

Rec Nos 11628
11629-A
11763

\$ 10 -

June 26, 1986

11629-A
A REGISTRATION NO. FILED 1986

JUN 30 1986 -1 50 PM

INTERSTATE COMMERCE COMMISSION

James Bayne
Interstate Commerce Commission
Washington, D.C. 20423

Re: Recordation of Amendment

Dear Mr. Bayne:

Enclosed for recordation under the provisions of 49 USC 11303(a) are the original and one copy of a Restatement and Amendment of Leases dated as of July 1, 1986. The Leases of Railroad Equipment to which said Amendment relate are described as follows:

<u>Date of Original Lease</u>	<u>Recordation Number</u>	<u>Recordation Date</u>
February 1, 1980	11629	April 4, 1980
February 2, 1980	11628	April 4, 1980
April 1, 1980	11763	May 6, 1980

*Cross Index
index -*

The names and addresses of the parties are:

Lessor:

Greenlease, Inc.
Greenville Steel Car Company
(Greenlease Company division)
Union Street
P.O. Box 751
Greenville, PA 16125

Lessee:

LEF&C Leasing Company
Incorporated
1062 East Wood Street
P.O. Box 430
Clarion, PA 16214

The undersigned acted as special counsel in connection with the preparation of the enclosed document and has knowledge of the matter set forth therein.

Clayton - C.T. Kappeler

Please return the original of said Amendment to Michael G. McGee, Esq., Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603. Also enclosed is a check in the amount of \$10.00 covering the required recording fee.

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

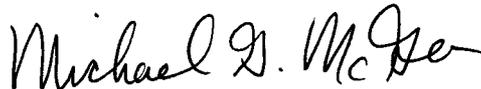
Restatement and Amendment of three separate Leases of Railroad Equipment between Greenlease, Inc., and LEF&C Leasing Company Incorporated, 1062 East Wood Street, P.O. Box 430, Clarion, PA 16214, as Lessee, covering 235 railroad freight train cars.

If you have any questions, please feel free to contact me.

Sincerely,

CHAPMAN AND CUTLER

By



Michael G. McGee

MGM:jl
Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

6/30/86

OFFICE OF THE SECRETARY

Michael G. McGee
Chapman & Cutler
111 West Monroe St
Chicago, Illinois 60603

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 6/30/86 at and assigned re-
recording number(s). 11629-D, 10078-B, 10086-E & 11796-B

Sincerely yours,

Noreta R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

11629-2
Filed 1425
JUN 30 1986 -1 50 PM

INTERSTATE COMMERCE COMMISSION

RESTATEMENT AND AMENDMENT OF LEASES

RESTATEMENT AND AMENDMENT OF LEASES OF RAILROAD EQUIPMENT dated as of July 1, 1986, between GREENLEASE, INC., a Delaware Corporation (the "Lessor"), and LEF&C LEASING COMPANY INCORPORATED, a Pennsylvania Corporation (the "Lessee").

WHEREAS, the Lessee and Greenville Steel Car Company (Greenlease Company Division) have entered into three Leases described as follows:

(i) The Lease of Railroad Equipment dated as of February 1, 1980 with respect to the 100 railroad freight train cars described in Section I of Annex A hereto, which lease was filed for record in the office of the Secretary of the Interstate Commerce Commission on April 4, 1980 and was assigned Recordation No. 11629;

(ii) The Lease of Railroad Equipment dated as of February 2, 1980 with respect to the 100 railroad freight train cars described in Section II of Annex A hereto, which lease was filed for record in the office of the Secretary of the Interstate Commerce Commission on April 4, 1980 and was assigned Recordation No. 11628; and

(iii) The Lease of Railroad Equipment dated as of April 1, 1980 with respect to 35 railroad freight train cars described in Section III of Annex A hereto which lease was filed for record in the office of the Secretary of the Interstate Commerce Commission on May 6, 1980 and was assigned Recordation No. 11763. (The railroad freight train cars described in Annex A shall collectively hereinafter be called the "Equipment" and individually, a "Car"); and

WHEREAS, the Lessee took delivery of the Equipment pursuant to the above-described leases (which leases shall hereinafter be referred to as the "Lease Agreements"), and thereafter said Equipment was sublet to the Lake Erie, Franklin & Clarion Railroad Company (the "Sublessee"); and

WHEREAS, the Lessee has subleased the Equipment to the Sublessee pursuant to a sublease dated as of February 1, 1979 between the Lessee and the Sublessee (the "Sublease"); and

WHEREAS, Greenville Steel Car Company (Greenlease Company Division) has assigned to the Lessor all its right, title and interest as lessor under the Lease Agreements; and

WHEREAS, the Lessee has requested that its creditors and lessors agree to restructure and refinance certain of the Lessee's Obligations to the Lessor and other creditors of the Lessee; and

WHEREAS, the Lessee and such creditors and lessors have agreed to so restructure and refinance the Obligations of the Lessee and the Lessee has agreed to grant to such creditors and lessors a security interest and lien in certain of its assets; and

WHEREAS, the Lessor and such other creditors and lessors of the Lessee are entering into an Intercreditor Agreement dated as of July 1, 1986 (the "Intercreditor Agreement"; and such creditors and the Lessor are hereinafter referred to as the "Lenders"); and

WHEREAS, the Lessee has agreed to execute and deliver to The Savings & Trust Company of Pennsylvania as collateral agent for the Lenders (the "Security Trustee"), a Security Agreement Trust Deed dated as of July 1, 1986 (the "Security Agreement") securing the Lessee's Obligations by granting a security interest in all of its accounts receivable and a maintenance account maintained by the Lessee with the Security Trustee; and

WHEREAS, the Lenders and the Lessee are executing and delivering, concurrently herewith, certain amendment agreements, each dated as of July 1, 1986, for the purpose of restructuring and amending the Lender Agreements (the term "Lender Agreements" shall have the meaning set forth in paragraph 3(d) hereof; and

WHEREAS, the Lessor and the Lessee wish to restate and revise the Lease Agreements to reflect the agreed restructuring of the Lessee's Obligations thereunder;

NOW, THEREFORE, in consideration of the agreements hereinafter set forth,

1. Lessor hereby leases to Lessee, and Lessee hereby rents and hires from Lessor the Equipment for the term and at the monthly and quarterly rental charges and upon the other terms and conditions set forth herein.

2. (a) The "Principal Term" of the Lease shall commence on July 1, 1986 and shall extend for a period of ten (10) years.

(b) During the Principal Term, Lessee will pay to Lessor rentals in the aggregate amount of \$13,330,948 and hereby promises to pay such rentals to the Lessor as follows:

(i) On July 31, 1986 and on the last day of each month thereafter a rental payment in the amount of \$32,970 (the "Minimum Payment"); plus

(ii) On July 31, 1986 and on the last day of each January, April, July and October thereafter a rental payment equal to the Contribution Payment as that term is hereinafter defined; plus

(iii) On June 30, 1996 a final installment in the amount equal to the entire amount of aggregate rental remaining unpaid hereunder as of said date.

(c) The term "Contribution Payment" whenever used in this Agreement shall mean, an amount equal to (i) 90% of the remainder of Gross Cash Margin minus three times the Total Minimum Payment then owing by the Lessee, times (ii) a percentage which shall equal the portion of the Lessee's gross revenues (resulting from the utilization of all equipment financed under the Lender Agreements) contributed by the Equipment leased hereunder in the most recent calendar quarter of the Lessee.

(d) The term "Gross Cash Margin" wherever used in this Agreement shall mean, all cash received by the Lessee from any source in a calendar quarter, less all cash expenditures during such period for maintenance, taxes (including current income taxes if any), insurance, payments on the \$1,000,000 Note (the "Lessee-Evans Note") of the Lessee dated May 28, 1982 issued to the Evans Railcar Leasing Company (as of the date of this agreement the aggregate principal amount of principal and interest unpaid on the Lessee-Evans Note is \$890,746.79), management fees in an aggregate amount not to exceed \$90,000 during any 12 month period, less certain accrued amounts properly allocated to such quarterly period for items paid other than monthly or quarterly. Any insurance proceeds or other sums paid to the Lessee as a result of the loss, damage or destruction of any Car or any such amounts received by the Lessee as a result of loss, damage or destruction of any equipment securing the Obligations shall not be included in Gross Cash Margin.

(e) The term "Other Lender Minimum Payments" wherever used in this Agreement shall mean, the sum of the "minimum payments" as such term is defined in the Other Lender Agreements. The term "Total Minimum Payment" shall mean the sum of the Minimum Payment plus the Other Lender Minimum Payments.

(f) Rent shall be paid at Lessor's office as provided in Paragraph 17 hereof.

3. The Lessee agrees to establish a Maintenance Account with the Security Trustee to be designated Lessee's "Maintenance Account-LEF&C Restructuring" (herein called the "Maintenance Account"). The Lessee agrees to make payments to the Maintenance Account and the Security Trustee agrees to administer such funds for the account of the Lessee as hereinafter set forth.

(a) In any calendar quarter in which the Gross Cash Margin exceeds three times the Total Minimum Payment the Lessee agrees to deposit in the Maintenance Account an amount equal to ten percent (10%) of the excess of Gross Cash Margin over three times the Total Minimum Payment.

(b) As long as no Default shall have occurred herein, the funds on deposit in the Maintenance Account shall be used by the Security Trustee to equalize the maintenance expenses of the Lessee. In any month in which the maintenance expense of the Lessee, as certified in writing by the President of the Lessee, exceeds one hundred twenty percent (120%) of the average monthly maintenance expense incurred by the Lessee during the previous six month period, the Security Trustee shall permit the Lessee to withdraw funds from the Maintenance Account in an amount not to exceed the amount by which monthly maintenance expense exceeded one hundred twenty percent (120%) of such monthly average maintenance expense.

(c) At any time the funds on deposit in the Maintenance Account exceed \$100,000 the Security Trustee shall pay such excess and that portion of any additional deposits by the Lessee which would cause such Maintenance Account to exceed \$100,000 to the Lenders to reduce the Obligations of the Lessee in accordance with the provisions of Section 6(b) of the Security Agreement as if a default had occurred under the Security Agreement.

(d) The term "Lender Agreement(s)", whenever used in this Agreement means this Agreement and/or one or more of the following:

(i) a Conditional Sale Agreement dated as of May 1, 1980 entered into by the Lessee with Greenville Steel Car Company (Greenlease Company Division);

(ii) a Conditional Sale Agreement dated as of January 1, 1979 entered into by the Lessee with Evans Transportation Company; and

(iii) a Railcar Lease Agreement dated October 2, 1978 between the Lessee and Evans Railcar Leasing Company.

(Such Lender Agreements described in (i), (ii) and (iii) as amended by the Lender Amendments, are herein called the "Other Lender Agreements".)

The term "Lender Amendment(s)", whenever used in this Agreement, means one or more of the agreements dated as of July 1, 1986, amending the Lender Agreements.

The term "Lender Group", whenever used in this Agreement, means the Lender or the Group of Lenders to whom the Lessee is indebted under any one of the Lender Agreements, as amended.

The term "Obligations", whenever used in this Agreement, means the outstanding indebtedness of the Lessee under the Lender Agreements, as amended by the Lender Amendments.

4. At all times during the Principal Term, there shall be permanently and conspicuously stenciled on each side of each Car the following words (with proper changes as from time to time may be required and requested by Lessor or any assignee to protect the interest of Lessor or any assignee of Lessor), in letters at least one inch high:

GREENLEASE INC., OWNER AND LESSOR

If any such stencil shall at any time be removed, defaced or destroyed, Lessee shall immediately cause it to be restored or replaced at Lessee's cost. Any assignee of Lessor's interest under this Lease may, at such assignee's cost, require new or changed stencils to be placed on the Equipment disclosing its interest and title in the Equipment, and Lessee shall maintain the same thereafter at its own cost as above provided. Lessee may cause the Equipment to be lettered in any manner desired for identification of its leasehold interest therein, but no Car shall be marked or lettered in a manner which might reasonably be interpreted as a claim of ownership by Lessee or anyone other than Lessor, or in a manner which is contrary to common industry practice for such equipment as if it were leased directly to the sublessee. The road numbers set forth in Annex A shall not be changed except by Lessor or with Lessors written consent.

5. In the event of the loss or destruction of any Car from any cause whatever ("Casualty Car") during the term of this Agreement, Lessee shall promptly give notice thereof to Lessor and within 90 days after the date of such notice shall pay Lessor as full compensation for the loss or destruction of such Car the reproduction cost settlement value of such Car (including the value of the scrap and reusable parts) as set forth in the Interchange Rules of the Association of American Railroads, Operations and Maintenance Department, Mechanical Division (or other similar rules which may be changed or established in the future). Upon receipt of such notice by Lessor, unless an event of default hereunder on the part of the Lessee shall have occurred and be continuing, all scrap, salvage, property and all rights in any way relating to such Casualty Car shall become Lessee's property,

free and clear of this Lease, and Lessor or any assignee shall execute all documents required to clear title to said property, and all rentals due under this lease shall cease to accrue.

6. Whenever requested by Lessor, but not more often than once in each year during the term hereof, Lessee shall deliver to Lessor a certificate, signed by an executive officer of Lessee, accurately listing and identifying by road numbers the Equipment at the time leased hereunder, and showing in particular (A) the Equipment then in actual service, (B) the number and identification of each Car that has been lost, damaged or destroyed or that has for any other reason become unserviceable and (C) the number and identification of each Car that is then undergoing repairs or is then withdrawn from use for repairs. Such certificate shall also contain a statement that the Lessee is in compliance with the provisions of Paragraph 4 hereof. Lessor shall have the right, by its agents, to inspect the Equipment at any time and from time to time during the term hereof; and to assure the convenient exercise of such right by Lessor, Lessee shall, when so requested, inform Lessor of the whereabouts of the items of Equipment as promptly as the whereabouts can be determined.

7. Lessee shall pay or cause to be paid any and all taxes (including, without limitation, gross receipts taxes, but excluding state or federal income taxes imposed upon Lessor) and all other governmental levies or charges lawfully imposed upon or measured by this Agreement or any assignment hereof or upon or by any sale, use, operation, payment, shipment, delivery or transfer of title of the Equipment under the terms hereof or upon or by any or all the Equipment or the interest of Lessee or Sublessee therein, which Lessor may be legally obligated to pay. Lessee will at all times keep the Equipment free of all taxes and assessments which might in any way affect the title of Lessor thereto or result in a lien upon any of the Equipment. Lessee will pay or satisfy and discharge any and all sums claimed by any party by, through or under Lessee or its successors or assigns which, if unpaid, might become a lien or a charge upon the Equipment equal or superior to the title of Lessor thereto, but shall not be required to pay or satisfy and discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner which will not affect the title of Lessor in and to the Equipment.

8. (a) LESSEE ACKNOWLEDGES THAT THE EQUIPMENT IS OF THE TYPE, DESIGN, SIZE, CAPACITY AND MANUFACTURER SELECTED BY LESSEE; THAT LESSOR IS NOT A MANUFACTURER OR REPRESENTATIVE THEREOF IN, MERCHANT IN, OR DEALER IN, THE EQUIPMENT; THAT

LESSOR HAS NO DUTY TO ENFORCE ANY MANUFACTURER'S WARRANTIES ON BEHALF OF LESSEE; THAT LESSOR WILL NOT AND HAS NO OBLIGATION TO, INSPECT THE EQUIPMENT PRIOR TO DELIVERY TO LESSEE AND THAT LESSOR HAS NOT MADE AND WILL NOT MAKE ANY REPRESENTATION, WARRANTY OR COVENANT, EXPRESS OR IMPLIED, ON WHICH LESSEE MAY RELY, WITH RESPECT TO: THE MERCHANTABILITY, FITNESS, SAFETY, CONDITION, QUALITY, DURABILITY OR SUITABILITY FOR LESSEE'S PURPOSES OF THE EQUIPMENT IN ANY RESPECT, THE EQUIPMENT'S COMPLIANCE WITH ANY LAW, RULE, SPECIFICATION OR CONTRACT PERTAINING THERETO, LATENT DEFECTS, OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT, EXPRESS OR IMPLIED. LESSOR SHALL NOT BE LIABLE TO LESSEE FOR ANY LIABILITY, LOSS OR DAMAGE CAUSED OR ALLEGED TO BE CAUSED DIRECTLY OR INDIRECTLY BY THE EQUIPMENT OR BY ANY INADEQUACY THEREOF OR DEFICIENCY OR DEFECT THEREIN, WHETHER DIRECT, INDIRECT, EXEMPLARY OR PUNITIVE, WHETHER OR NOT LESSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

(b) During the term hereof, Lessee, at its own cost and expense, will repair and maintain or cause to be repaired and maintained the Equipment in serviceable operating condition in accordance with the Rules of Interchange of the Association of American Railroads (or any successor thereto), and will comply with all governmental laws, regulations and requirements and with said Rules of Interchange with respect to the use, maintenance, inspection and operation of the Equipment. In case any equipment or appliance on any Car shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on any Car in order to comply with such laws, regulations, requirements or Rules, effective after the date of the delivery of such Car, Lessee agrees to make or cause to be made such changes, additions and replacements. Any parts installed or replacements made upon any Car by Lessee or Sublessee shall be considered accessions to such Car and title thereto shall be immediately vested in Lessor, without cost or expense to Lessor. Lessee agrees to indemnify and save harmless Lessor against any charge or claim made against Lessor, and against any expense or liability which Lessor may incur by reason of its ownership of the Equipment during the term hereof, in any manner arising out of or as a result of the use or operation of the Equipment, except for charges or claims arising from Lessor's acts or omissions, and to indemnify and save harmless Lessor against any claim or suit on account of any accident in connection with the operation of the Equipment resulting in damage to property of others or injury to any person.

9. (a) Subject to the provisions of Paragraph 9(b) hereof, so long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession of the Equipment and shall have the full right to use thereof upon

the lines or railroad owned, leased or operated by Sublessee, or over which Sublessee has trackage rights, and upon connecting and other railroads in the usual interchange of freight cars, but subject at all times to all terms and conditions of this Agreement.

(b) Anything contained in this Agreement and particularly this Paragraph 9 notwithstanding, the Lessee agrees that at any time after June 30, 1991, the Lessor, upon 15 days written notice to the Lessee, may require the Lessee to deliver possession of the Equipment to the Lessor or its agents, provided, however upon such delivery of all Equipment by the Lessee to the party designated to receive such Equipment, the Lessee's obligation to Lessor hereunder shall be forgiven and terminated in consideration for the delivery of such Equipment. This Paragraph 9(b) shall only be operative and the election of the Lessor to require delivery of Equipment pursuant to this Paragraph 9(b) shall only take place upon the issuance of written notice from the Lessor to the Lessee, which notice shall be specifically designated as a "Paragraph 9(b) Equipment Removal and Rental Forgiveness Notice". The Lessee agrees that any sublease of the Equipment which would otherwise be permitted by this Agreement shall if entered into by the Lessee after January 1, 1986, contain a legend on the first page thereof in all capital letters stating that such sublease "is subject to the provisions of Paragraph 9(b) of the Restatement of Leases dated as of July 1, 1986, pursuant to which the equipment subleased hereunder was financed and any sublease of such equipment is subject to reclamation on or after June 30, 1991 at the option of a lessor/creditor of LEF&C Leasing Company Incorporated."

10. Except for the Sublease, Lessee shall not transfer or assign this Agreement or its interest in any Car without the prior written consent of Lessor, and such interest shall not be assignable or transferable by operation of law, provided that a transfer of Lessee's interest to another corporation, which shall acquire all or substantially all the property of Lessee through purchase, merger or consolidation, which corporation shall assume in writing to Lessor all obligations of Lessee hereunder, shall not be deemed a breach of this provision.

11. (a) Lessor may assign or mortgage all its right, title and interest in and to each Car and/or all moneys payable to Lessor hereunder so long as the assignment or mortgage recognizes Lessee's right, subject to Paragraph 9 hereof to continued and uninterrupted possession of the Equipment upon compliance with the terms of this Agreement. All of the provisions of this Agreement for the benefit of Lessor shall inure to the benefit of and may be exercised by or on behalf of such assignee or mortgagee. All rental

payments due and to become due under this Agreement and so assigned or mortgaged shall if directed by Lessor by a notice to Lessee be paid directly to such assignee or mortgagee. The right of any such assignee or mortgagee to the payment of assigned rentals hereunder shall not be subject to any defense, counterclaim or set off which Lessee may have against Lessor.

(b) Lessor may also sell, assign and transfer all its right, title and interest in and to the Equipment, and under this Agreement, to another corporation, whether by written instrument or by operation of law, if such other corporation acquires all or substantially all the property of Lessor through purchase, liquidation, merger or consolidation, and assumes in writing to Lessee all obligations of Lessor hereunder.

(c) Lessor will keep the Equipment free of all liens and encumbrances (except a lien given to an assignee or mortgagee as herein authorized), will not sell, assign, lease or otherwise dispose of the same (except as herein authorized), and will do nothing to disturb Lessee's full right of possession and enjoyment and the exercise of all Lessee's rights with respect thereto as provided by this Lease.

(d) Except as provided in Paragraph 9 hereof, Lessor warrants that the Equipment will be free from any defect in title which would affect or interfere with the continuous and uninterrupted possession and enjoyment of the Equipment by Lessee during the term hereof, and Lessor will indemnify, protect and defend Lessee against all liabilities, damages and expenses arising out of any such interference.

(e) Lessor will indemnify, protect and defend Lessee against all liabilities and expenses that may arise out of charges of infringement of any patent alleged to cover any article, material or design employed in the construction of the Equipment except that with respect to any article, material or design which is specified by Lessee and not manufactured by Greenville Steel Car Company or which is furnished or supplied by Lessee, Lessee will in like manner protect and defend Lessor from all such liabilities and expenses. Each party hereto will give notice to the other of any claim known to the former from which liability may be charged against the other hereunder.

(f) Within ten business days of the end of each month the Lessee will provide to the Lessor a financial report signed by its chief financial officer, which report will set forth with all reasonable detail the amount of the Minimum Payment and Other Lenders Minimum Payments. The report

prepared at the end of each calendar quarter of the Lessee should also set forth with all reasonable detail the Gross Cash Margin, the Contribution Payment and the respective contributions to revenues of each equipment type during such calendar quarter.

(g) Within 120 days after the end of each calendar year beginning with the calendar year ending December 31, 1986, the Lessee will provide to the Lessor an opinion from a firm of independent public accountants of recognized national standing to the effect that such accountants have reviewed the Lessee's computations of Contribution Payment required by Section 2(c) hereof and have concluded it to have been calculated in accordance with the Agreement or setting forth the adjustments, if any, which are necessary to make such computations in accordance with the terms of this Agreement.

(h) Within 120 days after the end of each calendar year beginning with the calendar year ending December 31, 1986, the Lessee will provide to the Lessor copies of the consolidated balance sheet of the Lessee as of the close of such fiscal year, and of the consolidated statements of income and retained earnings and changes in financial position of the Lessee and its subsidiaries for such fiscal year, in each case setting forth in comparative form the consolidated figures for the preceding fiscal year, all in reasonable detail and accompanied by an opinion thereon of a firm of independent public accountants of recognized national standing selected by the Lessee to the effect that such statements have been prepared in accordance with generally accepted accounting principles consistently maintained (except for changes in which such accountants concur) and that the examination of such accounts in connection with such financial statements has been made in accordance with generally accepted accounting standards. Each set of annual financial statements delivered pursuant to this paragraph will be accompanied by a certificate of such accountants who certify such financial statements, stating that they have reviewed this Agreement and whether, in making their audit, they have become aware of any Event of Default, and, if an Event of Default exists, describing its nature.

(i) The Lessee will not make payments to any Affiliate without the prior written consent of the Lessor, except for (i) reimbursement for maintenance of equipment owned or leased by the Lessee, such reimbursement to be upon fair and reasonable terms no less favorable to the Lessee than would be obtained in a comparable arm's-length transaction with a Person other than an Affiliate, (ii) reimbursement for insurance premiums and taxes (including current income taxes, if any) paid by an Affiliate on its behalf, and (iii) an annual management fee not to exceed \$90,000 for the rendering

of management services in the ordinary course of business pursuant to the reasonable requirements of the Lessee and upon fair and reasonable terms no less favorable to the Lessee than would be obtained in a comparable arm's-length transaction with a Person other than an Affiliate. Such reimbursements and fees shall not include service fees, handling fees or other overhead costs.

"Affiliate" shall mean any Person (i) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the Lessee, (ii) which beneficially owns or holds 5% or more of any class of the Voting Stock of the Lessee or (iii) 5% or more of the Voting Stock (or in the case of a Person which is not a corporation, 5% or more of the equity interest) of which is beneficially owned or held by the Lessee or a subsidiary. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of Voting Stock, by contract or otherwise.

"Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, and a government or agency or political subdivision thereof.

12. The time of payment of rentals is of the essence of this Lease. If, during the continuance of this Lease, one or more of the following events (each such event being hereinafter called an "Event of Default") shall occur:

(a) Lessee shall fail to carry out and perform any of its obligations hereunder including the payment of rentals or any other payments hereunder, and such default shall continue for ten (10) days after written notice of same by Lessor to Lessee, provided, however, if the sole payment default of the Lessee is as a result of the failure of the Lessee to make full payment of the Minimum Payment, such event shall not constitute an Event of Default unless during a period of three calendar months the Lessee fails to pay at least \$210,000 as aggregate Minimum Payment plus Other Lender Minimum Payment for such period;

(b) Any proceeding under any bankruptcy or insolvency statute or any laws relating to relief of debtors is commenced by Lessee, or if any such proceeding is commenced against Lessee and same shall not have been removed within thirty (30) days of the date of the filing thereof, or if a receiver, trustee or liquidator is appointed for Lessee or for all or a substantial part of Lessee's assets with Lessee's consent, or if without Lessee's consent the same shall not have been removed within thirty (30) days of the date of the appointment thereof; or if an order, judgment or decree be

entered by a court of competent jurisdiction and continue unpaid and in effect for any period of thirty (30) consecutive days without a stay of execution; or if a writ of attachment or execution is levied on any Car and is not discharged within ten (10) days thereafter;

(c) The Lessee shall fail to pay in full any sum payable by the Lessee under any Lender Agreement, Lender Amendment, indenture or other instrument of the Lessee as and when the same shall become due and payable;

(d) Any default shall occur under the provisions of Section 9 of the Security Agreement-Trust Deed dated as of July 1, 1986 between the Lessee and Security Trustee (the "Security Agreement");

(e) Any default shall occur in the observance or performance of any covenant or agreement contained in any Lender Agreement or Lender Amendment; or

(f) If any representation or warranty made by the Lessee herein, or made by the Lessee in any statement or certificate furnished by the Lessee in connection with the execution and delivery of the Lender Agreements, the Lender Amendments or the Security Agreement, is untrue in any material respect as of the date of the making thereof.

then and in any of said events Lessor, at its option, may:

(i) Proceed by appropriate court action or actions either by law or in equity to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof including net aftertax losses of Federal and state income tax benefits to which the Lessor would otherwise be entitled under this Lease; or

(ii) By notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents, subject to compliance with all mandatory requirements of law, enter upon the premises of the Lessee or other premises where any Car may be and take possession of any such Car and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Equipment for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued

to the date of such termination and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty the following amount: a sum, with respect to each Car, equal to:

A. The excess of the present value, at the time of such termination, of the entire unpaid balance of all rental for such Car which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Car over the then present value of the rental which the Lessor reasonably estimates to be obtainable for the Car during such period, such present values to be computed at a 8% discount rate, (the bases for such estimates to be disclosed to the Lessee and subject to review by the Lessee) plus

B. An amount which, after deduction of all taxes required to be paid by the Lessor in respect of the receipt thereof under the laws of any Federal, state or local government or taxing authority of the United States of America or under the laws of any taxing authority or governmental subdivision of a foreign country, shall, in the reasonable opinion of the Lessor (the bases for such tax estimates to be disclosed to the Lessee and subject to review by the Lessee), be equal to all or such portion of the investment credit, lost, not claimed, not available for claim, disallowed or recaptured by or from the Lessor as a direct or indirect result of the breach of one or more of the covenants made by lessee or the sale or other disposition of the Lessor's interest in any Car after the occurrence of an Event of Default, plus such sum as shall cause the Lessor's net return under this Lease to be equal to the net return that would have been available to the Lessor if it had been entitled to utilization of all or such portion of the deductions with respect to depreciation and interest, which were lost, not claimed, not available for claim or disallowed or recaptured in respect of a Car as a direct or indirect result of the breach of one or more of the covenants made by the Lessee in this Lease, the termination of this Lease, the Lessee's loss of the right to use such Car, any action or inaction by the Lessee or the sale or other disposition of the Lessor's interest in such Car after the occurrence of an Event of Default plus such sum as will pay or reimburse the Lessor for any interest, penalties or additions to tax incurred in connection with such loss, failure to claim, inability to claim, disallowance or recapture. The aforesaid remedies of Lessor shall not be deemed exclusive, but shall be cumulative and in addition to all other rights and remedies given or provided by law or in equity.

13. If Lessor fails to carry out and perform any of its obligations hereunder and such default shall continue for

ten (10) days after written notice of same by Lessee to Lessor, or if there shall be filed by or against Lessor a petition in bankruptcy or for reorganization under any bankruptcy law or there shall be a trustee or receiver appointed of any part of Lessor's property, or if Lessor becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, then and in any of said events Lessee, at its election, (a) may terminate this Lease and purchase all Equipment leased hereunder upon payment of the amount which would be payable under Paragraph 5 hereof if the Equipment had been lost or destroyed, or (b) may continue rental payments until the expiration of the term of lease for each such Car, with the sole and exclusive right of possession thereto. Each Car shall, upon full payment under option (a), become Lessee's property without further payment or cost. In such event, Lessor shall execute such assignment or other document as may be required to transfer all its right, title and interest therein to Lessee. The aforesaid remedies of Lessee shall not be deemed exclusive, but shall be cumulative and in addition to all other rights and remedies given or provided by law or in equity.

14. (a) Notwithstanding the other provisions of this Agreement, this Agreement shall remain effective for a term of ten (10) years commencing on July 1, 1986.

(b) Upon (i) termination of this Agreement pursuant to Paragraph 14(a) or (ii) the election of the Lessor pursuant to Paragraph 9(b) hereof to take possession of the Equipment; the Lessee agrees that upon receipt of a written request of the Lessor it will act as a nonexclusive agent of the Lessor for the purposes of arranging the disposition of the Equipment. As such agent, the Lessee shall:

(i) analyze the then current market for used railroad equipment of the same type and age as the Equipment;

(ii) advise the Lessor as to the then comparable profitability of the lease or sale of the Equipment and give its recommendations in connection therewith;

(iii) subject to the terms hereof, use all reasonable diligence and dispatch to arrange for the sale of the Equipment to purchasers upon terms favorable to and agreeable to the Lessor; and

(iv) arrange all documentation, including consents and agreements of necessary parties, necessary to complete the sale of the Equipment.

Upon the sale of the Equipment the Lessor shall compensate the Lessee for its services as sales agent with a fee equal to five percent (5%) of the net proceeds received for such Equipment from the sale transaction arranged by the Lessee.

(c) If at any time during the term of this Agreement the Lessor believes that the Equipment could be leased to a lessee other than the Lessee at an annual rate which would exceed the earnings on such Equipment from service as directed by the Lessee, then the Lessee agrees to within three days after notice determine whether in fact additional earnings would be forthcoming and cooperate fully in the sublease of the cars at the direction of the Lessor if greater earnings will result from such sublease. The Lessor will receive as a direct payment from the Lessee the excess earnings realized as a result of the sublease over the sum of (i) the historical earnings of the Lessor in its utilization of such Equipment during the previous 12 months plus (ii) any documented future increase in earnings which the Lessee expects to receive from its continued leasing of the Equipment.

15. At the end of the term hereof or upon any termination or repossession thereof pursuant to Paragraphs 12 or 14 hereof, Lessee will, at its own expense, forthwith and in the usual manner and at the usual speed of freight trains, use its best effort to have the Equipment drawn to such point or points on the lines of Sublessee as shall reasonably be designated by Lessor and will store the Equipment thereat for a period not to exceed thirty (30) days without charge until delivery to Lessor; and Lessee further agrees, at Lessee's expense, upon the request of Lessor or at the end of the thirty (30) days, whichever is sooner, to return the Equipment to Lessor at such point or points as Lessor may designate provided the expenses of delivery to such point or points in excess of the cost of redelivery at Greenville, Pennsylvania shall be borne by Lessor. The performance of the covenants by Lessee contained in this Paragraph 15 is of the essence of this Lease and it is agreed that on application to any court of equity having jurisdiction in the premises Lessor shall be entitled to a decree against Lessee requiring specific performance thereof.

If, at the end of the term hereof, Lessor scraps the Equipment or any portion thereof, and salvages usable components thereof, Lessor shall afford Lessee the first opportunity to purchase such of the salvaged components as it may desire to purchase at a price not in excess of the best offer made to Lessor by another.

16. Lessor will cause this Agreement to be filed and recorded with the Interstate Commerce Commission in

accordance with 49 U.S.C. Section 11303 in order to publish notice of, and to protect, the title of Lessor to the Equipment, and Lessee will from time to time perform any other act required by law, and will execute any and all other and further instruments as shall reasonably be requested by Lessor, to assure such publication and such protection of such title. Lessor shall pay all costs, charges and expenses, including all recording and registration taxes and fees, incident to the filing, registering and/or recording of this Agreement and of any instruments of further assurance hereunder.

17. Any notice, demand or other communication hereunder shall be in writing and shall be deemed to have been duly given when personally delivered or deposited in the mail first class postage prepaid (registered or certified, return receipt requested), addressed as follows:

If to Lessor:

Greenlease, Inc.
Union Street
P. O. Box 751
Greenville, PA 16125
Attention: President

If to Lessee:

LEF&C Leasing Company Incorporated
P. O. Box 430
Clarion, Pennsylvania 16214
Attention: President

or addressed to either party at such other address as such party shall hereafter furnish to the other in writing.

18. The Lessee represents and warrants to the Lessor that its indebtedness to Clarion River Corporation evidenced by the Note of the Lessee dated May 25, 1982, including accrued interest, has been terminated and the full amount of such indebtedness shall constitute a contribution by Clarion River Corporation to the capital accounts of the Lessee and evidence (satisfactory to the Lessor) of such capital contribution has been provided to the Lessor.

19. (a) The Lessee shall not, at any time purchase railcars unless:

(a) the Lessee shall have given the Lessor and Evans Railcar Leasing Company ("Evans") notice (i) setting forth in detail, the precise specifications of

such railcars, the proposed purchase price or prices, the proposed date of purchase and all other material terms and conditions of such purchase, including, without limitation, any arrangements for the financing of such purchase and (ii) offering to purchase such railcars from the Lessor or Evans upon the same terms and conditions as those set forth in such notice ("Acquisition Intent Notice"), and

(b) the Lessor or Evans shall not have notified the Lessee of its election to sell or arrange for the sale of such railcars to the Lessee within 30 days following receipt of an Acquisition Intent Notice of its election to build and sell such railcars upon such terms and conditions.

19. (b) The Lessee shall not at any time lease, as lessee, railcars unless:

(a) the Lessee shall have given the Lessor and Evans notice (i) setting forth in detail, the precise specifications of such railcars, the proposed lease rate or rates, the proposed date and term of the lease and all other material terms and conditions of such lease, including, without limitation, any arrangements for the financing of such lease and (ii) offering to lease such railcars from the Lessor and Evans upon the same terms and conditions as those set forth in such notice ("Acquisition Intent Notice"), and

(b) the Lessor or Evans shall not have notified the Lessee of its election to lease or arrange for the lease such railcars to the Lessee, within 30 days following receipt of an Acquisition Intent Notice of its election to build and lease such railcars upon such terms and conditions.

If the Lessor or Evans shall not have so elected to build and sell or lease such railcars, the Lessee may purchase or lease such railcars from another seller or lessor at a price and upon other terms and conditions no less favorable to the Lessee than those specified in such Acquisition Intent Notice.

The Lessee shall use its best efforts to have the Sublessee grant rights of first refusal to the Lessor and Evans similar to the rights granted by this Paragraph 19.

20. This Agreement may be simultaneously executed in two or more counterparts, each of which so executed shall be deemed to be an original, and such counterparts, together, shall constitute but one and the same Agreement, which shall be sufficiently evidenced by any such original counterpart.

21. This Agreement and all rights and obligations hereunder shall be construed and enforced in accordance with and governed by the laws of the Commonwealth of Pennsylvania, except that the parties shall be entitled to all rights conferred by 49 U. S. C. Section 11303. Subject to the limitation on assignment contained herein, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their successors and assigns.

WITNESS the due execution hereof as of the day and year first set forth above.

Attest:

GREENLEASE, INC.
(Lessor)


R. L. Johnson
Asst. Secretary
(CORPORATE SEAL)

By R. R. Hittle

Attest:

LEF&C LEASING COMPANY
INCORPORATED
(Lessee)


David B. B. Morrison
ASST. SECRETARY
(CORPORATE SEAL)

By Joseph L. Hartle
PRESIDENT

STATE OF Pennsylvania)
) SS:
COUNTY OF Mercer)

On this 3d day of June, 1986, before me personally appeared R. R. Hittle, to me personally known, who being by me duly sworn, says that he is the President of Greenlease, Inc., a Delaware corporation, that the seal 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.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Leora Smith
Notary Public

(NOTARIAL SEAL)

My Commission Expires:

LEORA SMITH, Notary Public
GREENVILLE, MERCER COUNTY
My Commission Expires April 3, 1989

ANNEX A

<u>Section</u>	<u>Number of Cars</u>	<u>Original Specifications</u>	<u>Description and Road Numbers</u>
I.	100	GSC Co. H-30146 dated 11/1/79 AAR Mechanical Designation - HT	All Steel 100-Ton Open Top Hopper Cars Road Nos. LEF 3881- 3980, inclusive
II.	100	GSC Co. H-30146 dated 11/1/79 AAR Mechanical Designation - HT	All Steel 100-Ton Open Top Hopper Cars Road Nos. LEF 3981- 4080, inclusive
III.	35	GSC Co. H-30138 dated 4/26/79 AAR Mechanical Designation - HT	All Steel 100-Ton Open Top Hopper Cars Road Nos. LEF 4081- 4115, inclusive