Lessee.

(2) That certain Lease and Agreement dated that 1st day of June, 1979, by and between the West Virginia Northern Railroad Company, the Lessor, and Lewis Coal & Coke Company, the Lessee.

The above described real estate was conveyed to the Grantor by West Virginia Northern Railroad, Inc. by deed dated the 1st day of June, 1981, of record in said Clerk's Office. The above described personal property was conveyed to the Grantor herein by the West Virginia Northern Railroad, Inc. by said deed. The above described leases were assigned to the Grantor herein by said deed, West Virginia Northern Railroad, Inc.

SCHEDULE - PERSONAL PROPERTY

Locomotive #50, Serial No. 4229
Locomotive #51, Serial No. 4230
Locomotive #52 and diesel engine
Office furniture and fixtures
Communications system
Xerox copier
IBM typewriter
Roadway machines
Small tools
Ford truck
Hydraulic crane
Cement mixer
Snow plow
1963 GMC truck
Crane
Steam jenny
International tractor
1967 International truck
1971 Chevy truck
Trailer and backhoe
1968 GMC dump truck

Wood splitter and all machinery, equipment, tangible personal property track material located and owned by the West Virginia Northern Railroad, Inc., together with its rights of way and extensions from a point near Howesville, Preston County, West Virginia, and proceeding to a point in the westerly direction to Hopewell Church in Preston County, West Virginia, a distance of 6.8 miles. which personal property track material is located upon property leased by Kray Coal Company to the West Virginia Northern Railroad Company by lease dated March 27, 1957, which lease is of record in said Clerk's Office in Deed Book 333, at page 420, and which track material and right of way upon which it is located is also described in an agreement dated July 16, 1957, between the Baltimore and Ohio Railroad Company and the West Virginia Northern Railroad Company, which agreement is recorded in said Clerk's Office in Deed Book 334, at page 189.

THE COUNTY COMMISSION OF PRESTON COUNTY

\$2,000,000 Industrial Revenue Bonds
(West Virginia Northern Railroad, Inc. Project),
Series A

COUNTY COMMISSION CERTIFICATE AS TO SIGNATURES,
NO-LITIGATION, INCUMBENCY AND OTHER MATTERS

We, the undersigned PRESIDENT and CLERK of The County Commission of Preston County (the "County Commission"), do hereby certify as follows:

1. As of the date hereof the undersigned President of the County Commission manually signed the Industrial Revenue Bonds (West Virginia Northern Railroad, Inc. Project), Series A (the "Bonds") of the County Commission, in the aggregate principal amount of \$2,000,000, dated on the date hereof, numbered A-1 and A-2, in the denominations respectively of \$1,429,000 and \$571,000. The signature of the President appearing on the Bonds is the true and lawful signature of said President.

2. The corporate seal of the County Commission was affixed upon the Bonds and attested by the signature of the Clerk of the County Commission.

3. No litigation is pending or, to the knowledge of the undersigned, threatened, to restrain or enjoin the issuance or sale of the Bonds or in any way contesting the validity of or affecting the title of any of the members or officers of the County Commission or their respective positions, the authority for the issuance of the Bonds, the passage of the hereinafter mentioned Inducement Resolution, the passage of the Resolution and the Series A Resolution (the "Resolutions") providing for issuance of the Bonds or the execution and delivery of the deed and bill of sale of the Project from the Company to the County Commission, dated as of June 1, 1981 (the "Initial Deed"), the Mortgage dated as of June 1, 1981 (the "Mortgage"), by the County Commission to the Banks, the Deed dated as of June 1, 1981 (the "Deed"), between the County Commission and West Virginia Northern Railroad, Inc. (the "Company"), the Assignment of the Deed to Chase as Agent, the Loan Agreement dated as of June 1, 1981 (the "Agreement"), by and between the County Commission, The Chase Manhattan Bank (National Association) ("Chase") and Manufacturers Hanover Trust Company (collectively, the "Banks") and by Chase as Agent under said Agreement, and other documents relating to the Bond issue, or the existence or powers of the County Commission or the right or authority of the County Commission to acquire, own, convey, assign and pledge the properties described in the said documents.

4. To the best knowledge of the undersigned, no legislation, ordinance, rule or regulation has been enacted or introduced or favorably reported for passage by any governmental body, department or agency of the State of West Virginia or the County Commission and there has been no decision of any court of competent jurisdiction of such State which would adversely affect the exemption from income taxation by the State of all bonds and obligations of the general character of the Bond.

06/18/81

12.

5. The executed copies of the Initial Deed, Mortgage, the Deed and the Agreement and certified copies of the said Resolutions delivered herewith are complete sets of such documents, remain in full force and effect, and have not been modified, amended or rescinded.

Each of the representations of the Issuer set forth in Article II of the Agreement if true and correct on the date hereof as if made on and as of said date.

6. The Bonds have been duly authorized, executed and delivered by the County Commission and constitute the valid and legally binding special and limited obligations of the County Commission enforceable in accordance with the terms thereof and the terms of the Resolution and the Agreement and are entitled to such security as is provided in the Agreement.

7. The Bonds on the date hereof were delivered to the Agent for delivery to the Banks as original purchasers of the Bonds.

8. At the time of such delivery, the Agent received for the account of the Commission from the Banks \$2,000,000 as full payment for the loan evidenced by the Bonds.

9. The Mortgage and the Deed have been duly authorized, executed and delivered by the County Commission and as of the date hereof each constitutes the valid, binding and enforceable special and limited obligation of the County Commission; and the County Commission is entitled to the benefits of the same and all rights, title and interest inuring to the County Commission under the Deed have been duly pledged and assigned to the Agent for the benefit of the Bondholders.

10. The Agreement has been duly authorized, executed and delivered by the County Commission, is in full force and effect and constitutes a valid and binding agreement between the parties thereto, enforceable in accordance with its terms.

11. The Resolutions of the County Commission adopted on the 1st day of June, 1981, and the resolution of the County Commission adopted October 6, 1980 (the "Inducement Resolution"), were adopted by the County Commission at meetings of the County Commission duly and regularly called and held, at which a quorum of the members was present and acting at all times when each of the said resolutions was under consideration and voted upon.

12. The members and officers of the County Commission duly elected in accordance with law and duly qualified and serving on the date hereof and on the date of the adoption of the Resolutions are:

Ward Thomas	-	President for 1981 and Commissioner
David Friend	-	Commissioner
Charles Trickett	-	Commissioner
Ernest T. Gregg	-	Commissioner
Eldon Cale	-	Commissioner
Marvin Hockenberry	-	Commissioner

William Slaubaugh - Commissioner
Wayne F. DeBerry - Commissioner
Nancy Reckart - Clerk

The aforesaid Commissioners and Clerk have duly taken the prescribed oaths of office and have duly filed bonds as required by law.

The seal impressed upon this certificate is the duly adopted and official seal of the County Commission and is the same as the seal impressed upon the Bonds.

13. There is hereby designated as the representative of the County Commission in connection with vouchers and certifications relating to acquisition and improvement of the Project being financed with the proceeds of sale of the Bonds: Joseph W. Marino, whose signature appears below:

Signature

IN WITNESS WHEREOF, we have hereunto set our signatures and the official seal of the County Commission has been hereto affixed on this _____ day of June, 1981.

SIGNATURE

OFFICIAL TITLE

President and Commissioner

Clerk

[SEAL OF COUNTY COMMISSION]

NO OBJECTION:

Prosecuting Attorney of
Preston County

THE COUNTY COMMISSION OF PRESTON COUNTY

Industrial Revenue Bonds
(West Virginia Northern Railroad, Inc. Project),
Series A

CERTIFICATE OF COMPANY

We, the undersigned VICE PRESIDENT and the undersigned ASSISTANT SECRETARY of West Virginia Northern Railroad, Inc. (the "Company"), do hereby certify as follows:

1. INCUMBENCY: The following persons have been duly elected to and qualified for, and from April 1, 1981 to the date hereof have held, and on the date hereof hold, the offices of the Company listed opposite their respective names below, and the signatures appearing opposite their names below are their true signatures:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
<u>Joseph Marino</u>	<u>President</u>	_____
<u>Joseph Maltese</u>	<u>Vice President & Secretary</u>	_____
<u>Erdyce Horvatinovic</u>	<u>Assistant Secretary</u>	_____

2. DUE INCORPORATION AND GOOD STANDING OF COMPANY: The Company is a corporation organized and in good standing under the laws of the State of Delaware, duly admitted to do business in West Virginia and in good standing in West Virginia. There are delivered herewith a copy of the Charter, with all amendments, a Certificate of Good Standing in Delaware, a Certificate of Admission to do Business in West Virginia and a Certificate of Good Standing in West Virginia.

3. AUTHORIZATION FOR EXECUTION OF INITIAL DEED, ETC: There is attached a true, correct and complete copy of a resolution, duly and regularly adopted by the Board of Directors, which resolution authorizes the execution for the Company of the Initial Deed and the Acknowledgment and acceptance of the Deed in connection with the above-captioned Bond issue (the "Bonds") to provide financing for acquisition by the Company of an industrial project in Preston County.

4. ACCEPTANCE OF DEED RESERVING VENDOR'S LIEN AND CONDITIONAL SALE AGREEMENT: The undersigned have, as of the date hereof, executed and delivered for the Company its acceptance of the Deed Reserving Vendor's Lien and Conditional Sale Agreement (the "Deed"), dated as of June 1, 1981, made by the County Commission to the Company.

5. EXECUTION OF INITIAL DEED: The undersigned have, as of the date hereof, executed and delivered for the Company the deed and bill of sale of all Project properties to the County Commission (the "Initial Deed"), dated as of June 1, 1981.

6. EXECUTION OF ACKNOWLEDGMENT: The undersigned as of the date hereof have executed and delivered the Acknowledgment dated as of June 1, 1981, by which the Company acknowledges that it has been advised that the rights and interests of the County Commission in the Deed have been assigned by the County Commission to The Chase Manhattan Bank (National Association) ("Chase") as Agent for Chase and Manufacturers Hanover Trust Company further to secure payment of the Bonds.

7. RECEIPT FOR TRANSCRIPT: The undersigned Vice President has received for the Company on the date hereof a set of Bond Transcript documents, including executed counterparts or complete copies of the following in connection with the above-captioned Bond issue:

Mortgage
 Initial Deed
 Deed
 Acknowledgment
 Loan Agreement
 Guarantee
 Resolution of County Commission authorizing Bond Issue, Series A Resolution and all documents relating thereto

8. APPROVAL OF GUARANTEE: The undersigned hereby approve for the Company the Guarantee dated as of June 1, 1981, whereby Emons Industries, Inc. fully and unconditionally guarantees payment of the principal of and interest on the Bonds.

9. INSURANCE AND BONDS: All insurance and bonds required by the Loan Agreement and Deed to be in effect upon acquisition of the Project are in force and the premiums payable by or for the Company have been paid on all such insurance and bonds for at least one year or will be paid when billed.

10. DESIGNATION OF AUTHORIZED COMPANY REPRESENTATIVES: The undersigned, for the Company, hereby appoint Joseph S. Maltese or J. Douglas Kostishak as Authorized Company Representative, either of whom may act.

11. MISCELLANEOUS CERTIFICATIONS: We certify, in addition to the foregoing, as follows:

A. To the best of our knowledge there is no action or proceeding pending or threatened looking toward the dissolution or liquidation of the Company.

B. Substantially all the proceeds of the above-captioned Bond issue will be used for the acquisition, construction and improvement of land and buildings and equipment for the Project. No part of the proceeds are to

be used by the Company, directly or indirectly, as working capital or to finance inventory.

C. Except for the Project financed through the use of the proceeds of the Bonds, neither the Company nor any "related person" of the Company (as such term "related person" is defined in Section 103(b)(6)(C) of the Internal Revenue Code of 1954, as amended), has heretofore purchased, leased or contracted to purchase or lease any facilities in Preston County, West Virginia, financed with proceeds from obligations issued by any political subdivision, agency, authority, instrumentality or corporation of a public or quasi-public nature. Neither the Company nor any related person of the Company has made any capital expenditure in Preston County, West Virginia, since June 15, 1978, in any sum, except from the proceeds of the Bonds, except:

\$50,000 paid for option to purchase the Project on September 19, 1980.

D. We further certify that based upon the current estimates by those responsible for the acquisition of the Project and the improvement thereof and the payment of all costs incidental thereto, the Project will be completed within less than twenty-four months from the date hereof, and that none of the Bond proceeds except such as are in the Construction Account during the construction period will be used to purchase "acquired obligations" and none of the Bond proceeds will be used in a manner which will cause the Bonds to be "arbitrage bonds" under Section 103(c) of the Internal Revenue Code and the regulations prescribed thereunder. The sum of \$1,573,000 of the Bond proceeds will be expended at once to repay temporary financing of the Project borrowed after adoption of the Inducement Resolution of the County Commission of October 6, 1980.

E. Each of the representations relating to the Company contained in the Guarantee and Section 2.2 of the Deed and in the Acknowledgment is true and correct in all material respects as of the date hereof as if made on and as of such date and the Company has complied with each of the covenants and agreements required in the Deed, the Acknowledgment and the Guarantee by or relating to the Company to be complied with at or prior to the date hereof.

F. No event relating to the Company which would constitute a default or which, with notice or lapse of time or both, would become such a default under the Deed, the Guarantee or the Loan Agreement, has occurred and is continuing.

WITNESS our signatures and the seal of the Company on this ___ day of June, 1981.

Vice President

[Seal]

Secretary

THE COUNTY COMMISSION OF PRESTON COUNTY

\$2,000,000 Industrial Revenue Bonds
(West Virginia Northern Railroad, Inc. Project),
Series A

CERTIFICATE OF EMONS INDUSTRIES, INC.

We, the undersigned VICE PRESIDENT and the undersigned ASSISTANT SECRETARY of Emons Industries, Inc. (the "Guarantor"), do hereby certify on behalf of the Guarantor, as follows:

1. INCUMBENCY: The following persons have been duly elected to and qualified for, and from May 20, 1981 to the date hereof have held, and on the date hereof hold, the offices of the Parent listed opposite their respective names below, and the signatures appearing opposite their names below are their true signatures:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
<u>Joseph Marino</u>	<u>President</u>	_____
	<u>Vice President &</u>	_____
<u>Joseph Maltese</u>	<u>Secretary</u>	_____
<u>Erdyce Horvatinovic</u>	<u>Assistant Secretary</u>	_____

2. DUE INCORPORATION AND GOOD STANDING OF COMPANY: The Guarantor is a corporation organized and in good standing under the laws of the State of New York. There are delivered herewith a copy of the Charter, with all amendments, and a Certificate of Good Standing.

3. AUTHORIZATION FOR EXECUTION OF GUARANTEE: There is attached a true, correct and complete copy of a resolution, duly and regularly adopted by the Board of Directors of the Guarantor, which resolution authorizes the execution for the Guarantor of the Guarantee, dated as of June 1, 1981, in connection with the above-captioned Bond issue (the "Bonds") to provide financing for acquisition by the West Virginia Northern Railroad, Inc. (the "Company"), a wholly-owned subsidiary of the Guarantor, of an industrial project in Preston County.

4. EXECUTION OF GUARANTEE: The Guarantee has been duly executed and delivered by the Guarantor and constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms.

5. RECEIPT FOR TRANSCRIPT: The undersigned Vice President has received for the Guarantor on the date hereof a set of Bond Transcript documents, including executed counterparts or complete copies of the following in connection with the above-captioned Bond issue:

Mortgage
 Initial Deed
 Deed
 Acknowledgment
 Loan Agreement
 Guarantee
 Resolution of County Commission authorizing Bond
 Issue, Series A Resolution and all documents
 relating thereto

6. MISCELLANEOUS CERTIFICATION: We certify, in addition to the foregoing, as follows:

A. To the best of our knowledge there is no action or proceeding pending or threatened looking toward the dissolution or liquidation of the Guarantor.

B. Except for the Project financed through the use of the proceeds of the Bonds, neither the Guarantor nor any "related person" of the Guarantor (as such term "related person" is defined in Section 103(b)(6)(C) of the Internal Revenue Code of 1954, as amended), has heretofore purchased, leased or contracted to purchase or lease any facilities in Preston County, West Virginia, financed with proceeds from obligations issued by any political subdivision, agency, authority, instrumentality or corporation of a public or quasi-public nature. Neither the Guarantor nor any related person of the Guarantor has made any capital expenditure in Preston County, West Virginia, since June 15, 1978, in any sum, except from the proceeds of the Bonds, except:

\$50,000 paid for option to purchase the
 Project on September 19, 1980.

C. Each of the representations of the Guarantor contained in the Guarantee is true and correct in all material respects as of the date hereof as if made on and as of such date and the Guarantor has complied with each of the covenants and agreements required in the Guarantee to be complied with at or prior to the date hereof.

D. No event of default with respect to any Credit Transaction, as defined in the Guarantee, has occurred and is continuing and no event which would constitute an event of default thereunder with the passage of time or the giving of notice, or both, has occurred and is continuing.

WITNESS our signatures and the seal of the Guarantor on this ___ day of June, 1981:

 Vice President

[Seal]

 Assistant Secretary

EYD

STATE OF WEST VIRGINIA
PRESTON COUNTY
OFFICE OF THE
PROSECUTING ATTORNEY
COURTHOUSE
KINGWOOD, WV 26537



MELVIN C. SNYDER, JR.
PROSECUTING ATTORNEY

VIRGINIA JACKSON HOPKINS
ASSISTANT PROSECUTING ATTORNEY

TELEPHONE
(304) 329-1885

June ____, 1981

The County Commission of
Preston County,
Kingwood,
West Virginia.

The Chase Manhattan Bank
(National Association)
One Chase Manhattan Plaza,
New York, New York.

Manufacturers Hanover Trust Company,
350 Park Avenue
New York, New York.

\$2,000,000 Industrial Revenue Bonds
(West Virginia Northern Railroad, Inc. Project),
Series A, Nos. A-1 and A-2

Gentlemen:

As Prosecuting Attorney of Preston County, I am, by law,
counsel to The County Commission of Preston County. In such capacity
I have examined:

- The Bond Authorizing Resolution of the Commission;
- The Series A Resolution;
- The Inducement Resolution;
- The Deed;
- The Loan Agreement;
- The Mortgage;

and other documents relating thereto and to the above-captioned Bond
issue.

06/16/81

3.

I am of opinion that:

1. The County Commission is a public corporation and a political subdivision of the State of West Virginia (the "State") duly organized and existing under and pursuant to the Constitution and laws of the State and had lawful power and authority under the provisions of West Virginia Code, Chapter 13, Article 2C (the "Act"), to authorize the Bonds and to enter into the transactions contemplated by the said documents, and the County Commission has properly authorized the Bonds and said documents and the same are valid and binding special and limited obligations of the County Commission in accordance with their terms.

2. The County Commission has full power, authority and legal right under the Constitution and laws of the State, including the Act; (i) to finance the acquisition and construction of the Project by borrowing the amount provided for in the Loan Agreement and issuing each of the Bonds as provided therein in order to evidence such borrowing, (ii) to accept, adopt, execute and deliver, as the case may be, the Inducement Resolution adopted October 6, 1980, the Bond Resolution and the Series A Resolution adopted June 1, 1981, the Deed Reserving Vendor's Lien and Conditional Sale Agreement (the "Deed") adopted as of June 1, 1981, by the County Commission to West Virginia Northern Railroad, Inc. (the "Company"), the deed (and bill of sale) dated as of June 1, 1981 (the "Initial Deed"), by the Company to the County Commission, the Mortgage and Security Agreement dated as of June 1, 1981 (the "Mortgage"), by the County Commission to the bank addressees of this letter (the "Banks"), the Loan Agreement between the County Commission, the Banks and The Chase Manhattan Bank (National Association) as Agent (the "Agent") and the financing statements executed by the Company, the County Commission and the Banks (all which documents are called the "Relevant Instruments") and to issue each of the Bonds, Nos. A-1 and A-2, and (iii) to perform and observe all of the terms and provisions of each of the Relevant Instruments.

3. The County Commission has by proper corporate action duly adopted the Inducement Resolution and the Bond Authorizing and Series A Resolutions in accordance with the Constitution and laws of the State, including the Act, and has, by the adoption of the Bond Authorizing and Series A Resolutions, duly authorized the acceptance, execution and delivery, as the case may be, of each of the Relevant Instruments and the issuance of each of the Bonds.

4. The Loan Agreement, the Mortgage and the Deed have been duly executed and delivered and constitute legal, valid and binding special and limited obligations of the County Commission enforceable in accordance with their respective terms, except as

enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally.

5. Each of the Bonds has been duly executed, issued and delivered and constitutes the legal, valid and binding special and limited obligation of the Issuer enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally.

6. The execution and delivery of each Relevant Instrument, the adoption of the Bond Authorizing and Series A Resolutions, and performance of the transactions contemplated thereby do not and will not conflict with, or result in the violation or breach of, or constitute a default under or require any consent, or create any lien, charge or encumbrance under, the provisions of, (i) the Constitution of the State or any law, rule or regulation of any governmental authority, (ii) the bylaws or other organic documents of the County Commission, (iii) any agreement, indenture, bond agreement, resolution, instrument or other document to which the County Commission is a party or by which the County Commission or any of its assets may be bound or affected or (iv) any order, writ, judgment, injunction, decree, determination or award of any court, government or governmental authority applicable to the County Commission or any of its assets.

7. All requirements and conditions specified in the Act, in the Issuer's bylaws or other organic documents and in any other applicable laws or regulations which are required to be fulfilled prior to the execution and delivery of each Relevant Instrument, the adoption of the Bond Authorizing and Series A Resolutions and the issuance and delivery of each of the Bonds have been fulfilled.

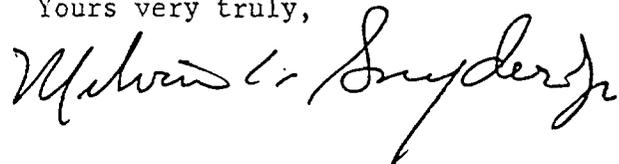
8. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, by or before any court, public board or body, pending or known to be threatened against or affecting the County Commission, calling into question the creation, organization or existence of the County Commission or its power to enter into the transactions contemplated pursuant to the Relevant Instruments or wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated thereby or would affect the validity, or adversely affect the enforceability, of any Relevant Instrument or any other agreement or instrument to which the County Commission is a party and which is to be used in connection with or is contemplated by the Loan Agreement, nor to the best of my knowledge is there any basis therefor.

The County Commission of
Preston County, et al.,
Page 4.

9. Under the Act and the said Bonds and all documents and certificates executed for the County Commission, neither the Bonds nor the interest thereon nor any document executed for the County Commission in connection therewith shall be or is a charge against the general credit or taxing power of Preston County or the County Commission, and neither the Bonds nor the interest thereon nor any such document shall ever constitute an indebtedness of Preston County or the County Commission within the meaning of any constitutional provisions or statutory limitation, nor shall ever constitute or give rise to a pecuniary liability of Preston County or the County Commission.

10. No official, or member or employee of the County Commission shall, under the Act, be personally liable on any Bond, contract or obligation executed pursuant to any proceedings for the Bond issue, nor shall the issuance of the Bonds be considered as misfeasance in office.

Yours very truly,

A handwritten signature in cursive script, reading "Melvin C. Snyder Jr.", written in black ink.

DRAFT
6/18/81

Chase Manhattan Bank (National Association)
One Chase Manhattan Plaza
New York, New York

Manufacturers Hanover Trust Company
[address]
New York, New York

Dear Sirs:

We have acted as counsel for West Virginia Northern Railroad, Inc., a Delaware corporation, (the "Company") and Emons Industries, Inc., a New York corporation, (the "Parent") in connection with the sale by the County Commission of Preston County, West Virginia (the "Issuer") of \$2,000,000 of Industrial Revenue Bonds of even date to you (the "Banks") secured by the assets used in the business of the Company together with certain improvements thereof (the "Project").

The Company will purchase the Project from the Commission pursuant to a Deed Reserving Vendor's Lien and Conditional Sale Agreement of even date between the Issuer and the Company (the "Deed") and the Banks will purchase the Bonds from the Issuer pursuant to a Loan Agreement of even date between the Issuer and the Banks (the "Loan Agreement"). The obligations of the Issuer to the Banks under the Loan Agreement and the Bonds are guaranteed by the Parent pursuant to a Guarantee of even date (the "Guarantee"). Defined terms used in this opinion have the meanings as ascribed to them in the Guarantee.

In this connection, and as a basis for the opinions stated below, we have examined such corporate records and other documents and have made such examination of law and fact as we have deemed appropriate. Except for the opinions expressed in paragraphs 7, 8 and 9 hereof where, with your permission, we have relied, as to matters of West Virginia law, without independent investigation on the attached opinion of Neil A. Reed, on which we believe you are justified in relying, we express no opinion as to the laws of any jurisdiction other than the federal laws of the United States of America and the laws of the States of New York and Delaware. We also express no opinion in paragraph 6 as to matters comprehended by the jurisdiction of the Interstate Commerce Commission, in connection with which we refer you to the attached opinion of McDonald & McInerny, on which we believe you are justified in relying.

Based upon the foregoing, it is our opinion that:

1. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is duly qualified to transact business in the State of West Virginia and in all other places where failure to so qualify would have a material and adverse effect on the business of the Company. The Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the State of New York and is duly qualified to transact business in Pennsylvania and in all other places where failure to so qualify would have a material and adverse effect on the business of the Guarantor.

2. The Company has full power, authority and legal right to incur the obligations provided for in, to execute and deliver, and to perform and observe the terms and provisions of, the Initial Deed, the Mortgage, the Deed and the Acknowledgment. Each of the aforementioned instruments constitutes the legal, valid and binding obligation of the Company enforceable in accordance with its terms.

3. The Guarantor has fully power authority and legal right to incur the obligations provided for in, to execute and deliver, and to perform and observe the terms and provisions of, the Guarantee. The Guarantee constitutes the legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms.

4. The making and performance by the Company of the Deed, the Mortgage, the Initial Deed and the Acknowledgment:

(i) were duly authorized by all necessary corporate action,

(ii) do not and will not violate the provisions of any applicable law or any applicable rule, regulation or order of any governmental body or agency, or the Company's articles of incorporation or by-laws, and

(iii) do not and will not result in a breach or violation of, or constitute a default under, or require any consent or create any lien, charge or encumbrance, other than in favor of the Issuer or the Agent for the benefit of the Banks, under any agreement, instrument or document to which the Company is a party or by which the Company or any of its assets may be bound or affected or the provisions of any order, writ, judgment, injunction, decree, determination or award of any court, government or governmental agency or instrumentality applicable to the Company or its assets.

5. The making and performance by the Guarantor of the Guarantee:

(i) was duly authorized by all necessary corporate action,

(ii) does not and will not violate the provisions of any applicable law or any applicable rule, regulation or order of any governmental body or agency, or the Guarantor's articles of incorporation or by-laws, and

(iii) does not and will not result in a breach or violation of, or constitute a default under, or require any consent or create any lien, charge or encumbrance, other than in favor of the Agent for the benefit of the Banks, under, any agreement, instrument or document to which the Guarantor is a party or by which the Guarantor or any of its assets may be bound or affected or the provisions of any order, writ, judgment, injunction, decree, determination or award of any court, government or governmental agency or instrumentality applicable to the Guarantor or its assets.

6. No consents, approvals, licenses or authorizations of, or filings or registrations with, any governmental authority are required for the making and performance by the Guarantor of the Guarantee.

7. The assignment by the Loan Agreement of the Deed and all moneys due and to become due thereunder creates, in favor of the Agent for the benefit of the Banks, a prior perfected security interest in and valid first lien upon the rights conferred upon the Issuer under the Deed and all moneys due and to become due thereunder, subject to no equal, prior or other lien, charge, encumbrance of record or security or other interest of record whatsoever. Such assignment is effective to vest in the Agent for the benefit of the Banks the right to enforce the Deed in accordance with their respective terms.

8. The Loan Agreement creates in favor of the Agent for the benefit of the Banks a pledge of and general lien upon all money and investments at any time held in any account established with the Agent in accordance with the Loan Agreement, subject to no equal, prior or other lien, charge or encumbrance of record or security or other interest of record whatsoever.

9. The Loan Agreement, the Deed and the Mortgage, as assigned to the Agent for the benefit of the Banks by the Loan Agreement, create, in favor of the Agent for the benefit of the Banks, a valid first lien upon and prior perfected security

Chase Manhattan Bank
Manufacturers Hanover
Trust Company

-4-

June , 1981

interest in all of the assets conveyed to the Issuer by the Initial Deed, subject to no equal, prior or other lien, charge, encumbrance of record or security or other interest of record whatsoever, except that we express no opinion regarding real property not covered by the title insurance policy of Commonwealth Land Title Insurance Company issued in connection with the transactions contemplated hereby.

Very truly yours,

[Subject to such changes as the Banks may approve.]

LAW OFFICES

MACDONALD & McINERNEY, P. C.

1000 SIXTEENTH STREET, N. W.
WASHINGTON, D. C. 20036

DAVID G. MACDONALD
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HARRY J. JORDAN
THOMAS N. WILLESS
JOHN T. DOWNING
JOHN D. QUINN

TELEPHONE
(202) 783-8131

Slade Pellman & Biehl
850 Third Avenue
New York, NY 10022

RE: Preston County, WV,
Industrial Bond Issuance

Dear Sir:

You have requested our opinion, as special counsel, whether the guarantee by Emons Industries, Inc. ("Emons"), of certain industrial bonds to be issued by The Commission of Preston County, WV ("Commission"), in connection with the financing of an industrial project for West Virginia Northern Railroad, Inc., a Class III, short-line railroad and wholly-owned subsidiary of Emons, and the execution and delivery of the involved underlying documents and performance of their terms requires approval of the Interstate Commerce Commission ("ICC").

It is our understanding that Emons is a publicly held corporation engaged principally in the financing of rail cars for use in the National Rail Interchange System. We understand further that Emons owns all the issued and outstanding capital stock of Maryland and Pennsylvania Railroad Company, another Class III, short-line railroad.

Review of ICC records and its decision in Finance Docket No. 29508, Emons Industries, Inc.--Purchase--West Virginia Northern Railroad Company--Petition For Exemption Under 49 U.S.C. §§11343-11347, served February 17, 1981, indicates that Emons, although it controls two railroads subject to ICC jurisdiction, has not itself been made subject, as a carrier, to the provisions of 49 U.S.C. §11301 of the Interstate Commerce Act, which gives the ICC exclusive jurisdiction to approve the issuance of securities by a carrier and the assumption of an obligation or liability related to the securities of another person or carrier. Since Emons is not a carrier subject to 49 U.S.C. §11301, the execution, delivery, and performance of the guarantee of the above-described industrial bonds does not require ICC approval. In addition, it is our

opinion that should the ICC subsequently assume jurisdiction of Emons as a carrier and subject it to 49 U.S.C. §11301, it would not affect the validity of the guarantee to be given by Emons in connection with the proposed industrial bond issuance and would not require any approval by the ICC of such guarantee.

We have also examined the "Deed Reserving Vendor's Lien And Conditional Sales Agreement," "Loan Agreement," "Mortgage And Security Agreement," "Bond Resolution," "Series A Resolution," and the "Guarantee" in the light of statutory and case law deemed relevant, and it is our opinion that execution, delivery, and performance of obligations evidenced by such documents does not involve a transaction subject to the ICC's jurisdiction under 49 U.S.C. §11301 so as to require its approval.

Although this opinion is not addressed to The Chase Manhattan Bank (National Association) or Manufacturers Hanover Trust Company, such banks may rely on this opinion as though it were addressed to them.

MACDONALD & McINERNEY, P.C.

By: 

EXG

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

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JAMES D. GRAY
VINCENT A. COLLINS
JAMES A. RUSSELL
FRANK E. SIMMERMAN, JR.
MICHAEL L. BRAY
J. GREG GOODYKOONTZ
IRENE M. KEELEY
EVANS L. KING, JR.
WALTER L. WILLIAMS
SUSAN S. BREWER *

* ADMITTED IN
VIRGINIA ONLY

June ____, 1981

The County Commission of
Preston County,
Kingwood,
West Virginia.

The Chase Manhattan Bank
(National Association)
New York,
New York.

Manufacturers Hanover Trust Company,
New York,
New York.

\$2,000,000 Industrial Revenue Bonds,
(West Virginia Northern Railroad, Inc. Project),
Series A

Gentlemen:

We have examined a record of proceedings of The County Commission of Preston County, a public corporation and political subdivision of the State of West Virginia, in connection with the issuance by the County Commission of its Industrial Revenue Bonds (West Virginia Northern Railroad, Inc. Project), Series A (the "Bonds"), dated on the date of delivery thereof on the date hereof, in the aggregate principal amount of \$2,000,000.

The Bonds are issued pursuant to a Bond Resolution and a Series A Resolution of the County Commission adopted on the 1st day of June, 1981 (collectively, the "Resolution"), and pursuant to a Loan Agreement dated as of the 1st day of June, 1981 (the "Loan Agreement"), by and between the County Commission, The Chase Manhattan Bank (National Association) ("Chase"), Manufacturers Hanover Trust Company ("Manufacturers") and Chase in its capacity as agent (the

06/16/81

"Agent") as described in the Loan Agreement. Capitalized terms herein not defined are defined in the Loan Agreement.

The Bonds are issued as fully registered bonds, No. A-1 in the principal amount of \$1,429,000 to Chase and No. A-2 in the principal amount of \$571,000 to Manufacturers, bear interest from their date at the rate of 70% of the Prime Rate as from time to time announced by Chase and as defined and provided in the Loan Agreement and are payable in twelve substantially equal Principal Installments as provided in the Loan Agreement.

The Bonds are subject to mandatory prepayment or redemption and to optional prepayment pursuant to the Loan Agreement.

Chase and Manufacturers and their successors and assigns are collectively called the "Banks."

The principal of and interest on the Bonds are payable at the principal office of the Agent, pursuant to the Loan Agreement.

The Bonds are issued under the provisions of Article 2C of Chapter 13 of the West Virginia Code, as amended and supplemented (the "Act"), to provide funds to be lent by the County Commission to the Company to finance the acquisition and construction of an industrial project (the "Project") defined in the Loan Agreement and consisting of an existing railroad and improvements to be constructed therefor in Preston County for the transportation and distribution of coal.

The County Commission acquired the Project by deed and bill of sale from the Company dated as of June 1, 1981 (the "Initial Deed").

The Bonds and the interest thereon are payable, interest only commencing on the last day of September, 1981, and continuing upon the unpaid balance of the principal amount of the Bonds outstanding on the last day of the last calendar month of each successive calendar quarter thereafter; and principal of the Bonds is payable in substantially equal quarterly installments commencing on the last day of September, 1982, and on the last day of the last calendar month of each successive calendar quarter thereafter.

The County Commission mortgaged to the Banks the Project and granted a security interest to the Banks in the personal property constituting part of the Project by a Mortgage and Security Agreement (the "Mortgage"), dated as of June 1, 1981, as further security for payment of the Bonds and the interest thereon and for the performance of the terms and conditions of the Loan Agreement.

The County Commission of
Preston County, et al.,
Page 3.

The County Commission, after delivery of the Mortgage, reconveyed and re-transferred the Project to the Company by a Deed Reserving Vendor's Lien and Conditional Sale Agreement (the "Deed") dated as of June 1, 1981, and assigned its interests under the Deed to Chase, as Agent, further to secure payment of the Bonds and the interest thereon and performance of the terms and conditions of the Loan Agreement. Pursuant to the Deed, the Company is required to make quarter annual payments in such amounts and at such time as to provide for timely payment of the principal of and the interest on the Bonds.

The Company delivered to the Agent its Acknowledgment (the "Acknowledgment") and acceptance of the assignment of the rights and interests of the County Commission under the Deed.

Payment of the Bonds and amounts payable under any Relevant Instrument (defined in the Guarantee) is unconditionally guaranteed by Emons Indentures, Inc. ("Emons"), parent of the Company, pursuant to a Guarantee, dated as of the 1st day of June, 1981 (the "Guarantee"), by Emons, as guarantor, in favor of the Agent and the Banks.

We are of the opinion that:

The County Commission is a public corporation and a political subdivision of the State of West Virginia (the "State"), duly organized and validly existing under and pursuant to the Constitution and laws of the State, including the Act, and has full power, authority and legal right under the Constitution and laws of the State, including the Act, to adopt the Resolution, to finance acquisition of the Project by the Company by borrowing the amount provided for in the Loan Agreement and issuing each of the Bonds as provided therein in order to evidence such borrowing; to accept the conveyance by the Initial Deed to it by the Company of the Project; to mortgage the Project; to re-convey and re-transfer the Project to the Company by the Deed; to assign its interests in the Deed to Chase as such Agent; to execute and deliver the Mortgage, the Deed, the Loan Agreement and the financing statements under the Uniform Commercial Code of the State in connection with the said financing and to issue each of the Bonds and to perform and observe all the terms and provisions of the Resolution, the Mortgage and the Loan Agreement and the Bonds.

(the Deed)

The Resolution has been duly adopted by the County Commission and the Resolution continues in full force and effect on the date hereof.

The Initial Deed was duly accepted by the County Commission pursuant to the Resolution.

The Mortgage has been duly authorized, executed, delivered and recorded, is in full force and effect and, with financing statements relating thereto, duly filed, constitutes a valid and binding first mortgage lien upon and security interest in the Project.

The Loan Agreement has been duly authorized, executed and delivered, is in full force and effect and constitutes a valid and binding agreement between the parties thereto, assuming due authorization and power of the Banks and the Agent to execute and deliver the Loan Agreement, enforceable in accordance with its terms.

The Deed has been duly authorized, executed, delivered and recorded and is in full force and effect and constitutes a valid and binding conveyance with reservation of vendor's lien and conditional sale agreement between the parties thereto, enforceable in accordance with the terms thereof, and the interests of the County Commission in the Deed have been duly assigned, pursuant to and under the Loan Agreement, by the County Commission to Chase as such Agent.

The Company has duly executed and delivered the Acknowledgment to Chase as such Agent and the Acknowledgment is in full force and effect and constitutes a valid and binding action by the Company to acknowledge assignment of said interests of the County Commission in the Deed.

Said Bond issue is valid and is a legally binding, limited and special obligation of the County Commission and the Bonds are enforceable in accordance with the terms thereof and each of the Bonds has been duly authorized, executed and delivered by the County Commission and the Bonds are and will continue to be payable solely from and secured by a first mortgage lien upon and a security interest in and pledge of the Project, and income and revenues to be received by the County Commission from the Deed or from sale of the Project, pursuant to the Mortgage, the Deed and the Loan Agreement. Payment of the Bonds and the interest thereon has been guaranteed by Emons pursuant to the Guarantee.

Each of the Bonds is entitled to the benefit of the Act and the Loan Agreement, and all conditions precedent to the delivery of each of the Bonds have been fulfilled.

All consents, approvals, authorizations and orders of, or filings or registrations with, any governmental or regulatory authorities or public bodies, including without limitation the

Securities and Exchange Commission, which are required for the execution and delivery of the Resolution, the Initial Deed, the Mortgage, the Deed, the Loan Agreement, the Acknowledgment and said financing statements and the performance of the transactions contemplated hereby and thereby have been duly obtained or made.

The Agent for the benefit of the Banks has a prior perfected security interest in and valid first lien upon the Deed and all moneys due and to become due thereunder, and upon the Accounts established pursuant thereto and to the Loan Agreement, subject to no equal or prior lien or security interest, and the effect of the Loan Agreement and Acknowledgment is to vest in the Agent for the benefit of the Banks the right to enforce, in accordance with its terms, the Deed.

Financing Statements under the Uniform Commercial Code of the State have been filed, in respect of the security interests created by the Loan Agreement, the Deed and the Mortgage in the rights and benefits of the Issuer, the Agent and the Banks thereunder with the Clerk of the County Commission as recording officer for Preston County and with the Secretary of State of the State. Under the said Uniform Commercial Code, as presently in force, each Financing Statement will be effective for a period of five years from the date of the filing thereof. The effectiveness of each Financing Statement lapses upon the expiration of such five-year period, and, unless continued, the security interest covered by each Financing Statement thereupon becomes unperfected. To continue the perfected security interest beyond this five-year period, a Continuation Statement on Form UCC-3 must be filed within the six-month period immediately preceding the expiration of such five-year period. Such Continuation Statements must be signed by the Agent, the Banks or the County Commission, as the case may be, as the secured party, must identify the original Financing Statement by file number, and must state that the original Financing Statement is still effective. Upon the filing of such Continuation Statement, the effectiveness of the original Financing Statement is continued for an additional five years measured from the end of the preceding five-year period. Future Continuation Statements may be filed with respect to each successive five-year period.

There is no provision of internal substantive law of the State which limits the amount or rate of interest which may be charged, paid or collected on the Bonds.

Except as to any part of the Bond issue held by a "substantial user" of the Project or by a "related person" as those terms are defined in Section 103 of the Internal Revenue Code of

1954, as amended (the "Code"), under the provisions of current statutes and official interpretations thereof, interest on the Bonds is exempt from Federal income taxation; and the Bonds and the interest thereon are exempt, pursuant to the Act, from taxation by the State of West Virginia and the other taxing bodies of said State except inheritance, succession and transfer taxes.

With respect to the power and authority of the Company to accept the Deed, and to execute and deliver the Initial Deed and the Acknowledgment, and the acceptance, execution and delivery thereof by the Company, we have, in rendering this opinion, relied upon the written opinion of Messrs. Slade, Pellman & Biehl, Counsel to the Company, bearing even date herewith. With respect to the power and authority of Emons to execute the Guarantee, and the execution and delivery thereof by Emons, we have, in rendering this opinion, relied upon the written opinion of Messrs. Slade, Pellman & Biehl, Counsel to Emons, bearing even date herewith.

The foregoing opinions are qualified only to the extent that the enforceability of the Mortgage, the Loan Agreement, the Deed, the Initial Deed, the said financing statements and the Guarantee may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally.

The Bonds are not required to be registered under the Securities Act of 1933, as amended, and no indenture with respect to the Bonds need be qualified under the Trust Indenture Act of 1939, as amended.

Under the Act and the said Bonds and all documents and certificates executed for the County Commission, neither the Bonds nor the interest thereon nor any document executed for the County Commission in connection therewith shall be or is a charge against the general credit or taxing power of Preston County or the County Commission, and neither the Bonds nor the interest thereon nor any such document shall ever constitute an indebtedness of Preston County or the County Commission within the meaning of any constitutional provisions or statutory limitation, nor shall ever constitute or give rise to a pecuniary liability of Preston County or the County Commission.

We have examined Bonds Nos. A-1 and A-2, constituting the entire Bond issue of Industrial Revenue Bonds (West Virginia Northern Railroad, Inc. Project), Series A, and in our opinion said Bonds are in proper form and have been properly executed.

The County Commission of
Preston County, et al.,
Page 7.

In rendering the foregoing opinion, we wish to advise you that it may be determined in the future that interest on the Bonds is not exempt from Federal income taxes if (i) "substantially all" the proceeds of the Bonds (as determined in accordance with Section 103(b) of the Code) are not expended on land or "depreciable property" as required by Section 103(b)(6) of the Code or (ii) the restriction on "capital expenditures" set forth in Section 103(b)(6) of the Code has been or is violated.

Yours very truly,

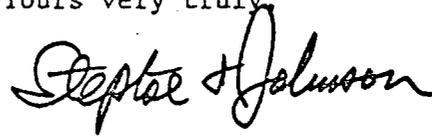
A handwritten signature in cursive script that reads "Steptoe & Johnson". The signature is written in dark ink and is positioned below the typed text "Yours very truly,".

EXHIBIT #
MODEL CONSTRUCTION FUND REQUISITION

Requisition No. _____

_____ Date

The Chase Manhattan Bank, N.A.
1441 Broadway
New York, New York 10018

Attention: Mr. Thomas Vogel

Gentlemen:

Pursuant to, and in accordance with, the provisions of Section 5.04 of the Loan Agreement dated as of _____, 1981 (the "Loan Agreement") among The County Commission of Preston County, West Virginia (the "Issuer"), yourselves, as agent thereunder, and the books named therein you are hereby instructed to pay and disburse from the Construction Account established with you pursuant to said Section 5.01 of the Loan Agreement, (the "Account") sum of _____ Dollars (\$ _____), which amount is to be paid (include name and address in either (a) or (b)):

(a) the West Virginia Northern Railroad, Inc.
(the "Company"), as reimbursement for payments
made to _____.

(b) to _____.
Such disbursement represents payment for:

It is hereby CERTIFIED THAT:

(a) None of the items for which this payment is being made has formed the basis for any payment heretofore made from the Account:

(b) The obligation with respect to which this payment is being made has been properly incurred in accordance with the Loan Agreement and is a proper charge against the Account:

(c) The Company has no notice of, and is not otherwise aware of, any mechanics', materialmen's,

laborers', suppliers', vendors', or other liens or rights in respect thereof which should, in accordance with the Loan Agreement, be satisfied or discharged before this payment is made:

(d) This payment does not include any amount which the Company is entitled to retain pursuant to any contract or agreement providing for the retention by the Company of a portion of the price paid thereunder; and

(c) This payment, when added to all other payments previously made from the Account, will not result in less than substantially all of the proceeds of the Industrial Revenue Bonds (West Virginia Northern Railroad, Inc. Project), Series A having been expended for acquisition, construction, reconstruction or improvement of land or property of a character subject to the allowance for depreciation for purposes of Section 103(b)(6)(D) of the Internal Revenue Code of 1954, as amended.

WEST VIRGINIA NORTHERN RAILROAD, INC.

By Joseph W. Marine Pres
Authorized Representative

MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE AND AGREEMENT, made as of the 1st day of June, 1981, by THE COUNTY COMMISSION OF PRESTON COUNTY, public corporation and a political subdivision of the State of West Virginia, as mortgagor, to THE CHASE MANHATTAN BANK, (NATIONAL ASSOCIATION), a national banking association, and to THE MANUFACTURERS HANOVER TRUST COMPANY, a New York banking corporation, pursuant to the Loan Agreement hereinafter mentioned, mortgagees, with principal offices of the mortgagees being in the City of New York, New York,

W I T N E S S E T H:

That for and in consideration of the sum of ONE DOLLAR (\$1.00) cash in hand paid by the mortgagee to the mortgagor, receipt of which is hereby acknowledged, and the further consideration of the purchase by the mortgagees from the mortgagor of its Industrial Revenue Bonds (West Virginia Northern Railroad, Inc. Project), Series A, the mortgagor does hereby grant, bargain, sell, convey, assign and mortgage unto the mortgagees the real estate, together with improvements thereon, situate in Preston County, West Virginia, described in Schedule - Real Estate, attached hereto as a part hereof, and does hereby grant to the mortgagees a security interest in all personal property of the mortgagor upon said real estate;

TOGETHER WITH any and all buildings and improvements erected or hereafter erected on such real estate;

TOGETHER WITH any and all fixtures, without limitation, to include railroad tracks, switches and other articles or property, now or at any time hereafter attached to, situate in or upon or used in connection with such real estate;

TOGETHER WITH all building materials and fixtures financed by the said mortgagees and delivered to the site of said real estate during the course of construction of any buildings or improvements, or thereafter, if intended for addition thereto, or incorporated therein or thereon, or if suitable for any such use;

TOGETHER WITH all easements, licenses, rights, privileges, appurtenances, hereditaments, rents, royalties, minerals, oil and gas rights and profits, water rights, and water stock belonging to said real estate or any part thereof, or in anywise appertaining thereto, and all other rights, licenses and privileges of whatsoever kind or character, reversions and remainders, and all the estate, right, title, interest, property, possession, claim and demand whatsoever, at law or equity, of the mortgagor in and to all of the foregoing or any or every part thereof, now

upon or hereafter upon said real estate and financed by the mortgagees (defined as the "Banks" in the Loan Agreement described below).

This Mortgage is made subject to "Permitted Encumbrances" defined in said Loan Agreement.

This Mortgage is made by the mortgagor with covenants of special warranty and further assurances.

THIS MORTGAGE is made to secure unto the mortgagees, their successors and assigns, the prompt and full payment of those certain Bonds described, referenced and defined in the said Loan Agreement bearing date herewith attached hereto and incorporated herein by reference and the performance by the mortgagor of all the covenants and conditions of the aforesaid Loan Agreement.

So long as the mortgagor is not in default hereunder, it may hold, use and enjoy the properties hereby mortgaged.

Default by the mortgagor of performance as required by the provisions of the said Loan Agreement shall constitute and be a default in the obligation secured under this Mortgage.

If default be made in the obligation or obligations hereby secured, or renewal or extension of the same, or the interest thereon when the same shall become due and payable, then the mortgagees or their successors and assigns may proceed before the Circuit Court of Preston County or in any other manner authorized by West Virginia law to sell the property hereby mortgaged at public auction, for cash to the highest bidder at the front door of the Courthouse of Preston County, Kingwood, West Virginia, after having first advertised the time, terms and place of said sale, as provided by law, in four successive weekly issues of a newspaper of general circulation in said County to be selected by the mortgagees and the mortgagor does hereby expressly waive any and all other notice of such said sale, statutory or otherwise.

The mortgagees may proceed as required by law to make sale as hereinabove provided in default of the payment of any part of the debt hereby secured, irrespective of the due date or maturity of any other part of said debt, and the proceeds of such sale shall be applied: first, to the payment of the costs of the foreclosure of this Mortgage; second, to the payment of any taxes, assessments or other costs paid by the mortgagees for the security of the obligation or obligations hereby secured; third, to the payment, without priority, except as may be herein otherwise specifically provided, of the obligation or obligations hereby secured, and the residue, if any, shall be paid to the mortgagor, its grantees, successors, or assigns, as their interests shall appear. The mortgagees may act by

agent or attorney in the execution hereof and either or both may purchase the properties hereby mortgaged upon such sale.

The mortgagor covenants and binds itself to cause all taxes and assessments, levied or to be levied, upon the property herein described to be paid and that it will at all times during the life of this mortgage cause the property hereby mortgaged to be insured in some reputable insurance company or companies, licensed to do business in the State of West Virginia, in an amount equal to the indebtedness at any time hereby secured, or to the extent of the insurable value thereof if less than said amount, with standard form mortgage clause approved by the mortgagees attached to said policy as is common practice at this time, or any approved form clause that may be adopted hereafter and so approved by the mortgagees. And if the mortgagor shall fail or refuse to cause to be paid said taxes, assessments or the premiums upon said insurance, the same may be, but are not required to be, paid by the mortgagees, their successors or assigns, and be taken and considered as a part of the debt hereby secured, due and payable upon demand, with interest from the date of payment at the then applicable interest rate on said Bonds and enforceable in the manner herein provided.

This Mortgage is not and shall not be a charge against the general credit or taxing power of Preston County or the County Commission, and neither the Bonds nor the interest thereon nor this Mortgage shall ever constitute an indebtedness of Preston County or the County Commission within the meaning of any constitutional provisions or statutory limitation, nor shall ever constitute or give rise to a pecuniary liability of Preston County or the County Commission.

No official, or member or employee of the County Commission shall be personally liable on this Mortgage.

The beneficiaries of this Mortgage and the parties to be secured hereby at the time of the execution and delivery hereof are: The Chase Manhattan Bank (National Association) and Manufacturers Hanover Trust Company,

respectively at One Chase Manhattan Plaza and at 350 Park Avenue, both of New York, New York, as holders of said Bonds on the date of delivery hereof.

WITNESS the following signature and seal:

THE COUNTY COMMISSION
OF PRESTON COUNTY

BY: _____

ITS: President

ATTEST:

Clerk

(CORPORATE SEAL)

STATE OF WEST VIRGINIA,
COUNTY OF PRESTON, TO-WIT:

I, _____, a Notary Public in and for the County and State aforesaid, do hereby certify that Ward Thomas, who signed the writing above bearing date as of the 1st day of June, 1981, for The County Commission of Preston County, a public corporation, has this day in my said county, before me, acknowledged the said writing to be the act and deed of said public corporation.

Given under my hand this ____ day of June, 1981.

My commission expires _____.

Notary Public

This instrument was prepared by Eugene G. Eason, Steptoe & Johnson, Clarksburg, West Virginia.