RECORDATION NO. 11420 Filed 1425

JAN 24 1980 - 11 15 AM

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 11419 Filed 1425

JAN 24 1980 - 11 15 AM

INTERSTATE COMMERCE COMMISSION

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No. 0-024A066

Date JAN 24 1980

Fee $ 150.00

ICC Washington, D. C.

January 23, 1980

RECORDATION NO. 11421 Filed 1425

JAN 24 1980 - 11 15 AM

INTERSTATE COMMERCE COMMISSION

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

Re: Recordation and Filing of Documents pertaining to 412 Boxcars Numbered MPA 37905 to MPA 37999 inclusive, MPA 7905 to MPA 7999 inclusive, MPA 39758 to MPA 39779, inclusive, and MPA 39880 to MPA 39999, inclusive and MPA 31000 to MPA 31079, inclusive (the "Equipment")

Dear Sirs:

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

A. Description of the Documents and the Parties Thereto

Enclosed herewith are three originals of the documents listed below. We request that one original of each document be recorded and filed in the order listed below. We request that the two additional originals be stamped by your office and returned to us.

1. Lease of Railroad Equipment, dated as of January 21, 1980, between Emons Industries, Inc., as lessee, and The Connecticut Bank and Trust Company, as lessor in its capacity as trustee under the Trust Agreement referred to in such Lease (the "Trustee").

2. Security Agreement, dated as of January 21, 1980, between Citicorp Industrial Credit, Inc. and the Trustee.

3. Lease, dated as of January 22, 1980, between Emons Industries, Inc., as lessor and the Maryland and Pennsylvania Railroad Company, as lessee.

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

Chase Manhattan Service Corporation
One New York Plaza - 16th Floor
New York, New York 10004

Counterpart — Donna Lilly

Citicorp Industrial Credit, Inc.
399 Park Avenue
New York, New York 10043

The Connecticut Bank and Trust Company
As Trustee under the Trust Agreement
dated December 18, 1979, between it
and Chase Manhattan Service Corporation
One Constitution Plaza
Hartford, Connecticut 16115

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

The Maryland and Pennsylvania Railroad
Company
490 East Market Street
York, Pennsylvania 17403

B. Procedural Matters

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

1. Citicorp Industrial Credit, Inc.
2. Emons Industries, Inc.
3. Chase Manhattan Services Corp.
4. The Maryland and Pennsylvania Railroad Company
5. The Connecticut Bank & Trust Company, as Trustee.

A check in the amount of $150.00 has been enclosed with this letter of transmittal to cover the recordation fee.

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

If there are any questions with respect to the enclosed or the transactions described therein, please telephone Melvin S. Slade or Michael W. Stamm of this office, collect.

Very truly yours,

Greenberg Irwin Pellman & Slade

GREENBERG IRWIN PELLMAN &
SLADE

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Greenberg, Irwin, Pellman & Slade
540 Madison Avenue
New York, N. Y. 10022

Dear Sirs:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 1/24/80 at 11:15AM, and assigned re-recordation number(s). 11220-A, 11221-A, 11419, 11420, & 11421.

Sincerely yours,

Agatha L. Mergenovich

Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

RECORDATION NO. 11420 Filed 1425
JAN 24 1980 -11 15 AM
INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

This Security Agreement (the "Security Agreement") is dated as of the 21st day of January, 1980, between The Connecticut Bank and Trust Company (the "Trustee") not in its individual capacity, but solely as trustee under a trust agreement dated as of the date hereof in the form annexed hereto as Exhibit "A" (the "Trust Agreement") and Citicorp Industrial Credit, Inc. (the "Secured Party") having its principal office at 399 Park Avenue, New York, New York 10043.

WHEREAS, the Trustee, pursuant to the Trust Agreement, is authorized and directed (i) to purchase from certain manufacturers and suppliers certain units of equipment ("Units") designated, selected and to be accepted by Emons Industries, Inc. (the "Lessee") and described in Schedule A to the Equipment Lease Agreement dated as of the date hereof in the form of Exhibit B hereto (the "Lease") and in the Certificates of Acceptance executed pursuant thereto, and (ii) to borrow funds from the Secured Party pursuant to this Agreement;

WHEREAS, the Lessee will lease the Units from the Trustee pursuant to the Lease;

WHEREAS, the Lessee will sub-lease the Units to one or more sublessees (the "Sublessees") pursuant to Equipment Sublease Agreements (the "Subleases");

WHEREAS, the Secured Party will finance that portion of the Purchase Price of the Units as provided in a Finance

Agreement dated of even date herewith (the "Finance Agreement"); and

WHEREAS, the Secured Party will make loans (the "Loans") pursuant to, and subject to the terms and provisions of, the Finance Agreement, to be evidenced by promissory notes of the Trustee (individually, a "Note", together, the "Notes")

NOW, THEREFORE, in consideration of the agreements and the covenants hereinafter contained, the parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS

1.1 Terms used herein shall have the meanings ascribed to them in the Finance Agreement, unless otherwise defined herein.

SECTION 2. GRANT OF SECURITY

In order to secure payment of the principal of and interest on the Notes according to their tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all of the Trustee's covenants and conditions in the Notes and in this Agreement, the Trustee does hereby mortgage and assign unto the Secured Party its rights powers, interest and privileges described in Sections 2.1 and 2.2 hereof (all of which properties hereby mortgaged, assigned or intended to be are hereinafter collectively referred to as the "Collateral") and grants to Secured Party a first security interest therein.

2.1 Equipment Collateral. Collateral includes the

Units described in each Certificate of Acceptance, constituting the Units leased and delivered under the Lease, together with all accessories, equipment, parts and appurtances appertaining or attached to any of the Units hereinabove described to the extent not owned by Lessee under Section 10 of the Lease, all substitutions, renewals or replacements of and additions, improvements and accessions to any and all of such Units, and any proceeds therefrom.

2.2 Rental Collateral. Collateral also includes all right, title, interest, claims and demands of the Trustee, as lessor under the Lease and as assignee of each Sublease, in, to and under the Lease and each Sublease, including all extensions of the term of the Lease or each Sublease, together with all rights, powers, privileges, options and other benefits of the Trustee under the Lease or of the Trustee, as assignee of the Subleases, under the Subleases, including, without limitation (but subject always to the exceptions contained in paragraph 2.3 hereof):

(1) the immediate and continuing right to receive and collect all rental, casualty value payments, insurance proceeds derived from insurance required to be maintained by the Lessee under the Lease (but excluding proceeds from any liability insurance), condemnation awards and other payments, tenders and security now or hereafter payable to or receivable by the Trustee under the Lease or, as assignee of the Subleases, to the extent provided in the Lease (and subject to the Lessee's rights, if any, under the Lease to any of such funds);

(2) the right to take such action upon the occurrence of an Event of Default under the Lease, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Lease, or by law, and to do any and all other things whatsoever which the Lessor is or may be entitled to under the Lease.

it being the intent and purpose hereof that the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Secured Party shall have the right to collect and receive all amounts due or to become due under the Lease (except Excluded Proceeds), at all times during the period from and after the date of this Agreement until the indebtedness hereby secured has been fully paid and discharged.

2.3 Limitations of Security Interest. The security interest granted by this Section 2 is subject to the rights and interests of the Lessee and any Sublessee in and to the Units, under the Lease or any Sublease, so long as no Event of Default shall have occurred and be continuing pursuant to the Lease, and said security interest does not attach to or include any amounts payable to the Lender, the Trustee or the Owner-Participant pursuant to Sections 6, 7, 8 or 9 of the Finance Agreement, as incorporated in the Lease (the "Excluded Proceeds") and all rights with respect to such Excluded Proceeds.

2.4 Duration of Security Interest. The security interest in the Collateral granted to the Secured Party herein shall continue until the Notes and any other indebtedness hereby secured shall have been paid in full. When all amounts secured hereby have been paid in full, the Secured Party shall release and cancel the security interest granted to it herein and shall execute such documents to evidence such release as may be reasonably requested by the Trustee. In addition, in the event that the Trustee is required to sell or convey title to any Unit to the Lessee or any other person or entity as provided in the Lease, the Secured Party shall upon receipt of an amount equal to that portion of the unpaid principal of the Note evidencing the Loan made to finance the purchase of such Unit which is allocable to the Unit then being sold or conveyed shall become due and payable, together with interest thereon to the date of payment, release and cancel its security interest granted to it herein in such Unit and shall execute such documents to evidence such release as may be reasonably requested by the Trustee or the Lessee.

2.5 Perfection. The Trustee agrees that upon request by the Secured Party, the Trustee will cause such filings as may be necessary to perfect the security interest granted herein as a first perfected security interest in favor of the Secured Party in the United States, and any other relevant jurisdiction, to be made as reasonably specified by the Secured Party. Such filings shall include, but not be limited to, filings in accordance with Section 11303 of the

Interstate Commerce Act. Further, the Trustee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments reasonably requested by the Secured Party for the purpose of proper protection, to the reasonable satisfaction of Secured Party, of Secured Party's interest in the Collateral and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement. The Trustee will promptly furnish to the Secured Party certificates or other evidence of such filing, registering, depositing and recording, reasonably satisfactory to the Secured Party. The Trustee hereby authorizes the Secured Party to do any such acts, or make any such filings, deposits or recordations with any appropriate governmental office in order to perfect its security interest in the Collateral and authorizes Secured Party to sign the Trustee's name to any such documents (the Secured Party to promptly send a copy of each such document so signed to the Trustee).

SECTION 3. ALLOCATION OF LEASE PROCEEDS

3.1 The Trustee agrees to direct the Lessee to make all payments to be made by it under the Lease, except Excluded Proceeds, directly to the Secured Party. The Trustee agrees that should it receive any such payments directed to be made to the Secured Party or should it receive any indemnity payments due to the Secured Party pursuant to Section 6 of the Finance Agreement as incorporated in the Lease, or should it receive any proceeds (other than Excluded Proceeds)

for or with respect to the Units or as the result of the sale or other disposition thereof, it will promptly forward such payments to the Secured Party. The Secured Party agrees to apply amounts from time to time received by it (from the Lessee, the Trustee or otherwise) with respect to the Lease or the Units to the payment of the then due principal of and interest on the Notes and any other amounts then due and payable to Secured Party under this Agreement, and provided that no event of default hereunder shall have occurred and be continuing hereunder, to promptly pay any balance to the Trustee. The Secured Party may endorse the name of the Trustee on any check, draft or other instrument for the payment of money received by the Secured Party on account of any payment referred to in this section, if it believes such endorsement is necessary or desirable for purposes of collection and Secured Party agrees to notify the Trustee of any such receipt and endorsement of the name of the Trustee.

3.2 In the event of a Casualty Occurrence (as defined in Section 7 of the Lease) as to any Unit, that portion of the unpaid principal of the Note evidencing the Loan made to finance the purchase of such Unit, which is allocable to the Unit suffering such Casualty Occurrence shall become due and payable, together with interest thereon to the date of payment, on the installment date of such Note which corresponds to the date on which the Casualty Value (as defined in the Lease) relating to such Casualty Occurrence is payable under the Lease. After each such payment of a Note, the remaining

installments of principal and interest on such Note shall be equal to the percentage of the principal amount of such Note (as reduced by such payment) specified opposite the respective payment date in Schedule 1 to such Note.

3.3 In the event of a termination as to all Units in the event such Units have become Obsolete Units, as provided in Section 7 the Lease, the entire principal of all Notes, together with unpaid interest thereon, shall become due and payable on the installment dates of the Notes which corresponds to the date on which the Termination Value (as defined in the Lease) is payable pursuant to the Lease.

SECTION 4. RENEGOTIATION/PREPAYMENT

4.1 The Trustee shall have not have any right to prepay any Note or any portion thereof except in accordance with Section 3.2 and 3.3 hereof and as provided in Section 4.2 below.

4.2 After payment of the tenth semi-annual payment due on the Notes, provided no event of default shall have occurred and be continuing hereunder, the Secured Party agrees, at the Trustee's option, which option shall be exercisable by written notice thereof to the Secured Party not less than 60 days or more than 120 days after the due date of such tenth semi-annual payment, to negotiate with the Trustee to determine whether a new interest rate on the Notes should be adopted. If the Trustee and the Secured Party are unable to reach agreement as to a new interest rate, the Trustee shall have the option, exercisable upon 30 days prior written notice to the Secured Party, to prepay

all Notes on the due date of the eleventh semi-annual payment thereon, by paying to the Secured Party an amount equal to 104% of the then outstanding principal balance of all Notes, together with all interest accrued thereon. If the Trustee shall not exercise its rights herein, the Notes shall be paid in accordance with their terms.

SECTION 5. REPRESENTATIONS, WARRANTIES AND COVENANTS

5.1 The Trustee represents, warrants and covenants and agrees as follows:

(a) the Trustee is not entering into this Agreement or the Lease, or any other transaction contemplated hereby or thereby, directly or indirectly in connection with any arrangement in any way involving any employee benefit plan (other than a government plan) with respect to which it in its individual capacity, the Owner-Participant or the Lessee is a party in interest, all within the meaning of ERISA; and the Trustee covenants that it will not transfer its interest acquired pursuant to this Agreement to any other person which is at the time a party in interest with respect to any employee benefit plan, the assets of which were used by the Owner-Participant or the Secured Party in making its investment pursuant to this Agreement, all within the meaning of ERISA;

(b) all of its representations and warranties contained in Section 4(c) of the Finance Agreement are true and correct;

(c) the Trustee agrees that, except as the Secured Party may otherwise consent in writing, the Trustee will not

agree to any amendment of or modification to, or termination of, waive any provision of, or give any consent pursuant to, the Lease which may adversely affect Secured Party's claim to the Units or to the payments due or to become due under the Lease or the Secured Party's rights in any of the Collateral.

(d) the Trustee will fulfill and comply with the terms, conditions and provisions of this Agreement, the Notes and the Lease.

(e) the Trustee will keep the Collateral free and clear of any and all liens, claims and encumbrances, except for the rights granted to the Secured Party herein, the rights of the Owner-Participant under the Trust Agreement and the rights of the Lessee and any Sublessee under the Lease and any Sublease, respectively.

(f) the Lease, the Finance Agreement and any other documents specified therein or contemplated thereby represent the total and complete agreement between the Trustee and the Lessee with respect to the Collateral and the Trustee has entered into no other agreements, whether written or oral, with Lessee, with respect to the Collateral.

5.2 The Secured Party represents and warrants as follows:

(a) it is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation and has full corporate power and authority to execute and deliver this Agreement; and

(b) it is acquiring the Notes for its own account for investment and not with a view to, or for sale in connection

with, the distribution of the same, nor with any present intention of distributing or selling the same, but subject, nevertheless, to any requirement of law that the disposition of its property shall at all times be within its control.

SECTION 6. EVENTS OF DEFAULT

Any of the following events shall constitute an event of default hereunder:

6.1 the Trustee in its individual capacity or otherwise shall default in the due observance or performance of any covenant, condition or provision hereof or breach any of the representations, warranties or agreements herein and such default shall continue for more than 10 days after written notice from the Secured Party specifying the default and demanding the same to be remedied;

6.2 the Trustee, in its individual capacity or otherwise, ceases doing business as a going concern, makes an assignment for the benefit of creditors, admits in writing its inability to pay its debts as they become due, files a voluntary petition in bankruptcy in its individual capacity or otherwise, is adjudicated a bankrupt or an insolvent, files a petition seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar arrangement under any present or future statute, law or regulation or files an answer admitting the material allegations of a petition filed against it in any such proceeding, or consents to or acquiesces to the appointment of a trustee, receiver or liquidator of it or all or

any substantial part of its assets or properties, or if within 60 days after the commencement of any proceedings against the Trustee seeking similar relief, reorganization, arrangement, readjustment, liquidation, dissolution or similar arrangement under any present or future statute, law or regulation, such proceedings shall not have been dismissed, or if within 60 days after the appointment without the Trustee's consent or acquiescence of any trustee, receiver or liquidator of it or of all or any substantial part of its assets or properties, such appointment shall not be vacated;

6.3 an Event of Default (as that term is defined in the Lease) shall have occurred and be continuing under the Lease; or

6.4 the Trustee shall breach any of the provisions of the Lease and such breach shall continue for more than 10 days after written notice from the Secured Party or the Lessee specifying such breach; or

6.5 the Owner-Participant shall breach any of its material representations or warranties in the Finance Agreement or shall breach any obligation to the Secured Party contained in the Finance Agreement.

SECTION 7. REMEDIES

7.1 In case an event of default shall have occurred and be continuing hereunder, the Secured Party may declare the entire unpaid principal amounts of the Notes and unpaid interest thereon and any other sums owed hereunder immediately due and payable, subject, however, to the limitations of

liability contained in Section 8 hereof, and the Secured Party shall have the rights and remedies of a secured party under the Uniform Commercial Code, or other applicable law, and if an Event of Default shall have occurred and be continuing under the Lease, may exercise all rights of the Trustee under the Lease to recover all sums due or to become due under the Lease (except Excluded Proceeds) and apply the same against the unpaid amount of the Notes or to any other indebtedness secured hereby.

7.2 In case an event of default shall have occurred and be continuing hereunder, in addition to its rights and remedies contained in paragraph 6.1 herein, the Secured Party shall have the sole and absolute right (to the exclusion of the Trustee) to give or withhold all consents, waivers and notices, and to take or refrain from taking all other actions of any nature whatsoever, to be given or taken by the Trustee, as Lessor under the Lease or with respect to the Units and Trustee acknowledges and agrees that upon the happening of such event it shall not grant any consents or waivers or give notice or take any other action of any nature whatsoever which Trustee, as Lessor, could take under the Lease with respect to the Lease or with respect to the Units, provided, however, that if no event of default shall have occurred and be continuing hereunder, such covenants, waivers, notices and other actions shall be given by the Secured Party with the consent of the Trustee.

SECTION 8. LIMITATIONS ON LIABILITY

8.1 The liability of the Trustee for all payments to

be made by the Trustee hereunder and pursuant to the Notes shall be non-recourse as to the Trustee, and the Secured Party shall look solely to the Collateral, including but not limited to any proceeds thereof, with respect to obtaining the unpaid principal of and interest on the Notes and any sums due the Secured Party under the terms of this Agreement and, except as stated in 8.2 below, the Secured Party shall have no recourse against the Trustee , in its individual capacity, or any of its assets or properties other than the Collateral.

8.2 Notwithstanding anything to the contrary herein, the Secured Party shall have recourse to the Trustee, individually, for any breach of its representations, warranties and agreements contained in Sections 4.1 (b) or (c) and for any loss caused by the willful misconduct or gross negligence of the Trustee.

8.3 Notwithstanding the limitations of liability of the Trustee otherwise herein contained, the obligation of the Trustee to pay the principal of and interest on the Notes and all other amounts payable to the Secured Party hereunder shall be fully enforceable (by appropriate proceedings against the Trustee in law or in equity or otherwise) against the Trustee's right, title and interest in the Collateral and nothing contained herein limiting the liability of the Trustee shall derogate from the right of the Secured Party to enforce its security interest in the Collateral for the unpaid principal of and the interest on the Notes and all other amounts payable to the Secured Party hereunder and

under the Notes, including, without limitation, the right to accelerate the maturity of payments on the Notes as provided herein upon an event of default hereunder and to proceed against the Lessee under the Lease for any rent and any other sums due or to become due under the Lease and to realize upon the Units.

SECTION 9. MISCELLANEOUS

9.1 All communications and notices provided for herein shall be in writing and shall become effective when deposited in the United States mail, with proper postage for first-class mail, prepaid, addressed (i) if to the Lender, at 399 Park Avenue, New York, New York 10043, Attention: Manager Contract Administration, (ii) if to the Trustee, at 1 Constitution Plaza, Hartford, Connecticut, 06115, Attention: Corporate Trust Department, or at such other address as any party hereto shall from time to time designate by notice in writing to the other parties hereto.

9.2 All agreements, representations and warranties contained herein, and in certificates and other instruments delivered pursuant hereto shall survive the execution and delivery of this Agreement and the issue, sale and delivery of the Notes and the purchase thereof pursuant hereto and to the Finance Agreement, and shall continue in effect so long as any Note issued in connection with the transactions contemplated hereby is outstanding and unpaid. All agreements, representations and warranties in this Agreement shall bind the party making the same, and its successors and assigns,

and shall inure to the benefit of and be enforceable by each party for whom made, and their respective successors and assigns. This Agreement shall be governed by, and be construed in accordance with, the laws of the State of New York. Neither this Agreement nor any of the terms hereof may be amended, supplemented, waived or modified (herein referred to as a change) orally, but only by an instrument in writing signed by the party against which enforcement of such change is sought, and no such change shall affect the duties or responsibilities of the Trustee, and the same shall not be effective unless consented to in writing by the Trustee.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

(Corporate Seal)

Attest:

Title Asst Sec

THE CONNECTICUT BANK AND TRUST COMPANY, in its individual capacity to the extent expressly so provided hereinabove and otherwise as Trustee under the Trust Agreement

By

Title A.V.P.

(Corporate Seal)

Attest:

Title Asst. Secretary

CITICORP INDUSTRIAL CREDIT, INC.

By

Title

James E. Smith
Citicorp Industrial Credit
8th Fl. Zone 13-Ext. 7413

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

On this 22nd day of January, 1980, before me personally appeared Clark M. Whitcomb, to me personally known, who, being by me duly sworn, says that he is a Asst. Vice President of The Connecticut Bank and Trust Company, 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.

Patrice A. Marchese
Notary Public

PATRICE A. MARCHESE
Notary Public, State of New York
No. 03—4696611
Qualified in Bronx County
Certificate filed in New York County
Commission Expires March 30, 1981

My commission expires: March 30, 1981

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

On this 22nd day of January, 1980, before me personally appeared James E. Smith, to me personally known, who, being by me duly sworn, says that he is a Vice President of Citicorp Industrial Credit, Inc., 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.

Patrice A. Marchese
Notary Public

PATRICE A. MARCHESE
Notary Public, State of New York
No. 03—4696611
Qualified in Bronx County
Certificate filed in New York County
Commission Expires March 30, 1981

My commission expires: March 30, 1981

EXHIBIT A TO
SECURITY AGREEMENT

TRUST AGREEMENT

Dated as of January 21, 1980

between

CHASE MANHATTAN SERVICE CORPORATION

as Owner Participant

and

THE CONNECTICUT BANK AND TRUST COMPANY

as Trustee

INDEX TO TRUST AGREEMENT

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Exhibit A - Form of Owner Receipts

TRUST AGREEMENT

This TRUST AGREEMENT dated as of January 21, 1980 between the financial institution identified as the Owner Participant on the signature pages hereof, and THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut banking corporation (the "Trustee").

W I T N E S S E T H :

ARTICLE I

Definitions

Section 1.01. For all purposes of this Trust Agreement the following terms shall have the following meanings:

"Agreements" shall mean the agreements, contracts and other documents referred to in Section 3.01 hereof.

"Finance Agreement" shall mean the Finance Agreement dated as of even date herewith among the Lessee, the Owner Participant which is a party hereto, the Lender and the Trustee, as the same may be amended, supplemented or modified from time to time.

"Lease" shall mean the Lease of Railroad Equipment dated as of even date herewith between the Trustee and the Lessee, as the same may be amended, supplemented or modified from time to time.

"Lender" shall mean Citicorp Industrial Credit, Inc.

"Lessee" shall mean Emons Industries, Inc. and its successors (if any) as the Lessee under the Lease.

"Note" and "Notes" shall have the meanings assigned to such terms in the Finance Agreement.

"Owner Receipt" shall mean a receipt, substantially in the form of Exhibit A hereto, issued by the Trustee acknowledging receipt of a payment by the Owner Participant pursuant to §2(b) of the Finance Agreement.

"Owner Participant" shall mean the financial institution identified as Owner Participant on the signature pages hereof or any other persons or entities which hereafter become Owner Participants, and their respective successors and assigns. All provisions of this Agreement which refer to two or more Owner Participants shall, so long as there shall be only a single Owner Participant, refer only to such Owner Participant.

"Security Document" shall mean the Security Agreement dated as of even date herewith between the Trustee and Citicorp Industrial Credit, Inc.

"Trust Estate" shall mean all estate, right, title and interest of the Trustee in and to the Units and the Agreements and any other properties and interest that under the Agreements (or any other agreements among the parties hereto) are to be held as part of the estate hereunder.

"Trustee's Lien" shall mean a Lien on any Unit securing a claim against the Trustee in its individual capacity (and not as Trustee hereunder or as the Lessor under the Lease) other than any such claim related to or arising out of the right, title or interest of the Trustee in or to such Unit, to the leasing, use, operation, maintenance or servicing of such Unit or any other transaction contemplated by this Agreement, the Lease, the Finance Agreement or the Security Document.

Section 1.02. Other terms used herein which are defined in the Finance Agreement or the Lease shall have their respective meanings as defined therein unless otherwise noted.

ARTICLE II

Appointment of Trustee; Interest of Owner Participants; Declaration of Trust

Section 2.01. The Owner Participants hereby appoint the Trustee to act as trustee, for the benefit of the Owner Participants as contemplated herein, in the proposed transactions referred to in Section 3.01 hereof.

Section 2.02. The Trust Estate shall be held by the Trustee for the use and benefit of the Owner Participants, which shall have respective undivided beneficial interests therein pro rata in proportion to their respective investments in the Trust Estate. Subject to the provisions of this Trust Agreement, the Trustee will perform the duties specified herein or in unanimous written instructions of the Owner Participants.

Section 2.03. The Trustee hereby declares that, subject to the Security Document, it will hold the Trust Estate upon the trust herein set forth for the ratable use and benefit of the Owner Participants.

ARTICLE III

Execution of Agreements and Owner Receipts

Section 3.01. The Trustee will, and is hereby authorized and directed to:

(i) execute, deliver and carry out its obligations under each of the Finance Agreement, the Lease, the Security Document and all other documents and instruments required thereby which are to be executed by the Trustee and, after the execution and delivery thereof as provided in Section 3.02 hereof, carry out its obligations under the Notes; and

(ii) subject always to the rights of the Lessee under the Lease and the rights of the Lender under the Notes and the Security Document, enter into such other agreements, documents and instruments, and do such other acts and things, as it shall be advised by the Owner

Participants are necessary or advisable in connection with the transactions contemplated by the Finance Agreement, the Lease, the Notes and the Security Document (and which shall not be inconsistent with such rights of the Lessee and the Lender).

Section 3.02. On each Funding Date: (i) upon receipt from an Owner Participant of the amount to be paid by such Owner Participant on such Funding Date pursuant to §2(b)(ii) of the Finance Agreement, the Trustee will execute and deliver to such Owner Participant a duly completed Owner Receipt in the name of such Owner Participant, dated such Funding Date and substantially in the form of Exhibit A hereto; and (ii) upon receipt from the Lender of the proceeds of the Loan to be made by the Lender on such Funding Date pursuant to Section 2(b)(iii) of the Finance Agreement, the Trustee will execute and deliver to the Lender a duly completed Note, dated such Funding Date.

ARTICLE IV

Distribution of Income and Proceeds from the Trust Estate

Section 4.01. Until payment in full of the indebtedness secured by the Security Document, all monies received by the Trustee under the Lease or in respect of the Units (but excluding any monies received by the Trustee (i) pursuant to the Finance Agreement or the last paragraph of §3 of the Lease, (ii) pursuant to Section 5.01 or 7.01 hereof or (iii) from the Lender under the Security Document) shall forthwith be paid by the Trustee to the Lender for application as provided in the Security Document.

Section 4.02. Subject to Section 4.01 hereof and except as provided in Section 4.03 hereof, income and proceeds from the Trust Estate shall be distributed to the Owner Participants upon receipt by the Trustee (in immediately available funds, provided that the Trustee shall have such funds available on the date of disbursement) in accordance with the respective undivided beneficial interests of the Owner Participants in the Trust Estate.

Section 4.03. Subject to Section 4.01 hereof, any payments received by the Trustee provision for the ap-

plication of which is made in the Lease shall be applied by the Trustee as provided in the Lease.

Section 4.04. Unless otherwise specified by an Owner Participant, amounts payable by the Trustee to such Owner Participant hereunder will be payable to such Owner Participant at its office specified beneath its signature hereto or at such other address as may, from time to time, be specified by such Owner Participant.

ARTICLE V

Duties of the Trustee

Section 5.01. Anything in this Agreement to the contrary notwithstanding, the Trustee shall not be required to take any action, or to refrain from taking any action, unless the Trustee shall have been indemnified by the Owner Participants, or any thereof, in a manner reasonably satisfactory to the Trustee, against any liability, cost or expense (including counsel fees) which may be incurred in connection therewith. The Trustee shall not be required to take any action hereunder if the Trustee shall reasonably determine, or shall have been advised by counsel, that such action may be contrary to law.

Section 5.02. The Trustee shall not have any duty or obligation except as expressly provided by the terms of this Trust Agreement or in unanimous written instructions of the Owner Participants and no implied duties or obligations shall be read into this Trust Agreement against the Trustee; provided that the Trustee will at its own expense keep the Trust Estate free of any and all Trustee's Liens.

Section 5.03. The Trustee agrees that (except as otherwise permitted by Section 6.06) it will not manage, control, use, sell, dispose of or otherwise deal with the Units or any other part of the Trust Estate except as expressly provided by the terms of this Trust Agreement or (subject to the rights of the Lessee under the Lease and the Lender under the Security Document) in unanimous written instructions of the Owner Participants.

Section 5.04. The Trustee shall not be bound to make any investigation into the facts or matters stated in

any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

Section 5.05. At the request of and on the basis of information provided by the Owner Participant, the Trustee shall prepare or cause to be prepared by a reputable accounting firm the federal income tax return of the trust. The Trustee shall execute on behalf of the trust created hereby all tax returns required of the trust created hereby or the transactions contemplated hereby which are presented to it by or on behalf of any Owner Participant other than those which are not to be prepared and executed by the Lessee pursuant to Section 7 of the Finance Agreement provided that (i) when a method of accounting or tax return treatment or an item of income, deduction or credit is optional or elective, the method adopted shall be approved by the Owner Participants, and (ii) the Owner Participants shall approve each return to be filed.

Section 5.06. Except as otherwise provided in the Security Document, the Trustee shall have no duty except as provided in unanimous written instructions of the Owner Participants (i) to see to any recording or filing of the Lease, the Security Document or this Trust Agreement or any other document, or to see to the maintenance of any such recording or filing, (ii) to see to any insurance on the Units or to effect or maintain any such insurance, (iii) except as provided in Section 5.02 hereof, to see to the payment or discharge of any tax, assessment or other governmental charge or any Lien with respect to, assessed or levied against any part of the Trust Estate, (iv) to confirm, verify or inquire into the failure to receive any financial statements of the Lessee, or (v) to inspect the Units at any time or ascertain or inquire as to the performance or observance of any of the Lessee's covenants in the Lease.

Section 5.07. THE TRUSTEE MAKES (i) NO REPRESENTATION OR WARRANTY AS TO THE VALUE, CONDITION OR FITNESS FOR USE OF ANY UNIT OR, EXCEPT AS PROVIDED IN SECTION 4(c) OF THE FINANCE AGREEMENT, ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE UNITS WHATSOEVER, AND (ii) EXCEPT AS PROVIDED IN SECTION 4(c) OF THE FINANCE AGREEMENT, NO

REPRESENTATION OR WARRANTY AS TO THE VALIDITY, LEGALITY OR ENFORCEABILITY OF THE LEASE OR ANY OTHER AGREEMENT OR AS TO THE CORRECTNESS OF ANY STATEMENT CONTAINED THEREIN.

Section 5.08. (a) Subject to the Security Document, and to Sections 5.01, 6.07 and 10.02 hereof, upon the unanimous written instructions of the Owner Participants, the Trustee will take such of the following actions as may be specified in such instructions:

(i) give such notice or direction or exercise such right or power under the Lease or the Security Document, or enter into any amendments or supplements of the Lease with the Lessee or the Security Document with the Lender, as shall be specified in such instructions;

(ii) approve as satisfactory or acceptable to it all matters required by the terms of the Lease to be satisfactory or acceptable to the Trustee, it being understood that without the unanimous written instructions of the Owner Participants, the Trustee shall not approve any such matter as satisfactory or acceptable to it; and

(iii) after the expiration of the term of the Lease with respect to a Unit, convey all of the Trustee's right, title and interest in and to such Unit for such amount, on such terms and to such purchaser or purchasers as shall be designated in such instructions, or lease or otherwise dispose of such Unit on such terms as shall be designated in such instructions.

(b) Subject to the Security Document, the Trustee will execute and file or record such financing and continuation statements and other documents relating to the Lease and/or any Units and/or any part of the Trust Estate as may be specified from time to time in unanimous written instructions of the Owner Participants (which instructions may, by their terms, be operative at a future date).

Section 5.09. The Trustee will furnish to each Owner Participant and the Lender, promptly upon receipt thereof, duplicates or copies of all reports, notices, returns, requests, demands, certificates, financial statements and other instruments furnished to the Trustee under the Lease or the Security Document unless the Trustee

shall determine that such Owner Participant or Lender has already received the same.

Section 5.10. The Trustee agrees to give immediate notice to each Owner Participant whenever any of the following events occur:

(a) Any taxes, fees or other charges, excluding any taxes payable by the Trustee on or measured by any compensation received by the Trustee for its services under the Trust Agreement, are asserted by any taxing authority under the laws of any state or under Federal law in a communication sent to an officer in the Trustee's Corporate Trust Department (a) in connection with the execution, delivery or performance of the Agreements, all dated as of even date herewith, or (b) in connection with the issuance and acquisition of the Notes or (c) against the Trust Estate, generally.

(b) Any officer in the Trustee's Corporate Trust Department acquires knowledge in the ordinary course of business of any taxes, fees or other charges (other than taxes on trustee's fees) that are asserted by any taxing authority under Connecticut law in connection with any leveraged lease transaction which is of the same generic type as the transaction contemplated hereby, which taxes, fees or other charges would not be required to be paid if the trustee were not a Connecticut corporation or the trust were not administered in Connecticut.

(c) Any officer in the Trustee's Corporate Trust Department acquires knowledge in the ordinary course of business of any amendment or change in the tax laws of the State of Connecticut, including the types of changes referred to in clauses (a), (b), (c), (d) and (e) of the fourth paragraph of Section 3 of the Lease, which change may result in a tax being asserted as set forth in paragraph (b) of this Section 5.10.

ARTICLE VI

The Trustee

Section 6.01. The Trustee accepts the trust hereby created and agrees to perform the same, but only upon the

terms of this Trust Agreement. Except as otherwise expressly stated herein, the Trustee shall not be answerable or accountable under any circumstances, except for its own wilful misconduct or gross negligence.

Section 6.02. Any monies received by the Trustee hereunder need not be segregated in any manner except to the extent required by law and as otherwise provided in the Agreements, and may be deposited under such general conditions as may be prescribed by law, and the Trustee shall not be liable for any interest thereon.

Section 6.03. The Trustee shall incur no liability to anyone in acting in reliance upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper determined by it to be genuine and believed by it to be signed by the proper party or parties. In the administration of the trust hereunder, the Trustee may execute any of the powers hereof and perform its powers and duties hereunder directly or through agents or attorneys and may, at the expense of the Trust Estate, consult with counsel, accountants and other skilled persons to be selected and employed by it, and the Trustee shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled persons.

Section 6.04. In accepting the trust hereby created, the Trustee acts solely as trustee hereunder and not in its individual capacity; and except as otherwise provided in this Trust Agreement, all persons or entities, other than the Owner Participants to the extent provided herein, having any claim against the Trustee by reason of the transactions contemplated hereby shall look only to the Trust Estate for payment or satisfaction thereof.

Section 6.05. The Trustee shall be entitled to compensation for its services as heretofore agreed by the Owner Participants and the Trustee and to reasonable compensation for services not contemplated by this Agreement or for services as to which compensation has not heretofore been agreed.

Section 6.06. Subject to the Security Document, if the Trustee has been notified in writing by an Owner

Participant, the Lessee or the Lender that an Event of Default has occurred and is continuing, and if the Trustee has not received instructions from the Owner Participants, the Trustee shall (subject to Section 5.01 hereof) exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

Section 6.07. The Trustee shall not be liable for any loss, liability, cost or expense except for any thereof resulting from its own gross negligence or wilful misconduct, the inaccuracy of any representation or warranty made by it in its individual capacity or the violation of any agreement made by it in its individual capacity.

Section 6.08. Whether or not therein expressly so provided, every provision of this Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article VI.

ARTICLE VII

Indemnification of Trustee by Owner Participants

Section 7.01. The Owner Participants, severally in accordance with their respective interests hereunder, whether or not any of the transactions contemplated hereby shall be consummated, agree to assume liability for, and do hereby agree to indemnify, protect, save and keep harmless the Trustee, and its successors, assigns, legal representatives, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, taxes (excluding any taxes payable by the Trustee on or measured by any compensation received by the Trustee for its services under this Trust Agreement), claims, actions, suits, costs, expenses or disbursements (including, without limitation, legal fees and expenses) of any kind and nature whatsoever (any and all of the foregoing herein referred to as "Trustee's Losses") which may be imposed on, incurred by or asserted against the Trustee (to the extent not indemnified against by any other person and not promptly paid upon the Trustee's demand) in any way relating to or

arising out of this Trust Agreement or any of the Agreements or the enforcement of any of the terms of any thereof, or in any way relating to or arising out of the manufacture, purchase, acceptance, non-acceptance, rejection, ownership, delivery, possession, use, operation, condition, sale, return or other disposition of the Units (including, without limitation, latent and other defects, whether or not discoverable, and any claim for patent, trademark or copyright infringement), or in any way relating to or arising out of the administration of the Trust Estate or the action or inaction of the Trustee hereunder, except for Trustee's Losses resulting from wilful misconduct or gross negligence on the part of the Trustee in the performance of its duties hereunder or the inaccuracy of any representation or warranty made by it in its individual capacity, or the violation of any agreement made by the Trustee in its individual capacity in the Finance Agreement, the Lease or the Security Document. In addition, if necessary to secure such indemnification, the Trustee shall have a lien on the Trust Estate prior to any interest therein of any Owner Participants (but subject to the security interest provided for by the Security Document). The indemnities contained in this Section 7.01 extend to the Trustee only in its individual capacity and shall not be construed as an agreement of the Owner Participants to indemnify the Trust Estate. The indemnities contained in this Section 7.01 shall survive the termination of this Trust Agreement. The obligations of the Owner Participants under this Section 7.01 shall be ratable in the proportion that the interest of each Owner Participant in the Trust Estate bears to the aggregate of the interests of all Owner Participants in the Trust Estate.

ARTICLE VIII

Transfer of Owner Participant's Interests

Section 8.01. With the written consent of all Owner Participants one or more additional persons or entities may become Owner Participants hereunder. An Owner Participant (including any additional or successor Owner Participant pursuant to this Section 8.01) shall not, without the written consent of all other Owner Participants, assign, convey or otherwise transfer any of its respective rights, titles or interests in and to this Trust Agreement, the Finance Agreement or the Trust Estate (it being under-

stood that additional restrictions on the right of an Owner Participant to affect any such transfer are contained in the Finance Agreement). The Owner Participant which is a party hereto will be secondarily liable to the Trustee with respect to the obligations to the Trustee hereunder of each transferee Owner Participant.

ARTICLE IX

Successor Trustees, Co-Trustees and Separate Trustees

Section 9.01. (a) The Trustee or any successor Trustee may resign at any time without cause by giving at least 30 days' prior written notice to each Owner Participant, such resignation to be effective upon the acceptance of appointment by the successor Trustee under Section 9.01(b) hereof. In addition, the Owner Participants may at any time remove the Trustee without cause by a notice in writing delivered to the Trustee, such removal to be effective upon the acceptance of appointment by the successor Trustee under Section 9.01(b) hereof. In the case of the resignation or removal of the Trustee, the Owner Participants may appoint a successor Trustee by an instrument signed by the Owner Participants. If a successor Trustee shall not have been appointed within 30 days after such notice of resignation or removal, the Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee to act until such time, if any, as a successor shall have been appointed as above provided. Any successor Trustee so appointed by such court shall immediately and without further act be superseded by any successor Trustee appointed as above provided. In addition, the Owner Participants by unanimous action, may revoke or terminate the trust created hereby without cause by a notice in writing delivered to the Trustee, such revocation or termination to be effective at the time specified in such notice.

(b) Any successor Trustee, however appointed, shall execute and deliver to the predecessor Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without further act, shall become vested with all the estates, properties, rights, powers, duties and trust of the predecessor Trustee in the trusts hereunder

with like effect as if originally named the Trustee herein; but nevertheless, upon the written request of such successor Trustee, such predecessor Trustee shall execute and deliver an instrument transferring to such successor Trustee, upon the trust herein expressed, all the estates, properties, rights, powers and trusts of such predecessor Trustee, and such predecessor Trustee shall duly assign, transfer, deliver and pay over to such successor Trustee all monies or other property then held by such predecessor Trustee upon the trust herein expressed.

(c) Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation to which substantially all the corporate trust business of the Trustee may be transferred, shall be the Trustee under this Trust Agreement without further act.

(d) Any successor Trustee, however appointed, shall be a bank or trust company having its principal place of business in the State of New York or Connecticut, and having a combined capital and surplus of at least $100,000,000, if there shall be such an institution available that is willing to act on customary terms.

Section 9.02. (a) At any time or times, for the purpose of meeting the legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located, the Trustee shall have power to appoint one or more persons approved by the Trustee or all of the Owner Participants either to act as co-trustee, or co-trustees, jointly with the Trustee, of all or any part of the Trust Estate, or to act as separate trustee or trustees of any property constituting part thereof, in either case with such powers as may be provided in the instrument of appointment, and to vest in such person or persons in the capacity as aforesaid, any property, title, right or power deemed necessary or desirable, subject to the remaining provisions of this Section 9.02.

(b) Every separate trustee or co-trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

(i) The rights, powers, duties and obligations hereby conferred or imposed upon the Trustee shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such separate trustee or separate trustees or co-trustee or co-trustees jointly, as shall be provided in the instrument appointing such separate trustee or separate trustees or co-trustee or co-trustees, except to the extent that, under any law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed by such separate trustee or separate trustees or co-trustee or co-trustees.

(ii) The Trustee at any time, by an instrument in writing executed by it, may accept the resignation of or remove any separate trustee or co-trustee appointed under this Section 9.02. A successor to any separate trustee or co-trustee so resigned or removed may be appointed in the manner provided in this Section 9.02.

(iii) No trustee hereunder shall be liable by reason of any act or omission of any other trustee hereunder.

(iv) No power given hereby to any such separate trustee or co-trustee shall be separately exercised hereunder by such separate trustee or co-trustee except with the consent in writing of the Trustee, anything herein contained to the contrary notwithstanding.

(c) Upon the acceptance in writing of such appointment by any such separate trustee or co-trustee, he or it shall be vested with the estates or property specified in the instrument of appointment jointly with the Trustee (except insofar as local law makes it necessary for any such separate trustee to act alone) subject to all the terms of this Trust Agreement. Every such acceptance shall be filed with the Trustee. Any separate trustee or co-trustee may, at any time by an instrument in writing, constitute the Trustee its or his agent and attorney-in-fact, with full power and authority to do all acts and things and to exercise all discretion on its or his behalf and in its or his name. In case any separate trustee or co-trustee shall die,

become incapable of acting, resign or be removed, all the estates, property, rights, powers, trusts, duties and obligations of said separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee without the appointment of a new trustee as successor to such separate trustee or co-trustee.

ARTICLE X

Amendments and Supplements to this Trust Agreement

Section 10.01. At any time and from time to time, but only upon the unanimous written instructions of the Owner Participants and subject to the rights of the Lessee under the Lease and the Lender under its Security Document, the Trustee, together with the Owner Participants, shall execute an amendment or supplement to this Trust Agreement for the purpose of adding provisions to, or changing or eliminating provisions of, this Trust Agreement as specified in such request.

Section 10.02. Anything herein to the contrary notwithstanding, if in the opinion of the Trustee any document required to be executed pursuant to the terms of Section 5.08 or Section 10.01 hereof affects any right, duty, immunity or indemnity in favor of the Trustee under this Trust Agreement, the Trustee may in its discretion decline to execute such document.

Section 10.03. It shall not be necessary for any written request furnished pursuant to Section 10.01 hereof to specify the particular form of the proposed documents to be executed pursuant to said Section 10.01, but it shall be sufficient if such request shall indicate the substance thereof.

Section 10.04. Promptly after the execution by the Trustee of any document entered into pursuant to Section 10.01 hereof, the Trustee shall mail, by first class mail, postage prepaid, a conformed copy thereof to Lessee but the failure to mail such copies as aforesaid shall not impair or affect the validity of such document.

ARTICLE XI

Miscellaneous

Section 11.01. This Trust Agreement (other than Section 7.01 hereof) and the trust created hereby shall terminate and this Trust Agreement shall be of no further force and effect upon the earlier of (i) the sale or other final disposition by the Trustee of all property constituting part of the Trust Estate and the final distribution by the Trustee of all monies or other property or proceeds constituting part of the Trust Estate in accordance with Article IV hereof, or (ii) 21 years less one day after the death of the last descendant of Laurance S. or David Rockefeller, said descendant being alive on the date hereof, provided that if any rights, privileges or options created by this Trust Agreement shall be or become valid under applicable law for a period subsequent to the 21st anniversary of the death of such last descendant (or, without limiting the generality of the foregoing, if legislation shall become effective providing for the validity or permitting the effective grant of such rights, privileges and options for a period in gross, exceeding the period for which such rights, privileges and options are hereinabove stated to extend and be valid), then such rights, privileges or options shall not terminate as aforesaid but shall extend to and continue in effect until such time as the same shall, under applicable law, cease to be valid, whereupon all monies or other property or proceeds constituting part of the Trust Estate shall be distributed in accordance with the terms of Article IV hereof; otherwise this Trust Agreement and the trust created hereby shall continue in full force and effect in accordance with the terms hereof.

Section 11.02. The Owner Participants shall not have legal title to any part of the Trust Estate. No transfer, by operation of law or otherwise, of any of the respective rights, titles and interests of an Owner Participants in and to the Trust Estate hereunder shall operate to terminate this Trust Agreement or the trusts hereunder or entitle any successor or transferee of such Owner Participants to an accounting or to the transfer to it of legal title ot any part of the Trust Estate.

Section 11.03. All notices required under the terms and conditions hereof shall be in writing or by tested

or otherwise authenticated telex, telegram or cable and shall be deemed to have been duly given or made when deposited in the United States mail, with proper postage for first class mail prepaid, transmitted by telex or delivered to the telegraph office addressed to the parties hereto at the address specified below their names on the signature pages hereof or at such other address as such party shall from time to time designate in writing to the other parties hereto.

Section 11.04. Any sale or other conveyance of a Unit by the Trustee made pursuant to the terms of this Trust Agreement or of the Lease shall bind the Owner Participants and shall be effective to transfer or convey all right, title and interest of the Trustee and such holders in and to such Unit. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other proceeds with respect thereto by the Trustee.

Section 11.05. Any provision of this Trust Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be 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 provision in any other jurisdiction.

Section 11.06. No term or provision of this Trust Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party or other person against whom enforcement of the change, waiver, discharge or termination is sought; and any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

Section 11.07. This Trust Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 11.08. All covenants and agreements contained herein shall be binding upon, and inure to the

benefit of, the Trustee and the Owner Participants, their respective successors and, to the extent permitted by Article VIII hereof, their respective assigns. Any request, notice, direction, consent, waiver or other instrument or action by an Owner Participant shall bind the successors and assigns of such Owner Participant.

Section 11.09. The headings of the various Articles herein are for convenience of reference only and shall not define or limit any of the terms of provisions hereof.

Section 11.10. This Trust Agreement shall in all respects be governed by, and construed in accordance with, the law of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

As Trustee

THE CONNECTICUT BANK AND TRUST COMPANY

By_____
Title:
Address: 1 Constitution Plaza
Hartford, Connecticut 06115

Attention: Corporate Trust Department

As Owner Participant

CHASE MANHATTAN SERVICE CORPORATION

By_____
Title:
Address: 1 New York Plaza
New York, New York 10004

Attention: Manager, Leveraged
Lease Operations

EXHIBIT A TO
TRUST AGREEMENT

[Form of Owner Receipt]

The Connecticut Bank and Trust Company,
Trustee under Trust Agreement
Dated as of January 21, 1980

OWNER RECEIPT

Number _____

THE CONNECTICUT BANK AND TRUST COMPANY, as trustee (the "Trustee") under the Trust Agreement dated as of January 21, 1980 (the "Trust Agreement") between the Trustee and Chase Manhattan Service Corporation (the terms defined therein being used with the same meanings herein) hereby certifies as follows:

(i) this Owner Receipt is one of the Owner Receipts referred to in the Trust Agreement; which Owner Receipts have been or are to be issued by the Trustee pursuant to the Trust Agreement; and

(ii) this Trustee acknowledges receipt on the date hereof of $_____ from Chase Manhattan Service Corporation, the Owner Participant, in payment of a part of the Purchase Price for a Unit or Units under the Lease.

Reference is hereby made to the Trust Agreement for a statement of the rights of the holder of this Owner Receipt and of the rights of the holders of the other Owner Receipts, as well as for a statement of the terms and conditions of the trusts created by the Trust Agreement, to all of which terms and conditions each holder hereof agrees by its acceptance of this Owner Receipt.

IN WITNESS WHEREOF, the Trustee has caused this Owner Receipt to be executed in its corporate name by one of its authorized officers as of the date hereof.

Dated: _____

THE CONNECTICUT BANK AND TRUST COMPANY

By_____
Title:

EXHIBIT B TO
SECURITY AGREEMENT

==========

Filed and recorded with the
Interstate Commerce Commission
on January __, 1980 at __:__ _.M.,
Recordation No. _____

LEASE OF RAILROAD EQUIPMENT

Dated as of January 21, 1980

between

THE CONNECTICUT BANK AND TRUST COMPANY,

as Trustee under a Trust Agreement dated as of

January 21, 1980 with Chase Manhattan Service Corporation,

and

EMONS INDUSTRIES, INC.

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Attachments to Lease:

Schedule A -- Description of Units
Schedule B -- Casualty Values and Termination Values
Annex I -- Minimum insurance requirements
Exhibit A -- Form of Certificate of Acceptance

LEASE OF RAILROAD EQUIPMENT, dated as of January 21, 1980, between THE CONNECTICUT BANK AND TRUST COMPANY, as Trustee under a Trust Agreement dated as of January 21, 1980 with Chase Manhattan Service Corporation (The Connecticut Bank and Trust Company, in its capacity as such Trustee, being herein called the "Lessor", which term includes its successors as such Trustee under the Trust Agreement), and EMONS INDUSTRIES, INC. (the "Lessee").

The Lessee, Chase Manhattan Service Corporation (the "Owner Participant"), Citicorp Industrial Credit, Inc. (the "Lender") and the Lessor are parties to a Finance Agreement (the "Finance Agreement") dated as of even date herewith wherein the Lessor has agreed, on the terms set forth therein, to purchase from the Manufacturers referred to in the Finance Agreement the units of railroad equipment described in Schedule A hereto as such schedule may from time to time be modified, amended or supplemented (such units being herein called the "Units") and to lease the same to the Lessee on the terms set forth herein. The Lender has agreed, on the terms set forth in the Finance Agreement, to make loans to the Lessor to finance part of the purchase price of the Units, such loans to be secured by a security interest in, among other things, the Units and the right, title and interest of the Lessor in this Lease, all as provided for in the Security Document referred to in the Finance Agreement (the "Security Document"). Terms defined in the Finance Agreement have their respective defined meanings when used herein.

Accordingly, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon (and the parties hereby agree to) the following terms and conditions:

§1. Net Lease. This Lease is a net lease and the Lessee shall neither be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee under this Lease or under the Security Document or the Finance Agreement, or against the Lender or Manufacturer or otherwise, nor (except as otherwise expressly provided herein) shall this Lease terminate, or the

respective obligations of the Lessor or the Lessee be otherwise affected by reason of any defect in or damage to or loss of possession or use or destruction of any Unit from whatsoever cause, any liens, charges, security interests or other encumbrances (herein called "Liens"), or any rights of others, on or with respect to any Unit, the prohibition of or other restriction against the Lessee's use of any Unit, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or the bankruptcy, reorganization or similar proceeding against the Lessee (or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding). It is the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any Unit except in accordance with the express terms of this Lease. Except in the case of clerical error resulting in either (i) overpayment (but then only to the extent of such overpayment) or (ii) payment when not due (but then only if that payment is made more than 30 days prior to the due date), each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

§2. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units to be purchased pursuant to the Finance Agreement. Each delivery of a Unit to the Lessor under the Finance Agreement shall be deemed to be a delivery to the Lessee under this Lease at the place at which such Unit is so delivered to the Lessor. Upon such delivery the Lessee will cause an employee or agent of the Lessee to inspect each Unit and, if such Unit is found to be acceptable, to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance in substantially the form of Exhibit A hereto (herein called a "Certificate of

Acceptance") in accordance with the provisions of §5(c) of the Finance Agreement, which Certificate of Acceptance shall state, among other things, that such Unit has been delivered to and inspected and accepted on behalf of the Lessee and the Lessor on the date of such Certificate of Acceptance (the "Acceptance Date" of such Unit) and is marked in accordance with §5 hereof, whereupon such Unit shall, subject to Section 5(c)(vii) of the Finance Agreement, be deemed to have been delivered to and accepted by the Lessee and the Lessor and shall be subject thereafter to all the terms and conditions of this Lease.

§3. Rentals. Subject to the provisions of the second, third and fourth paragraphs of this §3, the Lessee agrees to pay to the Lessor, as rental for each Unit, (a) an amount per day (computed on the basis of a 360-day year of twelve 30-day months) for the period, if any, from and including the Funding Date for such Unit to but not including March 31, 1980 (the "Basic Lease Commencement Date") equal to interest at the rate of 12-1/2% per annum on an amount equal to 64% of the Purchase Price of such Unit, payable on the Basic Lease Commencement Date and (b) 36 consecutive rental payments payable semiannually in arrears (the "Semiannual Rent Payments") commencing on September 30, 1980 and on each March 31 and September 30 thereafter (unless this Lease is earlier terminated with respect to such Unit pursuant to the terms hereof), each of which payments shall be in an amount equal to 4.9817% of the Purchase Price of such Unit.

In the event that the Lessor shall not (for any reason other than a wrongful act of the Lessor) finance by borrowing from the Lender an amount equal to 64% of the Purchase Price of any Unit in accordance with §2(b) of the Finance Agreement then, (i) in lieu of the rentals for such Unit provided for by clause (a) of the first paragraph of this §3, the Lessee agrees to pay to the Lessor as rental for such Unit an amount per day (computed as provided in, and for the period specified in, the first sentence of the first paragraph of this §3) equal to interest at the Agreed Rate on an amount equal to 64% of the Purchase Price of such Unit, payable on the Basic Lease Commencement Date, and (ii) in lieu of the rental for such Unit provided for by clause (b) of the first paragraph of this §3 for the period commencing on the Basic Lease Commencement Date, the Lessee

agrees to pay to the Lessor, as rental for such Unit, 36 consecutive Semiannual Rent Payments commencing on the first semiannual anniversary date of the Basic Lease Commencement Date, each of which shall be in an amount equal to 5.053% of the Purchase Price of such Unit.

In the event (a) that the aggregate amount of the Transaction Expenses payable by the Owner Participant pursuant to Section 12(b) of the Finance Agreement exceed an amount equal to 0.25% of the aggregate amount of the Purchase Price of the Units paid for by the Trustee on or before the Basic Lease Commencement Date then (i) the rent payments provided for by the first and second paragraphs of this §3 shall be increased by such amounts as shall be reasonably determined by the Owner Participant (such determination to be conclusive, subject to audit by Peat, Marwick, Mitchell & Co. upon the request of the Lessee and the cost of which shall be at the expense of the Lessee, provided that the amounts determined by the Owner Participant shall be effective for all purposes of this Lease until completion of such an audit and in the event of the determination of revised amounts, any overpayment by the Lessee shall be recoverable only from the Owner Participant) to be necessary to cause the net after-tax yield and after-tax cash flow anticipated to be derived by the Owner Participant from the transaction contemplated hereby (computed on the basis of the same assumptions set forth in §8(a) of the Finance Agreement together with such other assumptions as are normally taken into account in making such computation), to be equal to the net after-tax yield and after-tax cash flow that would have been derived by the Owner Participant had such Transaction Expenses been equal to 1% of such aggregate Purchase Price, and (ii) the Casualty and Termination Values as set forth in Schedule B hereto shall be adjusted by such amounts as the Owner Participant shall reasonably determine (such determination to be conclusive, subject to audit by Peat, Marwick, Mitchell & Co. upon the request of the Lessee and the cost of which shall be at the expense of Lessee, provided that the amounts determined by the Owner Participant shall be effective for all purposes of this Lease until completion of such an audit and in the event of the determination of revised amounts, any overpayments by the Lessee shall be recoverable only from the Owner Participant) to be necessary, to cause the amounts of such Casualty and Termination Values to be equal to the amounts required to

cause such net after-tax yield and after-tax cash flow (so computed) to be equal to the net after-tax yield and after-tax cash flow that would have been derived by the Owner Participant had such Transaction Expenses been equal to 1% of such aggregate Purchase Price.

In the event that, with respect to any Unit, (a) any amendment to, or change in the official application or interpretation of the Code is enacted or adopted after the date hereof with respect to a date on or prior to the Acceptance Date of such Unit, (b) on or prior to the Acceptance Date for such Unit, any bill proposing such an amendment is reported out of any committee of the United States Congress or the Administration proposes legislation, effective as of a date on or prior to the Acceptance Date for such Unit, (c) any decision is rendered by a Court of the United States after the date hereof and on or prior to the Acceptance Date for such Unit, (d) there is any regulation proposed by the Treasury Department after the date hereof and on or prior to the Acceptance Date for such Unit, or (e) after the date hereof and on or prior to the Acceptance Date for such Unit, any similar action is taken with respect to the Tax Laws, which amendment, change, decision, regulation or similar action, in the reasonable opinion of tax counsel to the Owner Participant, is likely to cause a change in the tax benefits or assumptions stated in Section 8(a) of the Finance Agreement together with such other assumptions as are normally taken into account in making such computation (the changes referred to in clauses (a), (b), (c), (d) and (e) above being herein referred to as the "Tax Changes"), then (i) the rent payments provided for by the first and second paragraphs of this §3 shall be adjusted by such amounts as shall be reasonably determined by the Owner Participant (such determination to be conclusive subject to audit by Peat, Marwick, Mitchell & Co. upon the request of the Lessee and the cost of which shall be at the expense of Lessee, provided that the amounts determined by the Owner Participant shall be effective for all purposes of this Lease until completion of such an audit and the determination of revised amounts, any overpayments by the Lessee to be recoverable only from the Owner Participant) to be necessary to cause the net after-tax yield and after-tax cash flow anticipated to be derived by the Owner Participant from the transaction contemplated hereby (computed on the basis of the assumptions stated in §8(a) of the Finance Agreement together with such other assumptions as were used)

to be equal to the net after-tax yield and after-tax cash flow that would have been derived by the Owner Participant had the Tax Changes not occurred and (ii) the Casualty and Termination Values set forth in Schedule B hereto shall be adjusted by such amounts as the Owner Participant shall reasonably determine (such determination to be conclusive subject to audit by Peat, Marwick, Mitchell & Co. upon the request of the Lessee and the cost of which shall be at the expense of Lessee, provided that the amounts determined by the Owner Participant shall be effective for all purposes of this Lease until completion of such an audit and the determination of revised amounts, any overpayments by the Lessee to be recoverable only from the Owner Participant) to be necessary to cause the amounts of such Casualty and Termination Values to be equal to the amounts required to cause such net after-tax yield and after-tax cash flow (so computed) that would have been derived by the Owner Participant had such Tax Changes not occurred and the Owner Participant shall deliver to the Lessee a revised set of tax assumptions which shall be substituted for those set forth in §8(a) of the Finance Agreement for the purpose of calculating indemnities payable with respect to Units for which a rent adjustment has been made pursuant to this paragraph. In the event that rents are adjusted to reflect a Tax Change and it is later determined that the change in law did not have the required consequence or in the event that a change in law occurs and such change is not treated as a Tax Change because the change did not have the required consequence and it is later determined that the change in law did have the required consequence, rent shall be adjusted retroactively.

If any of the Semiannual Rent Payment dates referred to above or the date for any other payment by the Lessee hereunder is not a business day, the payment otherwise payable on such date shall be payable on the next preceding business day. The term "business day" as used herein means a day, excluding Saturdays, Sundays and any other day on which banking institutions either in New York, New York or Hartford, Connecticut are authorized or required to remain closed.

The Lessor irrevocably instructs the Lessee (unless otherwise instructed by the Lessor and the Lender) to make all the payments provided for in this Lease to be made to the Lessor (other than those referred to in the next succeeding paragraph of this §3) at the principal office of the

Lender at 399 Park Avenue, New York, New York 10043, for the account of the Lessor. The Lessee agrees to make each payment provided for in this Lease in United States dollars and in New York Clearing House funds.

The Lessee agrees to comply with its obligations under §§ 6, 7, 8 and 9 of the Finance Agreement (providing for certain indemnities), which sections are hereby incorporated herein by reference. The amounts payable under said sections as so incorporated herein shall be deemed to be additional rent payable hereunder.

§4. Term of Lease. The term of this Lease as to each Unit shall begin on the Acceptance Date for such Unit and, subject to the provisions of §§7, 11 and 14 hereof, shall, unless extended pursuant to the terms hereof, terminate on March 31, 1998, the date on which the final payment of rent in respect thereof is due pursuant to §3 hereof. The period ending on March 31, 1998 shall be referred to herein as the "initial term" of the Lease.

§5. Identification Marks. The Lessee will cause each Unit to be kept numbered with the identifying letters and numbers set forth in Schedule A hereto relating to such Unit. The Lessee will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "Leased from The Connecticut Bank and Trust Company, as Trustee, and subject to a security interest filed with the Interstate Commerce Commission" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required in order to protect the Lessor's and Lender's title to and property in such Unit and the rights of the Lessor under this Lease and of the Lender under the Security Document. The Lessee will not place any Unit in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, defaced or destroyed. The Lessee will not change the identifying number of any Unit unless and until (i) a statement of the new number or numbers to be substituted therefor shall have been sent to the Lender and the Lessor and filed, recorded and deposited by the Lessee in

all public offices where this Lease and the Security Document shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Lender and the Lessor an opinion of counsel to the effect set forth in paragraph D of Annex B to the Finance Agreement. The Units may be marked with the names, initials or other insignia customarily used by either (i) the Lessee or any affiliate of the Lessee or (ii) any sublessee or other user permitted under §13 hereof.

Except as aforesaid, the Lessee will not allow the name of any person or entity to be placed on any Unit as a designation that might be interpreted as a claim of ownership.

§6. Recording. The Lessee, at its own expense, (i) will cause this Lease and the Security Document to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. §11303 on or prior to the first Acceptance Date and (ii) will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit, record (and will refile, re-register, redeposit or re-record whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Lender for the purpose of proper protection of the interest of the Lessor in the Units and the security interest provided for by the Security Document as (in the case of such security interest) a first perfected security interest (except for Trustee's Liens or Owner Participant's Liens) or for the purpose of carrying out the intention of this Lease and the Security Document. The Lessee will promptly furnish to the Lender and the Lessor evidences of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Lender and the Lessor. Further, the Lessee, at its own expense, will cause each Unit to be registered at all times with The Universal Machine Language Equipment Register of the Association of American Railroads.

§7. Payment for Casualty Occurrences; Early Termination. In the event that any Unit shall be or become lost, stolen, destroyed, irreparably damaged (in the reasonable opinion of the Lessee), or worn out to the point

of impossibility of economic repair, from any cause whatsoever, or title to such Unit or the use thereof shall be taken or requisitioned by condemnation, eminent domain or otherwise, for a period, in the case of a taking or requisition of use, extending beyond the term of this Lease (each such occurrence, except for any taking or requisition of use which by its terms is indefinite or which does not extend beyond the term of this Lease, being herein called a "Casualty Occurrence", it being understood that such a taking or requisition of use which is in effect on the last day of the term of this Lease shall constitute a "Casualty Occurrence") during the term of this Lease or before possession of such Unit is delivered to the Lessor as provided in §15 hereof, the Lessee shall promptly and fully notify the Lessor and the Lender with respect thereto. On the Semiannual Rent Payment date next succeeding such notice (or, if the last Semiannual Rent Payment date has occurred, on the date 30 days following such notice) the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus an amount equal to the Casualty Value (as such term is defined below) of such Unit as of the date of such Casualty Occurrence, determined as provided in Schedule B hereto. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any Unit or any component thereof suffering a Casualty Occurrence, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor and no Event of Default has occurred and is continuing, the Lessee shall be entitled to the proceeds of any such sale or any condemnation or eminent domain award to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor. In the case of the loss, theft or complete destruction of any Unit, the Lessee shall have the right to recover possession of such Unit and, provided the Lessee has previously paid the Casualty Value to the Lessor and the Unit has been lost, stolen or destroyed for a period of at least six months, the Lessor shall deliver to the Lessee, or the Lessee's assignee or designee a bill of sale for such Unit and such other documents as may be reasonably required to release such Unit

from this Lease and to transfer title to such Unit to the Lessee or such assignee or designee.

The Lessee may terminate this Lease with repect to all, but not less than all, of the Units provided that the Units have become, in the reasonable opinion of the Lessee, obsolete or economically unserviceable for use by the Lessee in its business from any cause whatsoever (herein called the "Obsolete Units"), provided that termination shall occur, upon not less than 90 days' prior notice to the Lessor, on the 15th or any subsequent Semiannual Rent Payment date occurring during the initial term (but not any extended term) of this Lease specified by the Lessee in such notice (such date being herein called the "Termination Date"), provided that no Event of Default shall have occurred and be continuing. During the period from the giving of such notice until the Termination Date, the Lessee, as agent for the Lessor, shall use its best efforts to obtain bids for the purchase of the Units. The Lessee shall certify to the Lessor in writing the amount of each bid received by the Lessee and the name and address of the person or entity (who shall not be the Lessee or party affiliated with the Lessee) submitting such bid. On the Termination Date (or such other date as may be agreed upon in writing by the Lessor and the Lessee) the Lessor shall, if so requested by the Lessee, sell the Units for cash to the maker (who shall not be the Lessee or any party affiliated with the Lessee) of the highest cash bid therefor submitted prior to such date (whether such bid has been so certified by the Lessee or obtained by the Lessor independently of the efforts of the Lessee). The Lessor's obligation to make such sale shall be subject to the conditions precedent that (i) no Event of Default shall have occurred and be continuing and (ii) the Lessee shall have paid to the Lessor all rent and other amounts owing on or prior to the date of such sale hereunder (including, without limitation, all rent payable hereunder on or before the Termination Date) and all amounts owing under the Finance Agreement and shall simultaneously pay to the Lessor the amount, if any, by which (x) the aggregate Termination Value (as such term is defined below) of the Units determined as of the Termination Date shall exceed (y) the amount of proceeds received for such sale less all reasonable expenses incurred by the Lessor in connection with such sale (including reasonable legal fees). In the event of any such sale and upon compliance by the Lessee with the provisions of this paragraph, the obligation of the

Lessee to pay rent hereunder with respect to the Units for any periods commencing on or after the Termination Date shall cease and the term of this Lease for the Units shall end on the Termination Date. If for any reason no sale shall be made consequent upon any such notice of termination, the term of this Lease shall continue with respect to the Units, but the Lessee may at any time or from time to time thereafter give a further notice or notices of termination with respect to the Units under this paragraph. The Lessor shall be under no obligation to solicit bids (although it shall be entitled to do so), to inquire into the efforts of Lessee to obtain bids or otherwise to take any action in connection with any sale pursuant to this paragraph other than to transfer to the maker of the highest bid against receipt of payment in the amount of such bid, all of the Lessor's right, title and interest in and to the Units as provided in this paragraph.

The "Casualty Value" of a Unit as of the date on which payment is to be made as provided above and the "Termination Value" of a Unit as of a Termination Date shall be that percentage of the Purchase Price of such Unit as is set forth in the appropriate column in Schedule B opposite the Semiannual Rent Payment date which precedes such date or Termination Date. Notwithstanding the foregoing, the Casualty Value of each Unit as of the date on which payment is to be made as aforesaid which occurs during any extended term provided for by paragraph (b) of §14 hereof shall mean a sum equal to (i) the Fair Market Value of such Unit as of the last day of such extended term (determined as of the first day of such extended term as provided in said §14) plus (ii) an amount determined by multiplying (x) an amount equal to the excess of the Fair Market Value of such Unit as of the first day of such extended term (determined as of such first day as provided in said §14) over such Fair Market Value as of the last day of such extended term by (y) a fraction of which the numerator shall be the number of days in such extended term following such date and of which the denominator shall be the total number of days in such extended term (it being agreed that such Fair Market Values shall be determined as provided in said §14 concurrently with the determination of Fair Market Rental thereunder).

In the event that during the term of this Lease the use of any Unit is requisitioned or taken by any governmental authority by condemnation, under the power of eminent

domain or otherwise under circumstances which do not constitute a Casualty Occurrence, the Lessee's obligation to pay rent shall continue for the duration of such requisitioning or taking. The Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession.

Except as hereinabove in this §7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit until possession of such Unit is delivered to the Lessor pursuant to §15 hereof.

§8. Insurance. The Lessee will, at all times while this Lease is in effect and until return of the possession of each Unit to the Lessor, at its own expense, cause to be carried and maintained property insurance in respect of the Units, and public liability insurance in respect of the Units, in the amounts and against the risks set forth in Annex I hereto and the proceeds of such property insurance shall be payable to the Lender, the Lessor and the Lessee, as their interests may appear, so long as the indebtedness, if any, secured by the Security Document shall not have been paid in full, and thereafter to the Lessor and the Lessee as their interests may appear. Each such policy of insurance shall provide that coverage thereunder shall not be rescinded, impaired or invalidated by any act or neglect of the Lessee. All policies of insurance shall further provide for a thirty-day minimum written cancellation notice to the Lender and Lessor. Any property insurance proceeds as the result of insurance carried by the Lessee received by the Lessor, and any condemnation payments received by the Lessor, in respect of Units suffering a Casualty Occurrence shall be deducted from the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to this §7. If the Lessor shall receive any such insurance proceeds or condemnation payments after the Lessee shall have made payments pursuant to this §7 without deduction for such insurance proceeds or such condemnation payments, the Lessor shall promptly pay, provided no Event of Default has occurred and is continuing, such proceeds or condemnation payments to the Lessee up to an amount equal to the amount paid by the Lessee and any balance of such proceeds or condemnation payments shall

remain the property of the Lessor. Provided that no Event of Default shall have occurred and be continuing all insurance proceeds received by the Lessor in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired. The Lessee shall, at the request of the Lessor but not more frequently than annually, furnish a certificate of a reputable insurance broker to the effect that the insurance that the Lessee has procured and is maintaining satisfies in all respects the requirements of this paragraph.

§9. Reports. On or before March 31 in each year, commencing with the calendar year 1981, the Lessee will furnish to the Lessor and the Lender an accurate statement (i) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder, the amount, description and numbers of all Units that have suffered a Casualty Occurrence or are then undergoing repairs (other than running repairs) or have been withdrawn from service pending repairs (other than running repairs) during the preceding calendar year and such other information regarding the condition and state of repair of the Units as the Lessor or the Lender may reasonably request, (ii) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and the markings required by §5 hereof and the Security Document have been preserved or replaced and (iii) stating that all reports required to be made to the Lessor hereunder during the preceding year have been made. The Lessor and the Lender shall have the right by their respective agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor or the Lender (as the case may be) may request during the continuance of this Lease.

As soon as available and in any event within 60 days after the end of each quarterly fiscal period of the Lessee, the Lessee will furnish to the Lessor and the Lender a consolidated and consolidating balance sheet of the Lessee and its consolidated subsidiaries as at the end of such period, and a consolidated and consolidating income statement of the Lessee and its consolidated subsidiaries for such period, setting forth comparative figures for the

corresponding quarter of the preceding fiscal year, all in reasonable detail and certified by the principal accounting officer of the Lessee. As soon as available and in any event within 120 days after the end of each fiscal year of Lessee, the Lessee will furnish to each of said parties its annual financial statements (including its annual report to stockholders) with the opinion thereon of its independent certified public accountants and prepared in accordance with generally accepted accounting principles. The Lessee will also furnish to each of the Lessor and the Lender such additional financial information as such party may reasonably request.

As soon as available and in any event within 120 days after the end of each fiscal year of the Lessee, the Lessee will deliver to the Lessor and the Lender a certificate signed by a senior officer (who shall, unless otherwise agreed to by the Lessor, be the chief executive officer or chief operating officer or chief financial officer of the Lessee) stating that a review of the activities of the Lessee during such year has been made under his supervision with a view to determining whether the Lessee has kept, observed, performed and fulfilled all of its covenants and obligations under this Lease and the Security Document and that to the best of his knowledge the Lessee during such year has kept, observed, performed and fulfilled each and every covenant and obligation contained herein and in the Security Document and no Event of Default specified in §11 hereof, and no event which with notice and/or lapse of time would become such an Event of Default (each such Event of Default or event being herein called a "Default"), has occurred or, if a Default shall exist, specifying such Default and the nature and status thereof.

§10. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance. THE LESSOR (i) MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER AND (ii) MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee. The Lessor hereby irrevocably appoints and constitutes the

Lessee its agent and attorney-in-fact during the term of this Lease, so long as no Event of Default has occurred and is continuing, to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Manufacturers under the Purchase Orders. The execution and delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that each Unit described therein is in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters but such acceptances shall not constitute as between the Lessee or the Lessor and the Manufacturer of any Unit a waiver of any rights which either the Lessee or the Lessor may have against such Manufacturer.

The Lessee agrees to comply or to cause compliance in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful regulations and rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws, regulations and rules affect the title, operation or use of the Units. In the event that such laws, regulations or rules require any alteration, replacement or addition of or to any part on any Unit, the Lessee will conform therewith at its own expense; provided that, so long as no Event of Default has occurred and is continuing and the Lessor is not subject to any risk of criminal proceedings (in its opinion), the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or the Lender, adversely affect the property or rights of the Lessor or the Lender under this Lease or under the Security Document.

The Lessee agrees that, at its own cost and expense, it will maintain and keep (or cause to be maintained and kept) each Unit in good order and repair, ordinary wear and tear excepted.

Any and all additions to any Unit which are required by governmental authorities and any and all parts installed on and additions and replacements made to any Unit, shall constitute accessions to such Unit and, at the cost and expense of the Lessee, full ownership thereof free from any Lien (except for Lessor's Liens, as below defined) shall immediately be vested in the Lessor and the Lender as their respective interests appear in such Unit itself provided that the foregoing shall not apply to additions which (i) are not replacements but have been added to such Unit by the Lessee, the cost of which is not included in the Purchase Price of such Unit, (ii) are not required for the operation or use of such Unit by the Interstate Commerce Commission, the Department of Transportation or any other applicable regulatory body and (iii) can be removed without damage to and without impairing the originally intended function or use of such Unit and are so removed without cost or expense to the Lessor prior to the end of the initial term or any extended term of this Lease, except that full ownership of all such additions which are not so removed prior to the end of such term shall, upon the end of such term, be vested in the Lessor as aforesaid.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any federal, state or other regulatory authority by reason of the ownership by the Lessor of the Units or the interest of the Lender therein or the leasing thereof to the Lessee. The Lessee shall furnish to the Lessor with each such report to be filed by the Lessor instructions as to the filing thereof.

§11. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein called an "Event of Default") shall occur and be continuing:

A. the Lessee shall fail to pay any part of the rental provided in §3 hereof (other than the indemnities referred to in the last paragraph of said §3), and such failure shall continue for ten days;

B. the Lessee shall fail to maintain insurance as required by §7 hereof or shall make or permit any unauthorized assignment or any unauthorized transfer of this Lease or of possession of any Units;

C. the Lessee shall fail to observe or perform any of its other covenants and agreements contained herein (including any failure to pay any indemnity referred to in the last paragraph of §3 hereof), or any of its covenants and agreements in the Finance Agreement and such failure shall continue for 30 days after notice thereof to the Lessee;

D. any representation or warranty made by the Lessee herein or in the Finance Agreement or by the Lessee or any of its officers or representatives pursuant to this Lease or the Finance Agreement shall prove to have been incorrect in any material respect when made;

E. the Lessee shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) commence a voluntary case under the federal bankruptcy laws (as now or hereafter in effect), (v) be adjudicated a bankrupt or insolvent, (vi) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, (vii) acquiesce to, or fail to controvert in a timely manner, any petition filed against the Lessee in an involuntary case under such bankruptcy laws, or (viii) take any corporate action for the purpose of effecting any of the foregoing;

F. a case or other proceeding shall be commenced, without the application or consent of the Lessee, in any court of competent jurisdiction, seeking the liquidation, reorganization, dissolution, winding up, or composition or readjustment of debts, of the Lessee, the appointment of a trustee, receiver, custodian, liquidator or the like of the Lessee or of all or any substantial part of its assets, or any similar action

with respect to the Lessee under the federal bankruptcy laws (as now or hereafter in effect) or any other laws relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, and such case or proceeding shall continue undismissed, or unstayed and in effect, for a period of 30 days, or an order for relief against the Lessee shall be entered in an involuntary case under such bankruptcy laws; or

G. the Lessee shall (i) default in the payment of principal or interest on any obligation for borrowed money or the deferred purchase price of property or of any obligation to pay money under a capital lease beyond the period of grace, if any, with respect thereto or (ii) default in the performance or observance of any other term, condition or agreement contained in any such obligation or in any agreement relating thereto and, as a result thereof, the holder or holders of such obligation (or a trustee or agent on behalf of such holder or holders) shall cause such obligation to become due prior to its stated maturity; provided that the amount so in default as contemplated by clause (i) above, or the aggregate amount of the obligations affected by the occurrence specified in clause (ii) above, shall exceed $100,000;

then, in any such case, the Lessor, at its option, may declare this Lease to be in default and at any time thereafter, so long as the Lessee shall not have previously remedied all outstanding Events of Default, Lessor may do one or more of the following as the Lessor in its sole discretion shall elect, to the extent permitted by, and subject to compliance with, any mandatory requirements of, applicable law then in effect:

(a) at any time or from time to time demand that the Lessee, and the Lessee shall upon the demand of the Lessor, return the Units or any of them (as specified by the Lessor) promptly to Lessor in the manner and condition required by, and otherwise in accordance with all of the provisions of, §12 hereof, or the Lessor, at its option, may enter into the premises where any Unit or Units are located and take immediate possession of and remove the same by summary proceedings or otherwise, all without liability to the Lessor for or by reason of such entry or taking of possession, whether for the

restoration of damage to property caused by such taking or otherwise;

(b) at any time or from time to time, sell the Units or any of them at public or private sale, as the Lessor may determine, free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such sale or for the proceeds thereof (except to the extent required by paragraph (e) below if the Lessor elects to exercise its rights under said paragraph), in which event the Lessee's obligation to pay rent hereunder for such Units for rental periods commencing after the date of such sale shall terminate (except to the extent that such rent is to be included in computations under paragraph (d) or paragraph (e) below if the Lessor elects to exercise its rights under either of said paragraphs);

(c) at any time or from time to time, hold, keep idle or lease to others the Units or any of them, as the Lessor in its sole discretion may determine, free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such action or inaction or for any proceeds with respect thereto, except that Lessee's obligation to pay rent with respect to such Units for rental periods commencing after the Lessee shall have been deprived of possession of such Units pursuant to this §11 shall be reduced by the net proceeds, if any, received by the Lessor from leasing such Units to any person or entity other than the Lessee for the same rental periods or any portion thereof;

(d) whether or not the Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under subparagraph (a), (b) or (c) above with respect to the Units or any of them, the Lessor, by notice to the Lessee specifying a payment date (the "Payment Date") which shall not be earlier than 10 days after the date of such notice, may demand that the Lessee pay to the Lessor and the Lessee shall pay to the Lessor, on the Payment Date, as liquidated damages for loss of a bargain and not as a penalty in lieu of the rent for such Units due after the Determination Date (as below defined) the aggregate of all rental payments due and unpaid as of the Determination Date plus whichever of the following amounts the Lessor, in its sole

discretion, shall specify in such notice (together with interest on such amount at the Agreed Default Rate from the Determination Date to the date of actual payment): (i) an amount equal to the excess, if any, of the aggregate Casualty Value of such Units, determined as of the rent payment date next preceding the Payment Date (such next preceding rent payment date being herein called the "Determination Date") over the aggregate Fair Market Rental (determined as hereinafter provided) of such Units for the remainder of the then current term after discounting such aggregate Fair Market Rental (on the Semiannual Rent Payment dates for the remainder of the term) to present worth as of the Determination Date at the rate of 12.5% per annum, or (ii) an amount equal to the excess, if any, of the aggregate Casualty Value for such Units, determined as of the Determination Date, over the aggregate Fair Market Value of such Units (determined as hereinafter provided) as of the Determination Date provided that if a sale of Units has been made under subparagraph (b) or (e) of this §11 and the proceeds of such sale exceed the aggregate Casualty Value of such Units, no payment may be demanded under this subparagraph (d) with respect to such Units and any payment previously demanded and paid shall be refunded after all obligations of the Lessee under this Lease shall have been paid and performed in full;

(e) if the Lessor shall have sold any Units pursuant to paragraph (b) above, the Lessor, in lieu of exercising its rights under paragraph (d) above with respect to such Units, may, if it shall so elect, demand that the Lessee pay to the Lessor and the Lessee shall pay to the Lessor, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the rent for such Units due for rental periods after the rental period in which such sale occurs), any unpaid rent for such Units due for periods up to and including the rental period in which such sale occurs plus the amount of any deficiency between the net proceeds of such sale and the Casualty Value of such Units, determined as of the rental payment date next preceding the date of such sale, together with interest at the Agreed Default Rate on the amount of such deficiency from the date of such sale until the date of actual payment; and/or

(f) the Lessor may exercise any other right or remedy, either at law or in equity, which may be available to it under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof or to rescind this Lease as to any or all of the Units.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid rent due hereunder before or during the exercise of any of the foregoing remedies and for all reasonable legal fees and other costs and expenses incurred by reason of the occurrence of any Event or Events of Default or the exercise of the Lessor's rights and remedies with respect thereto, including all reasonable costs and expenses incurred in connection with the return of any Units in accordance with §12 hereof or in placing such Unit in the condition required by said §12, and in removing or discharging all Liens as required by §13 hereof and, without limiting the effect of the obligations of the Lessee set forth in §6 of the Finance Agreement, any and all loss, liability, cost and expense incurred by the Lessor by reason of the exercise by the Lender of any of its rights and remedies in connection with the occurrence of an Event or Events of Default.

For the purpose of paragraph (d) above, if the Lessor so elects, the Fair Market Rental or the Fair Market Value (as such terms are defined in §14 hereof) of any Unit shall be zero if the Lessor is unable to recover possession of such Unit (as provided in paragraph (a) above) within four months. After payment and performance in full by the Lessee of its obligations hereunder and under the Finance Agreement the Lessor will convey title to the Lessee to each Unit as to which the Lessor shall have exercised its rights specified in said paragraph (d) on the basis of a zero Fair Market Rental or Fair Market Value as aforesaid (except to the extent that the Lessor shall have sold or otherwise disposed of such Units and applied the proceeds thereof to the satisfaction of such obligations).

At any sale of a Unit pursuant to this section the Lessor or the Lender may bid for and purchase such Unit.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies

in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the Semiannual Rent Payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies. No express or implied waiver by the Lessor of any Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default.

The Lessee agrees to furnish the Lessor and the Lender, promptly upon any responsible officer becoming aware of any condition which constitutes a Default, a notice specifying such condition and the nature and status thereof. For the purposes of this paragraph, a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate officer of the Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

§12. Return of Units Upon Default. If this Lease shall terminate pursuant to §11 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. For the purpose of delivering possession of any Units to the Lessor as above required, the Lessee shall, at its own cost, expense and risk, to the extent requested by the Lessor:

(a) forthwith and in the usual manner take such measures as shall be necessary to insure the return of the Units (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which such Units have been interchanged to return such Units so interchanged) and place such Units upon storage

tracks of the Maryland and Pennsylvania Railroad Company, or of CONRAIL proximate to the tracks of the Maryland and Pennsylvania Railroad Company, as the Lessor may designate;

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge for rent or storage for a period with respect to each Unit not exceeding the longer of (i) six months after such Unit is delivered to such tracks or (ii) six months after not less than 80% of the Units then subject to this Lease are delivered to such tracks; and/or

(c) transport such Units to any place designated by Lessor within 3,145 miles of their respective current locations.

The assembling, delivery, storage and transporting of Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so as to assemble, deliver, store and transport such Units. During any storage period, the Lessee will, at its own cost and expense, maintain, or cause to be maintained, and keep, or cause to be kept, the Units in good order and repair and will permit the Lessor or any person or entity designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of any Unit, to inspect the same.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this §12, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§13. Assignment; Liens; Possession and Use. This Lease and all rent and other sums due and to become due hereunder (other than amounts payable under the last para-

graph of §3 hereof) have been assigned to the Lender pursuant to the Security Document, and all such rent and other sums due and to become due hereunder (other than the amounts payable under the last paragraph of §3 hereof) shall be paid by the Lessee to the Lender as provided in §3 hereof until the indebtedness secured by the Security Document shall have been paid in full. Without limiting the foregoing or without limiting §1 or any other provision of this Lease, the Lessor and the Lessee further acknowledge and agree that (i) the rights of the Lender in and to the sums payable by the Lessee under any provisions of this Lease shall not be subject to any abatement whatsoever, and shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever whether by reason of any defect in the Lessor's title, or any interruption from whatsoever cause (other than from a wrongful or grossly negligent act of the Lender) in the use, operation or possession of the Units or any part thereof, or any damage to or loss or destruction of the Units or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person or entity or to any governmental authority or for any other cause whatsoever, it being the intent hereof that the Lessee shall be unconditionally and absolutely obligated to pay the Lender all of the rents and other sums which are the subject matter of such assignment, until the indebtedness secured by the Security Document shall have been paid in full and (ii) as between the Lessor and the Lender (but without affecting the Lessor's rights under the Security Document) the Lender shall have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of the Lender) which by the terms of this Lease are permitted or provided to be exercised by the Lessor until the indebtedness secured by the Security Document shall be paid in full.

So long as no Event of Default shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease but, without the prior consent of the Lessor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them. The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a Lien (other than a Lessor's Lien as hereinafter defined) upon or with respect to any Unit, including any accession

thereto, or the interest of the Lessor or the Lender therein, and will promptly discharge any Lien (other than a Lessor's Lien) which arises. The Lessee shall not, without the prior consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the immediately succeeding paragraph. As used herein, the term "Lessor's Liens" shall mean Trustee's Liens (as such term is defined in the Trust Agreement, as in effect on the date hereof), Owner Participant's Liens (as such term is defined in the Finance Agreement) and the Liens created by the Security Document.

So long as no Event of Default shall have occurred and be continuing, the Lessee may (a) sublease any Units to any person or entity or (b) subject any Unit to an assigned service agreement pursuant to the Car Service Rules of the Association of American Railroads (an "Assigned Service Agreement") with any person or entity, in each case for a term not extending beyond the expiration date of the initial term of the Lease or the expiration date of the extended term of this Lease (whichever is then in effect), provided that each such sublease or Assigned Service Agreement shall be made expressly subject and subordinate to this Lease and the Security Document. Furthermore, the Lessee agrees that on the Acceptance Date with respect thereto (i) each of the Units shall be subject to a 10-year, non-cancellable sublease meeting the requirements of the preceding sentence and (ii) the Lessee shall use its best efforts to subject at least one-half of the Units to 3-year, non-cancellable Assigned Service Agreements meeting the requirements of the preceding sentence. If at any time prior to the end of the initial term of this Lease, any Unit which remains subject to this Lease is no longer subject to a 10-year non-cancellable sublease, the Lessee shall within six months of the date on which the Unit is no longer subject to such a sublease, subject such Unit to another non-cancellable sublease, having an expiration date not earlier than the earlier of (a) a date 10 years from the date of such new sublease or (b) the end of the initial term of this Lease.

Anything in this Lease to the contrary notwithstanding, the Lessee shall not use or permit the use of any Unit to service involving the regular operation and maintenance thereof outside the United States of America.

§14. Purchase and Renewal Options; Right of First Refusal.

(a)Provided that (i) this Lease has not been earlier terminated, (ii) the Lessee has exercised its right under paragraph (b) below to renew the term of this Lease for two extended terms and (iii) no Event of Default shall have occurred and be continuing, the Lessee may, by notice to the Lessor (which shall be effective upon receipt) not less than six months prior to the end of the second such extended term of this Lease, elect to purchase at the end of such term all, but not fewer than all, of the Units then subject to this Lease for a purchase price equal to the Fair Market Value of such Units as of the end of such second extended term. For purposes of this §14 and §§3, 7 and 11 hereof, "Fair Market Value" shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing buyer (other than a lessee currently in possession and a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value and the Units shall be assumed to be in the condition in which they are required to be maintained pursuant to §10 hereof. If on or before four months prior to the expiration of the second extended term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Value of the Units, such value shall be determined in accordance with the preceding definition by the Appraiser. The term "Appraiser" shall mean such independent appraiser as the Lessor may select with the approval of the Lessee, or failing such approved selection, a panel of three independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third designated by the first two so selected (provided that, for purposes of §11 hereof, if the Lessee fails to appoint an appraiser within 10 days there shall be only one appraiser). The Appraiser shall be instructed to make such determination within a period of 30 days following appointment. If three appraisers are appointed, the values determined by the three shall be averaged, the determination which differs most from such average shall be excluded and the remaining two determinations shall be averaged to produce the final determination. The determination so made shall be conclusively binding upon both the Lessor and the Lessee. The

expenses and fees of the Appraiser shall be borne by the Lessee.

Upon payment of the purchase price, the Lessor shall at the request of the Lessee and at Lessee's expense execute and deliver to the Lessee, or to the Lessee's assignee or designee, a bill of sale for such Units and such other documents as may be reasonably required to release such Units from this Lease and to transfer title thereto to the Lessee or such assignee or designee, in such form as may reasonably be requested by the Lessee (subject to §18 hereof).

(b) Provided that this Lease has not been earlier terminated and that no Event of Default shall have occurred and be continuing, the Lessee may, by notice delivered to the Lessor not less than six months prior to the end of the initial or the first extended term of this Lease, elect to extend the term of this Lease with respect to all but not fewer than all of the Units then covered by this Lease for not more than two such extended terms at a Fair Market Rental (as such term is defined below) payable in semiannual payments on the semiannual anniversaries of the expiration of the initial term or the preceding extended term. Each such extended term shall be of five years duration. For the purposes of this §14 and §§3, 7 and 11 hereof, "Fair Market Rental" shall be determined on the basis of, and shall be equal in amount to, the rental which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) which shall be a person or entity in the business of leasing railroad equipment under wholesale leases and re-leasing such equipment under a retail lease and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental and the Units shall be assumed to be in the condition under which they are required to be maintained pursuant to §10 hereof. If, on or before four months prior to the expiration of the then current term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, such value shall be determined by the Appraiser in accordance with paragraph (a) of this §14 (including the fourth, fifth and sixth sentences thereof). The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall

promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both the Lessor and the Lessee. The expenses and fee of the Appraiser shall be borne by the Lessee.

(c) Provided that this Lease has not been terminated pursuant to either § 7 or §11 hereof, the Lessor agrees that it will not sell any Unit returned to it pursuant to §15 hereof during the period commencing on the expiration of the initial term of this Lease and ending on the date 10 years thereafter unless it shall first have offered to sell such Unit to the Lessee (subject to the rights of any lessee of such Unit from the Lessor) for a purchase price equal to the then Fair Market Value thereof and the Lessee shall have failed to (i) accept such offer within 10 days after the date of such offer (subject only to an acceptable Fair Market Value being determined) or (ii) pay the purchase price thereof within 10 days after the determination of such Fair Market Value.

§15. Return of Units upon Expiration of Term. Upon the expiration of the initial term or any extended term of this Lease with respect to any Unit not purchased by the Lessee or subjected to an extended term hereunder, the Lessee will, at its own cost and expense, deliver possession of such Unit to the Lessor upon such storage tracks of the Maryland and Pennsylvania Railroad Company or of CONRAIL proximate to the tracks of the Maryland and Pennsylvania Railroad Company, as the Lessor may designate, or, in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Unit on such tracks for a period with respect to each Unit not exceeding the longer of (i) three months after such Unit is delivered to such tracks or (ii) three months after not less than 80% of the Units then subject to this Lease, are delivered to such tracks, and transport the same, at any time within such three-month period, to any reasonable place within 500 miles of its then current location, all as directed by the Lessor, the movement and storage of such Unit to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person or entity designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of such Unit, to inspect the same; provided that Lessee shall not be

liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease. Upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. Each Unit if returned to the Lessor pursuant to this §15 (i) shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and (ii) unless returned at the end of the second extended term of this Lease, shall meet the standards then in effect under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization having jurisdiction.

§16. Opinion of Counsel. On or before the first Acceptance Date under the Finance Agreement, the Lessee will deliver to the Lessor four counterparts of the written opinion of counsel for the Lessee, addressed to the Lessor and the Lender, in form and substance satisfactory to the Lessor, the Owner Participant, the Lender and their respective counsel, in substantially the form of Annex B to the Finance Agreement.

§17. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals or other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, interest at the Agreed Default Rate on the overdue rentals and other obligations for the period of time during which they are overdue (or such lesser amount as may be legally enforceable). All interest and other amounts hereunder on a per annum basis payable will be computed on the basis of a 360-day year of twelve 30-day months.

§18. Sales by Lessor. Each Unit sold or conveyed by Lessor pursuant to any provision of this Lease (to the Lessee or any other person or entity) shall be sold or conveyed on an "as-is, where is" basis, without any recourse to, or representation or warranty (except against Owner Participant's Liens and Trustee's Liens) by, the Lessor (and all bills of sale and other documents relating to such sale shall reflect such terms).

§19. Notices. Any notice or other communication required or permitted to be given by either party hereto to the other shall be deemed to have been given (unless otherwise specified herein) when sent by telex, telegram, cable or mailed (first-class certified) addressed as follows:

(a) if to the Lessor

1 Constitution Plaza
Hartford, Connecticut 06115
Attention: Corporate Trust Department

(b) if to the Lessee

490 East Market Street
York, Pennsylvania 17403

Copy to:

Greenberg, Irwin, Pellman & Slade
540 Madison Avenue
New York, New York 10022
Attention: Melvin S. Slade

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

§20. Severability; Effect and Modification 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 provision in any other jurisdiction.

This Lease and the other documents referred to herein exclusively and completely state the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersede all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee.

§21. Execution in Counterparts; Dating. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§22. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of New York; provided that the parties shall be entitled to all rights conferred by Section 11303 of the Interstate Commerce Act. Anything in this Lease to the contrary notwithstanding, the obligation of the Lessee to pay interest or other sums of money under this Lease (whether at the Agreed Rate or the Agreed Default Rate or any other rate) shall be subject to the limitation that, to the extent the provisions of the Penal Law of the State of New York relating to usury are applicable to the recipient, payment of interest shall not be required to the extent that the receipt thereof would be contrary to such applicable provisions.

§23. No Recourse. Except as otherwise provided herein, The Connecticut Bank and Trust Company, as Trustee under the Trust Agreement (or any entity acting as successor trustee under the Trust Agreement) is entering into this Lease as Trustee under the Trust Agreement and not in its individual capacity and in no case whatsoever shall The Connecticut Bank and Trust Company (or any entity acting as such successor trustee), or any Owner Participant, be personally liable on, or for any loss in respect of, any of the representations, warranties, agreements or obligations of the Lessor hereunder as to all of which the parties hereto

agree to look solely to the Trust Estate (as such term is defined in the Trust Agreement), except, in the case of The Connecticut Bank and Trust Company (or any entity acting as such successor trustee), or any Owner Participant for any loss caused by its own wilful misconduct or gross negligence.

§24. Payment of Proceeds. Any insurance proceeds or other monies otherwise payable to the Lessee which are paid to and/or retained by the Lessor hereunder because an Event of Default has occurred and is continuing shall be paid over to the Lessee at such time as no Events of Default are continuing.

§25. Assignment of Subleases. As security for the payment by the Lessee of its obligations hereunder, the Lessee agrees to assign and hereby pledges, assigns and grants a security interest to the Lessor in all Subleases together with all of the Lessee's rights thereunder and all payments due and to become due thereunder. The Lessee agrees to deliver to the Lessor the original copy of such Subleases and such other documents as may be requested by the Lessor to evidence, confirm and perfect the interest conveyed herein. The Lessor acknowledges that so long as no Event of Default has occurred and is continuing, the Lessee may continue to collect all rental and other payments which become due and to exercise all rights as sublessor pursuant to the terms of such Subleases.

IN WITNESS WHEREOF the parties hereto have caused this instrument to be executed in their respective corporate names by officers thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

THE CONNECTICUT BANK AND TRUST COMPANY,
as Trustee under the Trust Agreement

By_____
Title:

[Corporate Seal]

Attest:

_____
Title:

EMONS INDUSTRIES, INC.

By_____
Title:

[Corporate Seal]

Attest:

_____
Title:

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

On this th day of January, 1980, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is a _____ of The Connecticut Bank and Trust Company, 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

[Notarial Seal]

My commission expires: _____, 19__

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

On this th day of January, 1980, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is a _____ of Emons Industries, Inc., 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

[Notarial Seal]

My commission expires: _____, 19__

Schedule A

To Lease

Quantity	Description of Units	Serial Numbers
95	70-Ton, 50'6" Single Sheathed Rigid Underframe Plate C Boxcars	MPA 37905 through MPA 37999, inclusive.
95	" "	MPA 7905 through MPA 7999, inclusive.
22	" "	9 MPA 38758 through MPA 39779, inclusive.
120	" "	MPA 39880 through MPA 39999, inclusive.
~~13~~ 80	" "	MPA 31000 through MPA ~~31012~~ 31079, inclusive.

Schedule B

EMONS INDUSTRIES, INC.
TABLE 1

I. This table applies with respect to Units to which the rentals specified in the first paragraph of §3 of the Lease are applicable.

Semiannual Rent Payment Date	Termination Value as a Percentage of Purchase Price	Casualty Value as a Percentage of Purchase Price
1	105.7030	106.0032
2	110.1375	110.7148
3	109.7918	110.6463
4	112.9027	114.0343
5	112.3582	113.7669
6	114.2038	115.8897
7	105.4309	107.3940
8	106.3460	108.5862
9	105.0969	107.6142
10	104.9011	107.6956
11	95.3821	98.4537
12	94.4574	97.8062
13	92.4331	96.0590
14	90.7969	94.6999
15	80.4393	84.6195
16	78.5274	82.9847
17	76.0549	80.7893
18	73.8059	78.8174
19	71.1879	76.4765
20	68.5671	74.1329
21	65.7408	71.5837
22	62.7767	68.8968
23	59.6389	66.0361
24	56.3165	62.9908
25	52.8462	59.7977
26	49.3478	56.5765
27	45.8908	53.3965
28	42.4983	50.2812
29	39.1966	47.2566
30	36.0036	44.3408

Semiannual Rent Payment Date	Termination Value as a Percentage of Purchase Price	Casualty Value as a Percentage of Purchase Price
31	32.9470	41.5613
32	29.7213	38.6127
33	26.3229	35.4915
34	22.7430	32.1887
35	18.9720	28.6949
36	15.0000	25.0000

EMONS INDUSTRIES, INC.

TABLE 2

II. This table applies with respect to Units to which the rentals specified in the second paragraph of §3 of the Lease are applicable.

Semiannual Rent Payment Date	Termination Value as a Percentage of Purchase Price	Casualty Value as a Percentage of Purchase Price
1	104.2681	104.5683
2	107.4146	107.9920
3	107.5453	108.3999
4	109.7869	110.9185
5	109.7280	111.1368
6	111.1006	112.7865
7	102.7670	104.7300
8	103.4905	105.7307
9	102.8429	105.3602
10	102.8061	105.6006
11	93.8633	96.9349
12	93.2983	96.6470
13	92.0234	95.6493
14	90.9475	94.3505
15	81.2373	85.4174
16	79.7309	84.1881
17	77.7534	82.4879
18	75.7918	80.8034
19	73.5134	78.8021
20	71.1396	76.7055
21	68.5772	74.4202
22	65.8698	71.9898
23	63.0175	69.4147
24	60.0269	66.7013
25	56.9114	63.8629
26	53.6781	60.9067
27	50.3343	57.8401
28	46.8820	54.6649
29	43.3199	51.3800
30	39.6443	47.9814
31	35.8518	44.4661

Semiannual Rent Payment Date	Termination Value as a Percentage of Purchase Price	Casualty Value as a Percentage of Purchase Price
32	31.9385	40.8299
33	27.9008	37.0694
34	23.7344	33.1802
35	19.4357	29.1586
36	15.0000	25.0000

ANNEX I
TO LEASE

Property Insurance

1. Risks covered: all risks of property damage customarily insured against by railroad companies.

2. Amount: not less than aggregate Casualty Value of the Units as in effect from time to time (but not exceeding $5,000,000 per occurrence), subject to a deductible of $500,000 per occurrence.

Public Liability Insurance

1. Risks covered: all risks of death and injury and damage to the property of others.

2. Amount: $10,000,000, per occurrence.

[Form of Certificate of Acceptance]

To: The Connecticut Bank and Trust Company (the "Trustee")

From: Emons Industries, Inc. (the "Lessee")

The undersigned, the duly authorized representative of the Lessee, does hereby certify that:

Under authority of the Lessee, I have, on the date hereof (the "Acceptance Date" for such Units) received delivery of, and inspected and accepted delivery of, the following described units of railroad equipment (the "Units") as conforming in all respects to the specifications, requirements and standards of the related Purchase Orders and the Lease of Railroad Equipment dated as of January 21, 1980 (the "Lease") between the Trustee and the Lessee:

Quantity	Description	Serial Numbers

I also certify that there was plainly, distinctly, permanently and conspicuously marked on each side of each

Unit, at the time of its acceptance, in letters not less than one inch in height, the words required by Section 5 of the Lease, as follows:

> "Leased from The Connecticut Bank and Trust Company, as Trustee, and subject to a security interest filed with the Interstate Commerce Commission."

I further certify that the Units have been accepted by the Lessee on the Acceptance Date for all purposes of the Lease.

Dated: _____

By_____
Title: