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JUN 22 1987 - 12 25 PMSLADE & PELLMAN 1 5249

MELVIN S. SLADE
STUART M. PELLMAN
JEFFREY A. MOROSS
J. ANDREW RAHL, JR.
JEFFREY L. GLATZER
MICHAEL W. STAMM
RONALD B. RISDON
ROBERT A. KARIN
INTERSTATE COMMERCE COMMISSION
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REC'DATION NO. Filed 1425
JUN 22 1987 - 12 25 PM

ATTORNEYS AT LAW
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ANTHONY P. COLES
NEAL DITTERSDORF
ELLEN A. GIBSON
MEGAN LESSER LEVINE
STEVEN M. MANKET
PEGGY A. MARKS
ROBERT A. PACHT
ERIC D. STATMAN
INTERSTATE COMMERCE COMMISSION

INTERSTATE COMMERCE COMMISSION
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REC'DATION NO. Filed 1425
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1 5249 - B JUN 22 1987 - 12 25 PM
REC'DATION NO. Filed 1425
INTERSTATE COMMERCE COMMISSION
June 19, 1987

JUN 22 1987 - 12 25 PM

INTERSTATE COMMERCE COMMISSION

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

7-173A070
JUN 22 1987
Date
Fee \$ 50.00
ICC Washington, D. C.
MOTOR OPERATING UNIT
JUN 22 12 16 PM '87
ICC OFFICE OF THE SECRETARY

Re: Recordation and Filing of Five Leases of Railroad Equipment

Dear Sir:

In accordance with the provisions of Section 11303 of the Revised Interstate Commerce Act, 49 U.S.C. § 11303, and Part 1177 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 one original and one copy of each of the documents listed below. We request that the copy of each document be recorded and filed in the order listed below and that the original be stamped to evidence recordation and returned to us.

Enclosed are:

Five Leases of Railroad Equipment, each dated as of February 25, 1987, each between The Connecticut Bank and Trust Company, National Association ("CBT") not in its individual capacity but solely as owner-trustee for Chase Manhattan Service Corporation, and the Maryland & Pennsylvania Railroad Company (the "M&P"), as lessee, as follows:

Christy M. ...

Office of the Secretary
June 19, 1987
Page 2

- (a) Lease dated as of February 25, 1987 between CBT as lessor and the M&P as lessee for twenty-four (24) boxcars; NEW NO.
- (b) Lease dated as of February 25, 1987, between CBT as lessor and the M&P as lessee, for ninety-four (94) boxcars; - A
- (c) Lease dated as of February 25, 1987, between CBT as lessor and the M&P as lessee, for one hundred forty-seven (147) boxcars; - B
- (d) Lease dated as of February 25, 1987, between CBT as lessor and the M&P as lessee, for forty-five (45) boxcars; - C
- (e) Lease dated as of February 25, 1987 between CBT as lessor and the M&P as lessee for thirteen (13) boxcars. - D

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

Lessee: The Maryland and Pennsylvania Railroad Company
One West Market Street
York, Pennsylvania 17401
Attn: Mr. Robert Grossman

Lessor: The Connecticut Bank and Trust Company, N.A.
100 Constitution Plaza
Hartford, CT 06115

B. Procedural Matters

It is hereby respectfully requested that each of the following names be inserted in the Commission Index established pursuant to Section 1177.5(b) of Title 49 of the Code of Federal Regulations:

Maryland & Pennsylvania Railroad Company
The Connecticut Bank and Trust Company, N.A., as
owner-trustee for:

Chase Manhattan Services Corp.

A check in the amount of \$50 has been enclosed with this letter of transmittal to cover the recordation fee.

SLADE & PELLMAN

Office of the Secretary
June 19, 1987
Page 3

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

A short summary of the enclosed primary documents to appear in the Commission's Index is:

Five Leases of Railroad Equipment each dated as of February 25, 1987, each between the Maryland & Pennsylvania Railroad Company, Lessee, and The Connecticut Bank and Trust Company, N.A., as owner-trustee, Lessor.

If there are any questions with respect to the enclosed or the transactions described therein, please telephone Michael W. Stamm of this Office.

Very truly yours,



SLADE & PELLMAN

Enclosures

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RECORDATION NO. Filed 1426

ICC Copy
- D

JUN 22 1987 - 1: 25 PM

INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT

AGREEMENT entered into as of the 25th day of February, 1987, by and between THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association with an office at One Constitution Plaza, Hartford, Connecticut 06115 ("CBT"), not in its individual capacity but solely as owner-trustee (hereinafter referred to as "Lessor") under two trust agreements dated December 18, 1979 and January 21, 1980, between CBT and Chase Manhattan Service Corporation, and THE MARYLAND AND PENNSYLVANIA RAILROAD COMPANY, a Maryland and Pennsylvania corporation whose address is 1 West Market Street, York, Pennsylvania 17401 (hereinafter sometimes referred to as the "M&P").

W I T N E S S E T H:

Pursuant to an Agreement (the "CP Assignment") dated as of December 3, 1984 between Canadian Pacific Limited ("CP") and the M&P, the M&P has assigned to CP sixty-six (66) boxcars.

The Lessor owns or holds under lease thirteen (13) 50 foot 70 ton boxcars (the "Cars") with identifying marks as listed on Exhibit A hereto, as such Exhibit may, from time to time, be amended (hereinafter referred to as the "Cars"), and desires to lease the Cars to the M&P on the terms and conditions set forth in this Lease, with the understanding that the Cars will continue to be used under the CP Assignment (the M&P in its capacity as lessee of the Cars hereunder is hereinafter referred as the "Lessee").

The Cars will initially be managed for Lessor by Emons Industries, Inc., as manager (the "Manager") pursuant to a Management Agreement between Lessor and Manager, dated as of December 19, 1986 (the "Management Agreement").

NOW, THEREFORE, in consideration of the premises, the parties hereto agree:

1. Lease and Hire: Lessor hereby lets to Lessee and Lessee hereby leases from Lessor the Cars.

2. Rental Payments: The Lessee hereby covenants and agrees to pay, or cause to be paid to the Lessor and its successors and assigns, as basic rent hereunder, not later than ten days after the end of each month, an amount equal to (i) the Lessor's Gross Allocated Portion (as such term is defined below) of Gross Revenues (as such term in defined below) received during such month minus (ii) the aggregate cost of any expenses relating to the Cars paid during such month by Lessee pursuant to this Lease and the CP Assignment, which were previously approved by the Manager (whose right to give such approval shall be governed by the Management Agreement). For

the purpose of this Lease, "Gross Revenues" shall be defined as all revenues in the form of rents, car hire payments of any kind or any other payments collected from users other than the Lessee (which shall have free use of the Cars on its lines) in connection with the use, lease and/or operation of the Cars for a given month, less any paid or accrued reclaims, rebates or incentive load fees with respect to the Cars during such month. "Gross Allocated Portion" when used herein shall have the meaning ascribed to it in the Intercreditor Agreement dated as of the date described on Exhibit C attached hereto (the "Intercreditor Agreement").

3. Term of Lease: The term of this Lease as to each Car shall begin as of the date hereof and shall terminate on the date of any termination of the CP Assignment with respect to such Car. Notwithstanding the foregoing, it is understood that this Lease is terminable with respect to all Cars upon 90 days' prior notice.

4. Maintenance, Taxes and Insurance:

(a) To the extent not payable and paid by third parties and except as otherwise provided herein, Lessor will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each Car during its lease terms and any extension thereof, including but not limited to taxes, repairs and maintenance.

(b) To the extent not payable and paid by third parties, Lessor (through the Manager pursuant to Section 19 hereof) shall be responsible for the filing and payment of all taxes, assessments and other governmental charges of whatsoever kind or character which may be accrued, levied, assessed or imposed during the lease term and which relate to the operation and use of any Car, except franchise or similar taxes on income imposed on Lessee. Lessee shall provide Lessor and/or Manager with such information as shall be necessary to prepare and file forms for such taxes.

(c) Lessor shall have the right but not the obligation to obtain casualty and/or liability insurance with respect to the Cars in excess of the amounts, if any, provided under the CP Assignment and the Management Agreement.

5. Identification Marks: The Lessor will permit each Car to be numbered in the sequence and bear the names or initials or other insignia permitted or required by the CP Agreement. Lessee will notify Lessor promptly of any changes in any such markings.

6. Risk of Loss: In the event that any Car shall be or become worn out, lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (any such occurrence being hereinafter called a "Casualty Occurrence") during the term of this Lease, Lessee shall promptly and fully notify Lessor with respect thereto. Lessee shall promptly pay to Lessor any amounts either received from any other person or entity, or payable by Lessee, by reason of any such Casualty Occurrence. Effective the later of (a) the date the obligations of CP under the CP Assignment terminate by reason of any Casualty Occurrence or (b) the date on which Lessor receives payment of amounts required pursuant to this Lease with respect to such Car, this Lease shall terminate with respect to any Car affected by such Casualty Occurrence, and Lessor shall have exclusive right to any Car, to the extent not inconsistent with the CP Assignment, applicable law or AAR Interchange Rules for destroyed cars, upon such termination. Lessor shall have the right (to the extent permitted by the CP Assignment and the Intercreditor Agreement) but not the obligation to replace any Car which is the subject of a Casualty Occurrence with another similar car owned by Lessor.

7. Return of Cars: On termination of this Lease, with respect to any Car, Lessee will return such Car to the control of the Manager (acting on behalf of the Lessor) for further disposition in accordance with the Management Agreement, including without limitation Sections 3(d), (e), (h), (m), (n), (p), (r) and (s) thereof. Lessee shall return such Car at the location at which, and in the condition in which, the Cars are required to be returned to Lessee at the termination of and pursuant to the CP Assignment; provided, however, that the liability of the Lessee for the breach of this provision shall be limited to the damages received from CP under the CP Assignment for CP's failure to return the Cars in accordance with the CP Assignment.

8. Assignment - Use and Possession: Except as expressly provided herein, Lessee will not assign, transfer, encumber or otherwise dispose of its leasehold interest under this Lease, the Cars or any part thereof, or sublet the Cars or place any of the Cars in assigned service without the consent of the Lessor in writing first obtained; provided, however, that Lessor hereby consents to the use of the Cars by CP pursuant to the CP Assignment. Lessee will not permit any encumbrances or liens, based upon any acts, omissions or liability of Lessee, to exist, be entered or levied upon any of the Cars.

9. Defaults; Remedies: If during the Term of this Agreement one or more of the following events ("Events of Default") shall occur:

(a) The payment of any rent herein provided shall not be made when due, and such default shall continue for a period of three (3) business days; or

(b) Lessee shall attempt to remove, sell, transfer, encumber or sublet (except as expressly permitted under this Agreement) any Car; or

(c) A proceeding shall have been instituted in a court having jurisdiction in the premises, seeking a decree or order (i) for relief in respect of Lessee in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or (ii) for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of Lessee or for any substantial part of its property, or (iii) for the winding up or liquidation of the affairs of Lessee; and in any such case either (I) any such proceeding shall remain undismissed or unstayed and in effect for a period of 60 consecutive days or (II) such court shall enter a decree or order granting the relief sought in such proceeding; or

(d) Lessee shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of Lessee or for any substantial part of its property or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action in furtherance of any of the foregoing; or

(e) Lessee shall have actual knowledge that there has occurred and is continuing any condition, event, act or omission which it reasonably believes constitutes, or with notice or lapse of time would constitute a breach of the CP Assignment or permit the early termination of the CP Assignment, and shall fail within five (5) business days of obtaining actual knowledge thereof to notify Lessor of such condition, event, act or omission (whether resulting from the acts or omissions of either the Lessee or CP); or

(f) The default by Lessee in any other obligation, term, condition, covenant, representation, warranty or provision hereunder;

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

A. Proceed by appropriate court action or actions either at law or in equity to enforce performance by Lessee of the applicable duties and obligations of Lessee under this Agreement, or to recover damages (including incidental and consequential damages) for breach thereof, or to compel Lessee to enforce the applicable provisions of the CP Assignment; or

B. By notice in writing to Lessee, terminate this Agreement, whereupon all right of Lessee to the use of the Cars shall absolutely cease and terminate as though this Agreement had never been made, and thereupon, Lessor may, itself or by its agents and without notice to Lessee, (1) enter upon the premises of Lessee or other premises where the Cars may be located and take possession of all or any such Cars and thenceforth hold, possess and enjoy the same free from any right of Lessee, or its successors or assigns, to use the Cars for any purpose whatever, and/or (2) to the extent permitted by applicable law and AAR rules and regulations, substitute itself or its designee in all respects in place of the Lessee as lessor under the CP Assignment or otherwise as claimant of rights at law or in equity, and/or (3) terminate the CP Assignment in accordance with its terms or otherwise exercise such rights thereunder, as the Lessor in its sole discretion may elect.

10. Indemnities: Lessor agrees to indemnify Lessee and hold it harmless from any loss, expense or liability which Lessee may suffer or incur from any charge, claim, proceeding, suit or other event which in any manner or from any cause arises in connection with the use, possession, or operation of the Cars while subject to this Lease, except for any such loss, expense or liability which arises from Lessee's negligence, bad faith, recklessness or willful misconduct or for which the Lessee has received indemnification from any third party, including without limitation CP under the CP Assignment, or which arises as a result of the operation of the Cars on Lessee's lines, for all of which Lessee shall indemnify and hold harmless Lessor. Lessor shall have the right, in its sole discretion, to select counsel or to approve counsel proposed by Lessee to prosecute or defend any such charge, claim, proceeding, suit or other event for which it may be liable under this Lease. The indemnities and assumptions of liability herein contained shall survive the termination of this Lease. Each party shall, upon learning of same, give the other prompt notice of any claim or liability hereby indemnified against. Lessee independently agrees that it shall not take any steps that would create any claims, lien, security interest or encumbrance with respect to any Car and, should any arise ~~from~~ the action of Lessee, it shall promptly discharge the same. If Lessor shall indemnify Lessee pursuant to this section, Lessor

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shall be subrogated to the rights of the Lessee against any third party arising from such event, including any recoveries subsequent to the Lessor's indemnity to the Lessee.

11. Assignment of Revenues:

Pursuant to the terms of a Security Agreement in substantially the form attached hereto as Exhibit B, Lessee has granted the Agent (as such term is defined in the Intercreditor Agreement), a security interest in all of Lessee's right, title and interest in and to the CP Assignment and in and to revenues to become due and payable from time to time under the CP Assignment, as collateral security for the payment and performance of all obligations and duties of Lessee to Lessor arising under or by virtue of this Lease. Any monies paid pursuant to the CP Assignment and received by the Lessee shall be held in trust for the exclusive benefit of the Lessor and paid promptly to the Lessor in accordance with this Lease.

12. Amendment of Lease: Lessee will not take any action to amend, modify, extend, renew or cancel the CP Assignment or waive any right or grant any consent thereunder in any respect without the prior written consent of Lessor. Lessee represents and warrants that attached hereto as Exhibit D is a true, correct and complete copy of the CP Assignment as in effect on the date of delivery of this Lease.

13. Delay or Partial Exercise: No failure or delay on the part of Lessor in exercising any right, power or privilege hereunder shall operate as a waiver thereof or of any other right, power or privilege of Lessor hereunder, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege, provided, however, that Lessee shall not be liable to Lessor for any consequential or incidental damages suffered by Lessor as a direct result of any such delay on the part of Lessor. The rights and remedies of Lessor hereunder are cumulative and not exclusive of any rights or remedies which it may otherwise have.

14. Instructions and Proceedings:

(a) Lessee shall notify Lessor (and shall send a copy of any such notice to Citicorp Industrial Credit, Inc. ("CIC")) of any request sent to it by CP, its right to exercise any option or to make any election under the CP Assignment or to grant any consent under the CP Assignment. Lessee shall not respond to any request, exercise any option, make any election or grant any consent under the CP Assignment, including without limitation giving CP notice of substitution of a Car, early termination or an event of default without obtaining the Lessor's prior written consent thereto.

(b) Within three (3) business days of its receipt of written instruction to do so from Lessor, Lessee shall take such action, if any, specified by the Lessor in its instructions (i) to respond to any request, exercise any option, make any election, or grant any consent which Lessee has the power to exercise, make or grant, or (ii) to enforce any rights possessed by Lessee under the CP Assignment or otherwise at law or in equity with respect to the Cars; provided, however, that if any such action must be undertaken less than five (5) business days after Lessee notifies Lessor pursuant to subsection (a) above, then Lessor may transmit its instructions to Lessee by telephonic notice.

(c) In the event that any proceeding is instituted by Lessee with respect to the Cars to enforce its rights under the CP Assignment or Lessee is joined under Section 14(d) hereof, such proceedings shall be conducted at Lessor's expense by counsel selected or approved by Lessor and in accordance in all respects with the legally permissible instructions of Lessor; provided, however, that with respect to any proceeding affecting rights personal to Lessee (including without limitation slander, libel, criminal charges, regulatory matters, third-party liability and franchise or other similar taxes on income imposed on Lessee), Lessee shall conduct such proceedings at its own expense, but not in any manner which materially impairs any rights of the Lessor, and shall not be subject to Lessor's instructions.

(d) Lessee shall have no obligation to institute or maintain any proceeding to enforce its rights under the CP Assignment, except in the event that the joinder of Lessee shall be required legally as a condition to the institution or maintenance of such proceeding, in which case the Lessee shall cooperate with Lessor in such proceeding.

(e) Lessee hereby appoints Lessor as its attorney-in-fact to enforce any of its rights against any third party pursuant to this Lease or the CP Assignment. Lessor shall give prior written notice to Lessee of any action to be taken by Lessor pursuant to this power-of-attorney.

15. Arbitration: Should any arbitration arise under the CP Assignment, Lessee shall promptly advise Lessor thereof and shall follow any legally permissible instructions received from Lessor in regard thereto. Lessee agrees it shall undertake no settlement or appoint any arbiter thereunder without Lessor's prior consent. Lessee shall not be liable for any damage or liability sustained or incurred by Lessor relating to its failure to promptly appoint an arbiter or otherwise comply with or instruct Lessee to so comply with the terms of any arbitration provisions contained in the CP Assignment.

16. Compliance with Laws and Regulations: This Lease is subject to all federal, state and other laws, rules, regulations and ordinances which may now or hereafter affect, change or modify the terms or conditions hereof or render unlawful the performance of any of its provisions. Lessor and Lessee shall comply with all governmental law, regulations and requirements and with the Code of Rules of the Association of American Railroads with respect to the use, maintenance, and operation of such Cars subject to this Lease. Lessor will file and record this Lease with the Interstate Commerce Commission in accordance with Section 11303 of the Interstate Commerce Act.

17. Prior Understandings: Prior understandings and agreements between the parties with respect to the Cars are superceded hereby, and all rights of the parties in respect of such Cars shall be governed by this Lease.

18. Notices: Any notice, instruction, direction or request required or permitted to be given by either party hereto to the other or to CIC shall be deemed to have been given upon the earlier of (a) actual receipt or (b) three (3) business days after such party deposits such notice, instruction, direction or request in the United States mails, certified, postage prepaid, and addressed to the other party at the address set forth with respect to such party in the first paragraph of this Lease or, if to CIC, at its office at 450 Mamaroneck Avenue, Harrison, New York 10528, Attention: Mr. Michael A. Graves, Vice President, or at such other address as such party or CIC shall hereafter furnish to the appropriate party in writing. Notwithstanding the foregoing, Lessor may notify, instruct, direct or request Lessee by telephonic advice, as provided in this Lease.

19. Assignments by Lessor; Payments to Manager: Lessor shall have the right to assign or grant participations in all or any part of its interest in this Lease to any entity or entities without the prior consent of Lessee. Payments due Lessor hereunder shall be made to Manager; provided, however, that Lessee shall make payments due to Lessor hereunder directly to Lessor (i) upon Lessee's receipt of written notice from Lessor that (a) an Event of Default by Manager has occurred and is continuing under the Management Agreement or (b) the Management Agreement has for any reason terminated with respect to the Cars; or (ii) automatically, without notice or other action by Lessor, upon Lessee's receipt of notice of any kind of any filing after the date hereof of a petition under any bankruptcy, insolvency or moratorium law by or against Manager. The Lessee shall continue to pay any sums of basic rent, or other amounts payable to the Lessor under this Agreement, received after the termination of this Lease to the Manager in accordance with this section.

20. Severability, Effect and Modifications of Lease: Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

21. Successors and Assigns: All parties referred to in this Lease shall be deemed to include the successors or assigns thereof. All of the terms and provision of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective transferees, legal representatives, heirs, successors and assigns.

22. Further Assurances: The Lessee and the Lessor will execute and deliver all such instruments and take all such action as the other party, from time to time, may reasonably request in order further to effectuate the purposes and to carry out the terms of this Lease.

23. Management Agreement: The Lessee hereby represents and warrants that it has received a copy of the Management Agreement.

24. Survival: The representations, warranties and agreements of the Lessor and the Lessee shall survive the termination of this Lease with respect to any event arising prior to the termination of this Lease, including without limitation the obligation to pay to the Manager pursuant to Section 19 hereof any sums of basic rent received after the termination of this Lease but arising from the use of the Cars prior to the termination of this Lease. Lessee shall pay to Manager pursuant to Section 19 hereof the Lessor's Gross Allocated Portion of any Gross Revenues received for the use of the Cars after the termination of this Lease. After the termination of this Lease, the Lessee shall have no authority to take any action to incur any expenses with respect to the Cars, unless such expenses were previously approved by the Manager (whose right to give such approval shall be governed by the Management Agreement), and shall have no duty with respect to the use, maintenance or operation of the Cars. Notwithstanding the foregoing, the indemnification provisions set forth in Section 10 hereof shall survive the termination of this Lease and shall continue in full force and effect with respect to any loss, expense or liability arising in connection with the use, possession or operation of the Cars until such time as the Lessee returns the Cars to the control of the

Manager (acting on behalf of the Lessor) in accordance with Section 7 hereof.

IN WITNESS WHEREOF, the parties have duly executed this Lease the day and year first above written.

ATTEST:

THE CONNECTICUT BANK AND TRUST COMPANY, N.A., as owner-trustee for Chase Manhattan Service Corporation

Sheree M. Daniels

By: *[Signature]*

ATTEST:

THE MARYLAND AND PENNSYLVANIA RAILROAD COMPANY

James A. White
Controller - Secretary

By: *Robert Gossner*
Chairman

CONSENTED TO:

CITICORP INDUSTRIAL CREDIT, INC.

By: *Michael A. Graves*

1901E

MICHAEL A. GRAVES
Vice President

STATE OF CONNECTICUT)
) ss.:
COUNTY OF HARTFORD)

On the 24th day of April, 1987, before me personally appeared V. Kreuscher, to me personally known, who being by me duly sworn, says that he is the ASSISTANT VICE PRESIDENT of THE CONNECTICUT BANK AND TRUST COMPANY, N.A., Lessor in the foregoing Lease of Railroad Equipment, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Ruth A Smith
Notary Public

RUTH A. SMITH
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1989

STATE OF Pennsylvania)
) ss.:
COUNTY OF York)

On the 22 day of May, 1987, before me personally appeared Robert Grossman, to me personally known, who, being by me duly sworn, says that he is the Chairman of The Maryland and Pennsylvania Railroad Company, Lessee in the foregoing Lease of Railroad Equipment, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Annmarie Wilczik
Notary Public

ANNMARIE WILCZIK, Notary Public
York, York County, Pennsylvania
My Commission Expires April 16, 1990

1901E

TRANSACTION = CP3

Exhibit A

REPORTING MARKS NUMBER

15249D

NPA	37830
NPA	37844
NPA	37846
NPA	37880
NPA	37893
NPA	37914
NPA	37921
NPA	37923
NPA	37957
NPA	37982
NPA	37970
NPA	37992
NPA	37993

TOTAL = 13

TOTAL = 13

SECURITY AGREEMENT

SECURITY AGREEMENT dated as of December 19, 1986, between WILMINGTON TRUST COMPANY, a Delaware state banking association with an office at Rodney Square North, Wilmington, Delaware 19890, in its capacity as Agent (the "Agent") pursuant to the Intercreditor Agreement attached hereto as Exhibit A (the "Intercreditor Agreement") and THE MARYLAND AND PENNSYLVANIA RAILROAD COMPANY, a Maryland and Pennsylvania corporation with an office at 1 West Market Street, York, Pennsylvania 17401 (the "Company").

W I T N E S S E T H:

Pursuant to an Agreement (the "CP Assignment") dated as of December 3, 1984, between the Company and Canadian Pacific Limited ("CP"), the Company has assigned to CP sixty-six (66) boxcars.

Pursuant to the Master Leases (as such term is defined in the Intercreditor Agreement), the Lessors (as such term is defined in the Intercreditor Agreement) have severally (but not jointly) leased to the Company, and the Company has agreed to hire from the Lessors, sixty-six (66) boxcars (the "Cars"), with the understanding that the Cars will be provided to CP pursuant to the CP Assignment.

NOW THEREFORE, the parties hereto agree:

(1) As an inducement to the Lessors to execute the Master Leases and to consent to, among other things, the inclusion of the Cars in the CP Assignment (and in consideration thereof), the Company hereby

(i) sells, assigns, transfers, pledges and sets over unto the Agent (for the benefit of the Lessors) the Company's right, title and interest in and to the CP Assignment and in and to revenues to become due and payable from time to time under the CP Assignment, and the proceeds thereof, and

(ii) grants to the Agent (for the benefit of the Lessors) a security interest in all accounts of the Company arising from the use of the Cars in the CP Assignment,

in each case as collateral security for the payment and performance of all obligations and duties of the Company to the Lessors arising under or by virtue of the Master Leases.

(2) Except as otherwise provided in the Intercreditor Agreement, upon the occurrence of any Event of Default (as such term is defined in the Master Leases) by the Company, unless such Event of Default shall have been waived by the Lessor which is a party to such Master Lease, the Agent shall have the right, upon giving CP written notice of such default, but without notice to or consent of the Company;

(i) to instruct CP to pay to the Agent any amounts payable by CP to the Company pursuant to the CP Assignment; and

(ii) to instruct the Company to segregate and pay immediately to the Agent any amounts received by the Company pursuant to the CP Assignment; and

(iii) to deal with CP with respect to the CP Assignment to the exclusion of any contrary or concurrent instructions from the Company.

(3) The execution by each Lessor of the Intercreditor Agreement shall be a condition precedent to the effectiveness of this Security Agreement as to such Lessor.

IN WITNESS WHEREOF, the parties have duly executed this Lease the day and year first above written.

ATTEST:

WILMINGTON TRUST COMPANY, as Agent

By: _____
Title:

ATTEST:

THE MARYLAND AND PENNSYLVANIA RAILROAD COMPANY

By: _____
Title:

0656E

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

On the 31st day of December, 1986, before me personally appeared Donna P. Closs to me personally known, who, being by me duly sworn, says that she is the Assistant Vice President of The Wilmington Trust Company, the Agent in the foregoing Security Agreement, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

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

On the 31st day of December, 1986, before me personally appeared Robert Grossman to me personally known, who, being by me duly sworn, says that he is the President of The Maryland and Pennsylvania Railroad Company, the Company in the foregoing Security Agreement, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

0656E

EXHIBIT CINTERCREDITOR AGREEMENT

Agreement entered into as of the 19th day of December, 1986, among WILMINGTON TRUST COMPANY, a Delaware state banking association with an office at Rodney Square North, Wilmington, Delaware 19890 ("WTC"), as agent hereunder ("Agent"), THE CONNECTICUT BANK & TRUST COMPANY, N.A., a national banking association with an office at One Constitution Plaza, Hartford, Connecticut 06115 ("CBT"), as owner-trustee for Chase Manhattan Services Corporation and ET RAILCAR CORPORATION, a Delaware corporation with an office at One West Market Street, York, Pennsylvania 17401 ("ET," and together with CBT, the "Lessors"), THE MARYLAND AND PENNSYLVANIA RAILROAD COMPANY, a Maryland and Pennsylvania corporation with an office at 1 West Market Street, York, Pennsylvania 17401 (the "M&P") and EMONS INDUSTRIES, INC., a New York corporation with an office at 1 West Market Street, York, Pennsylvania 17401 ("Emons").

Pursuant to an Agreement (the "CP Assignment") dated as of December 31, 1984 between the M&P, as lessor, and Canadian Pacific Limited ("CP"), the M&P has assigned to CP sixty-six (66) boxcars (the "Cars").

Pursuant to two Lease Agreements dated as of the date hereof described on Schedule A attached hereto, between the several Lessors and the M&P, as lessee (collectively, the "Master Leases"), the Lessors have leased to the M&P a total of sixty-five (65) boxcars with the understanding that those cars will be used in the CP Assignment.

It is currently contemplated that each Lessor will enter into a Management Agreement with Emons (collectively, the "Management Agreements"), and each will instruct the M&P to pay to Emons, as Manager, all rent due under the Master Lease to which such Lessor is a party, so long as no Event of Default by the M&P has occurred and is continuing thereunder.

Pursuant to a Security Agreement dated as of the date hereof, the M&P has granted to the Agent, for the benefit of the Lessors, a collateral assignment of all right, title and interest of the M&P in and to the CP Assignment and the rent due and payable from time to time thereunder as security for the several obligations of the M&P to the Lessors under the Master Leases.

The Lessors wish, on the terms and conditions set forth herein, to provide, among other things, for the manner of exercise of the rights which they will jointly hold in the CP Assignment.

NOW THEREFORE, the parties hereto agree:

(1) Definitions. In addition to the words and terms defined elsewhere in this Agreement, the following terms shall have the following meanings when used herein:

"Trust Funds" shall mean any funds received by the Agent, at any time or from time to time, pursuant to Section 2 of this Agreement.

"Gross Allocated Portion" as to each Lessor shall mean a portion of any Trust Funds which may be held from time to time by the Agent which represent load, periodic mileage or other car hire fees, equal to the Actual Car Performance Amount of such Trust Funds.

"Net Allocated Portion" as to each Lessor shall mean the Gross Allocated Portion of any Trust Funds which may be from time to time held by the Agent less an amount equal to the due and payable (but unpaid) Total Expenses, if any, under the Management Agreement to which such Lessor is a party.

"Actual Car Performance Amount" as to any Lessor shall mean a portion of any Trust Funds held by the Agent which represent load, periodic mileage or other car hire fees equal to the portion thereof which represents the sum of all load, periodic mileage and other car hire fees actually attributable to the operation of such Lessor's Boxcars.

"Secured Obligation", when used with reference to any Lessor, shall mean any obligation of the M&P to pay money to such Lessor pursuant to the Master Lease to which such Lessor is a party.

"Total Expenses" shall have the meaning ascribed to it in the Management Agreements.

(2) Appointment of Agent and Payment of Trust Funds.

(a) The Lessors appoint WTC to serve as agent hereunder, and WTC accepts such appointment. Any Lessor may remove the Agent, for cause and upon ten (10) days' written notice to all other parties to this Agreement. Promptly after receipt of such notice, Lessors which own more than fifty (50%) percent of the Cars then subject to the CP Assignment shall appoint a successor agent, and if such Lessors shall fail to appoint a successor agent within 30 days of removal of the Agent, then any Lessor shall have the right to appoint a successor agent. The first so appointed prospective agent to execute an Instrument of Appointment agreeing to act in accordance with this Agreement shall become the Agent for all purposes of this Agreement.

(b) Upon the occurrence and during the continuance of any Event of Default (as defined in each of the Master Leases), unless such Event of Default shall have been waived by the Lessor that is a party to the Master Lease under which such Event of Default has occurred, such Lessor shall have the right to direct CP to pay to the Agent all amounts payable to the M&P pursuant to the CP Assignment.

(3) Disbursement of Trust Funds. (a) Promptly after receiving any Trust Funds which represent load, periodic mileage or other car hire fees, the Agent shall distribute such Trust Funds by disbursing

(i) to each Lessor a portion of such Trust Funds equal to such Lessor's Net Allocated Portion; and

(ii) to Emons, as manager under the Management Agreements, a portion of such Trust Funds equal to the due and payable (but unpaid) Total Expenses under the Management Agreements.

(b) Promptly after receiving any Trust Funds which represent a settlement payment with respect to a lost, stolen or destroyed boxcar pursuant to Interchange Rules of the Association of American Railroads or any other payment with respect to a lost, stolen or destroyed boxcar, the Agent shall pay such amount to the Lessor (or its secured creditor) which owns such destroyed boxcar less any amount payable to Emons pursuant to Section 7(d) of the Management Agreement to which such Lessor is a party.

(c) Promptly after receipt thereof, all other amounts received in respect of any Car shall be paid to the Lessor of such Car.

(d) All funds paid by the Agent to any Lessor shall be applied to the obligations of the M&P to such Lessor or shall be applied as otherwise provided by law.

(4) Termination. This Agreement shall terminate with respect to each Lessor on the earlier of (x) the date upon which such Lessor sells all of the Cars subject to this Agreement or (y) June 30, 1994.

(5) Reliance. The Agent may rely upon any written notice, instruction or other advice or communication received by it from any Lessor pursuant to this Agreement and need not question the validity of such notice, instruction or other advice or communication or the qualifications of the party giving the same, and the Agent shall not have any liability to

the parties hereto for any action taken or omitted in good faith reliance on any such written notice, instruction or other advice or communication, in the absence of gross negligence or willful misconduct by the Agent. Moreover, where relevant, any such notice, instruction or other advice or communication shall contain complete instructions as to any action to be taken and the Agent shall, to the extent appropriate in accordance with this Agreement, comply with such instructions. Notwithstanding anything to the contrary provided herein, in the event that the Agent shall for any reason be uncertain as to his duties or rights hereunder, or shall receive instructions from any of the parties hereto with respect to any Trust Funds which, in its opinion, are in conflict with applicable law or with any of the provisions of this Agreement, it may refrain from taking any action other than to keep safe the Trust Funds until it shall be directed otherwise by joint written instructions of the parties hereto or by final unappealable order of a court of competent jurisdiction.

(6) Limitations on Duties. The Agent shall have no duties or responsibilities except those expressly set forth herein and shall have no liability to the parties hereto for any action taken or omitted in good faith which does not constitute gross negligence or willful misconduct by the Agent. The Agent may consult with counsel and shall have no liability to any party hereto with respect to any action taken or omitted in good faith on advice of such counsel. This Agreement sets forth the entire understanding of the parties hereto. The Agent shall not be bound by any amendment of this Agreement unless in writing and signed by the other parties hereto and, if the Agent's duties hereunder are affected, unless it shall have given prior written consent thereto.

(7) Notices. Any notice, instruction or other advice or communication required or permitted to be given hereunder shall be in writing and shall be mailed by registered or certified mail, return receipt requested, or delivered against receipt to the party to which it is to be given at the address set forth in the first paragraph of this Agreement, (or to such other address as the party in question shall have furnished in writing in accordance with the provisions hereof). Any notice, direction or other advice or communication given by registered or certified mail shall be deemed given at the time of mailing hereof.

(8) Expenses. The Lessors shall promptly pay the fees of the Agent (in accordance with the attached schedule) and reimburse the Agent for all reasonable expenses which it incurs in connection with the performance of its duties hereunder.

(9) Additional Lessor. The Lessors' Cars account for 65 of the 66 cars provided for in the CP Assignment. It is

contemplated that the M&P will as soon as possible after the date hereof obtain an additional Car for inclusion in the CP Assignment. As a condition precedent to the inclusion of such an additional car in the CP Assignment, each owner thereof shall be required to execute a supplement to this Agreement, whereupon such owner shall become a Lessor hereunder.

(10) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective representatives thereunto duly authorized, as of the date first above written.

EMONS INDUSTRIES, INC.

By _____
THE MARYLAND AND PENNSYLVANIA
RAILROAD COMPANY

By _____
THE CONNECTICUT BANK & TRUST
COMPANY, N.A., as owner-
trustee for Chase Manhattan
Services Corporation

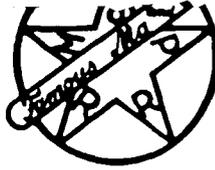
By _____
ET RAILCAR CORPORATION

By _____
UTC EQUIPMENT CORPORATION

By _____
WILMINGTON TRUST COMPANY, as
agent

By _____

EXHIBIT D



CP3

MARYLAND AND PENNSYLVANIA RAILROAD COMPANY

December 3, 1984

Mr. Martin A. Lypka
Assistant Chief of Transportation
Canadian Pacific, Limited
Windsor Station, Station A
Montreal, Quebec, Canada H3C 3E4

HAND DELIVERED

Dear Mr. Lypka:

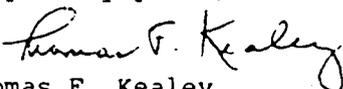
Not long ago we agreed that we should tidy up the lease files on several of our cars that are operating on CP Rail without signed agreements. This represents a Letter Agreement for formalizing our understandings regarding 66 of our boxcars assigned to CP Rail.

Our understanding is summarized below. You agree to continue your best efforts using the cars in international service. The cars are free of any car hire while on your railroad lines and we will receive the off-line earnings. We will receive \$75 (U.S.) for each Canadian domestic loading in the cars. We agree to maintain the cars at our own expense unless the cars are destroyed, then the standard AAR rules will prevail. The term of our understanding is for one year starting January 1, 1985, and thereafter continue on an annual basis unless terminated by either party upon 90 days' notice prior to the end of a calendar year. In the event the Rules of Car Hire are substantially changed, this transaction may be renegotiated or terminated at our request.

Overall, I believe this Letter Agreement outlines our understandings. Please sign below indicating your concurrence.

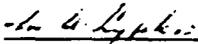
We appreciate your support and cooperation.

Very truly yours,


Thomas F. Kealey
Vice President

TFK:FMY

ACCEPTED FOR CP RAIL:

BY: 

DATE: Dec 22/84

TROIS RIVIERES, QUEBEC ON CP

MPA- 39603
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TOTAL - 41

CANADIAN PACIFIC (25-Car - Marathon, Ontario)

MPA-37730
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TOTAL = 25