



Norwest Equipment Finance, Inc.
 Suite 300
 Investors Building
 733 Marquette Avenue
 Minneapolis, Minnesota 55479-2048
 612/667-9876

3-193A004

18112-D ^{new} 18256-G

July 7, 1993

JUL 12 1993 - 10 55 AM

INTERSTATE COMMERCE COMMISSION

Should have been filed under 18256-M initially

Office of the Secretary, Recordations Unit
 Interstate Commerce Commission
 Attn: Mildred Lee
 12th & Constitution Ave. N.W., Room 2303
 Washington, D.C. 20423

JUL 12 1993 - 10 55 AM

INTERSTATE COMMERCE COMMISSION

18256-A

MOTOR OPERATING UNIT
 JUL 12 10 55 AM 1993

Dear Ms. Lee,

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are:

- 1) Master Lease Agreement and related Schedules, Addendums and Agreements (one original and one certified copy) between NorRail, Inc., as Lessor, and Brandywine Valley Railroad Company, as Lessee. Title to the 9 Gondola cars, was passed to NorRail, Inc. pursuant to a Bill of Sale duly recorded and filed June 9, 1993 under Recordation Number 18256 with the ICC.
- 2) Assignment - (two originals) Assigning the lease to Norwest Equipment Finance, Inc. from NorRail, Inc. Related master Security Agreement was duly recorded and filed with the ICC on February 3, 1993 under Recordation Number 18112C, a copy of which is attached.

← 18256-G

A summary of the three parties involved is as follows:

<p>Assignor/Lessor: NorRail, Inc. 308 - 12th Ave. S. Buffalo, MN 55313</p>	<p>Lessee: Brandywine Valley Railroad 50 South First Avenue Coatesville, PA 19320</p>
<p>Assignee: Norwest Equipment Finance, Inc. 733 Marquette Ave., Suite 300 Investors Bldg. Minneapolis, MN 55479-2048</p>	

I have included a check in the amount of \$32.00 to cover the fee for filing the above listed documents.

This is a true copy of the original Master Lease Agreement.

Leeann M Goerss



LEASE NO. 1539

18256-A

NorRail, Inc.

Master Lease Agreement

JUL 12 1993 10 55 AM

INTERSTATE COMMERCE COMMISSION

This Lease Agreement is made the 25th day of May, 1993, between NorRail, Inc. with an office at 308 12th Avenue South, Buffalo, Minnesota 55313 ("Lessor") and Brandywine Valley Railroad Company with an office at 50 South First Avenue, Coatesville, PA 19320 ("Lessee"). The parties agree as follows:

1. LEASE

Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, the equipment ("Equipment") described in Equipment Schedule(s) referencing this Lease Agreement. Each Equipment Schedule shall constitute a separate lease. In the event of a conflict between the terms and conditions of this Lease Agreement and the terms and conditions of any Equipment Schedule or any amendment, addendum or rider thereto, the terms and conditions of such Equipment Schedule, amendment, addendum or rider shall prevail. Any reference to "Lease" shall mean this Lease Agreement, the Equipment Schedule(s) and any amendments, addenda or riders thereto.

2. DEFINITIONS

- a. "Delivery Date" means the date determined in accordance with the applicable Equipment Schedule.
- b. "Commencement Date" means, as to all Equipment designated on any Equipment Schedule, where the Delivery Date for the Item of Equipment (an Item of Equipment shall mean a quantity of one as described on such Equipment Schedule) last to be delivered falls on the first day of the month, that date, or in any other case, the first day of the month following the month in which the Item of Equipment last to be delivered is delivered.
- c. "Daily Rental" means 1/30th of the amount set forth as the Monthly Rental for each Item of Equipment on the applicable Equipment Schedule.

3. TERM OF LEASE

The term of this Lease as to each Item of Equipment designated on any Equipment Schedule shall commence on the Delivery Date for such Item of Equipment and shall continue for an initial period ending that number of months from the Commencement Date as is specified on the applicable Equipment Schedule ("Initial Term"). The term of this Lease for all such Equipment shall be automatically extended for successive three-month periods until terminated by either party giving to the other not less than six months' prior written notice of termination. Any such termination shall be effective only on the last day of the Initial Term or the last day of any such successive period.

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RLP*

4. RENTAL

The monthly rental ("Monthly Rental") for each Item of Equipment payable hereunder is as set forth in the applicable Equipment Schedule. Rental for each Item of Equipment shall begin to accrue on the Delivery Date of such Item of Equipment and shall be due and payable by Lessee in advance on the first day of each month. Lessor agrees to provide Lessee with an invoice on a monthly basis for all rentals due under the Lease. If the Delivery Date does not fall on the first day of the month, the rental for that period of time from the Delivery Date until the first day of the succeeding month shall be an amount equal to the Daily Rental multiplied by the number of days from (and including) the Delivery Date to (but not including) the first day of the succeeding month and shall be due and payable on the Delivery Date.

5. TAXES

Lessor agrees to reimburse Lessee, within 30 days of Lessor's receipt of the receipted copy of the paid tax bill, for all taxes actually paid in cash by Lessee resulting from: 1) ad valorem tax assessments on the Equipment; and 2) any assessment, levy or impost relating to the Equipment, the Agreement, or the delivery of the Equipment, which remained unpaid as of the date of the delivery of the Equipment to Lessee or which is assessed, levied or imposed during the term of the Agreement, except taxes on income or gross receipts imposed on Lessee or sales or use tax imposed on mileage charges, car hire revenue, or the proceeds of the sale or lease of the Equipment. Lessor and Lessee will comply with all state and local laws requiring filing of ad valorem and other tax returns associated with the Equipment and will pay any taxes when due. Notwithstanding any portion of this Section, Lessor shall not be responsible for penalty or interest assessments resulting from Lessee's failure to comply with any regulation or statute of any taxing or assessing authority. Lessee shall forward to Lessor upon receipt all correspondence, notifications of proposed tax assessments and tax bills associated with any tax reimbursable by Lessor. Lessor may, in good faith and by appropriate proceedings, and if necessary, in Lessee's name, contest any assessment, notification of assessment or tax bill, and Lessee agrees to cooperate in any appropriate proceedings maintained by Lessor. Lessor shall assume full responsibility for all of its own expenses, including its own legal fees, resulting from such contest.

6. INSPECTION, DELIVERY, USE

- a. Prior to delivery of an Item of Equipment to Lessee, Lessor shall arrange for a mutual inspection of each Item of Equipment by representatives of the Lessor and Lessee. The purpose of this inspection shall be to ascertain that the Equipment meets or exceeds the standards in effect under the Interchange Rules of the Association of American Railroads (AAR) and/or the applicable rules of any governmental agency or other organization having jurisdiction. The Items of Equipment will be made available for inspection and acceptance by Lessee at McKees Rocks, Pennsylvania. All Items of Equipment will be free of interior debris.
- b. Lessor and Lessee shall cooperate together to make all the arrangements for (i) the Delivery of each Item of Equipment to the Equipment Location stated in the applicable Equipment Schedule. (ii) Lessor shall have the sole right and option to make all arrangements for the Delivery of each Item of Equipment from Lessee to a location of Lessor's choice within the continental United States upon the termination of the applicable Equipment Schedule (by expiration or otherwise) as to such Item of Equipment.

- c. All Delivery costs, if any, with respect to the Equipment on delivery to the Equipment location of Lessee's choice within the continental United States shall be paid by Lessee. All redelivery costs with respect to the Equipment on redelivery to the Equipment location of Lessor's choice shall be paid by Lessor. The restenciling of the Items of Equipment to Lessee's designated marks will be at Lessee's expense.
- d. Lessee shall have the uninterrupted right to enjoy the quiet possession and exclusive use of the Equipment while the applicable Equipment Schedule is in force, without limitation as to time, provided Lessee shall not be in default hereunder.
- e. All tax benefits as to ownership will reside with Lessor or Lessor's Assignee.

7. MAINTENANCE, MODIFICATIONS

- a. Lessee shall, during the term of this Lease, be responsible for all maintenance of the Equipment, routine or otherwise. Any change to this obligation of Lessee must be in the form of an amendment signed by both parties and attached hereto.
- b. Any equipment, maintenance parts, or other items not specified in the Equipment Schedule(s) which are used on or in connection with the Equipment must meet the specifications of the manufacturer and shall be acquired by Lessee at its own expense.
- c. After prior notice to Lessor, Lessee may, at its own expense, make modifications or add attachments to the Equipment, provided such modifications or attachments do not interfere with the normal and satisfactory operation or maintenance of the Equipment. All such modifications or attachments shall be removed by Lessee and the Equipment restored, at Lessee's expense, to its original condition, reasonable wear and tear only excepted, no later than the termination of this Lease as to the applicable Item of Equipment. All modifications and attachments not removed upon termination of the Lease shall become the property of Lessor.
- d. The parties agree that Lessee may modify each Item of Equipment to a GBS mechanical designation by adding a steel rack for wide plate loading ("Rack") as noted by "Rack Application For Wide Plate Loading" Drawing #158-11-767 (the "Drawing"). Lessee shall be responsible for all costs associated with the application, removal and maintenance of each Rack. At the end of the Lease each Rack will be removed at Lessee's expense. The exterior side reinforcement channels are to remain applied to each Item of Equipment as noted in the Drawing. All holes in any Item of Equipment's body are to be covered with 3/16" flat bar or plate with the vertical sides welded for securement. Lessee shall be responsible for all costs associated with the repair of an Item of Equipment's body modification related to the application and removal of the Rack and any damages to any Item of Equipment's body as a result of such Item of Equipment operating with the Rack applied.

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8. RETURN OF EQUIPMENT

- a. At the termination of this Lease as to the applicable Equipment Schedule (by expiration or otherwise) Lessee shall, at its expense, promptly return the Equipment to Lessor in the same operating order, repair, condition and appearance as on the Delivery Date, subject only to reasonable wear and tear and the provisions of 6(b) and 6(c). Prior to return of an Item of Equipment to Lessor, Lessee shall, at the earliest possible time, arrange for a mutual inspection of each Item of Equipment, at a single location agreeable to Lessor, by representatives of the Lessor and Lessee. The purpose of this inspection shall be to ascertain that the Equipment meets or exceeds the standards in effect under the Interchange Rules of the Association of American Railroads (AAR) and/or the applicable rules of any governmental agency or other organization having jurisdiction. All Items of Equipment will be restenciled at the termination of the Lease to Lessor's designated marks at Lessee's expense.
- b. Following the termination of this Lease as to the applicable Equipment Schedule, Lessee agrees to allow Lessor to store such equipment on its tracks free of charge for a period not to exceed three months at Lessor's risk.

9. OWNERSHIP AND INSPECTION

- a. This is a contract of lease only and Lessee shall have no equity or property interest in the Equipment other than the rights acquired as a Lessee hereunder.
- b. Lessee shall keep the Equipment free and clear of all liens and encumbrances except liens or encumbrances arising through the actions or omissions of Lessor. Lessee shall not assign or otherwise encumber this Lease or any of its rights hereunder or sublease the Equipment, except that Lessee at its expense and upon prior written notice to Lessor, may assign this Lease or sublease the Equipment to its parent or any subsidiary corporation or to a corporation which shall have acquired all or substantially all of the property of Lessee by merger, consolidation or purchase. Upon any permitted assignment or sublease, Lessee shall execute and deliver to Lessor, or any assignee of Lessor, at Lessee's expense, such documentation as Lessor or such assignee may require, including but not limited to documentation to evidence and put third parties on notice of Lessor's or its assignee's interest in the Equipment. No permitted assignment or sublease shall relieve Lessee of any of its obligations hereunder.
- c. Lessor or its agents shall have free access to the Equipment at all reasonable times for the purpose of inspection and for any other purpose contemplated in this Lease. Lessee shall make Lessee's log and maintenance records pertaining to the Equipment available during any such inspection.
- d. Lessee shall immediately notify Lessor of all details concerning any damage to, or loss of, the Equipment arising out of any event or occurrence whatsoever, including, but not limited to, the alleged or apparent improper manufacture, functioning or operation of the Equipment.

10. WARRANTIES AND DISCLAIMER OF WARRANTIES

- a. Lessee represents that, as of the Delivery Date set forth in the applicable Equipment Schedule, it shall have (i) thoroughly inspected the Equipment, (ii) determined for itself that all Items of Equipment are of a size, design, capacity and manufacture selected by it, and (iii) satisfied itself that the Equipment is suitable for Lessee's purposes. Lessee authorizes Lessor to insert in each Equipment Schedule the serial numbers and other identifying data of the Equipment.

- b. Lessee hereby covenants, represents and warrants with respect to this Lease and each Equipment Schedule executed hereunder that:
 - (i) The execution, delivery and performance thereof by Lessee have been duly authorized by all necessary corporate action;
 - (ii) The individual executing such was duly authorized to do so;
 - (iii) The Lease and each Equipment Schedule constitute legal, valid and binding agreements of Lessee enforceable in accordance with their respective terms; and
 - (iv) The Equipment is personal property and when subjected to use by Lessee will not be or become fixtures under applicable law.

- c. **LESSOR SUPPLIES THE EQUIPMENT AS IS AND NOT BEING THE MANUFACTURER OF THE EQUIPMENT, THE MANUFACTURER'S AGENT OR THE SUPPLIER'S AGENT, MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE EQUIPMENT'S MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, DESIGN, CONDITION, QUALITY, CAPACITY, MATERIAL, WORKMANSHIP, CONFORMITY TO THE PROVISIONS AND SPECIFICATIONS OF ANY PURCHASE ORDER(S) RELATING THERETO OR AS TO PATENT INFRINGEMENT OR THE LIKE, it being agreed that all such risks, as between Lessor and Lessee, are to be borne by Lessee. Lessee agrees to look solely to the manufacturer or to the supplier of the Equipment for any and all warranty claims and any and all warranties made by the manufacturer or the supplier to Lessor are hereby assigned to Lessee, to the extent permitted by the manufacturer or the supplier, for the term of the applicable Equipment Schedule. Lessee agrees that Lessor shall not be responsible for the maintenance, operation or service of the Equipment or for delay or inadequacy of any or all of the foregoing. Lessor shall not be responsible for any direct, indirect, special or consequential loss or damage resulting from the delivery, operation or use of the Equipment or otherwise (including strict liability in tort). Lessee will defend, indemnify and hold Lessor harmless on an after-tax basis against any and all claims, demands and liabilities arising out of or in connection with the design, manufacture, possession or operation of the Equipment (including strict liability in tort).**

11. RISK OF LOSS

- a. **Insurance.** Until this Lease terminates at the end of the Initial Term or any subsequent extension thereof, Lessee relieves NorRail of responsibility for all risks of physical damage to or loss or destruction of the Equipment unless caused by the negligence of NorRail. During the term of this Lease as to any Equipment Schedule, Lessee shall, at its expense, keep in effect all-risk, physical loss and damage insurance and public liability insurance



policies covering the Equipment designated in such Equipment Schedule. (With NorRail's written consent, Lessee may self-insure such risks as are specified in NorRail's consent.) The all-risk insurance policy shall be for an amount not less than the applicable Stipulated Loss Value as indicated on the Schedule of Stipulated Loss Value. The public liability insurance policy shall be in such amount as is reasonable acceptable to NorRail. NorRail, its successors and assigns, shall be named as additional insureds and/or loss payees on such policies, which shall be written by one or more insurance companies of recognized responsibility reasonably acceptable to NorRail. Evidence of such insurance coverage shall be furnished to NorRail not later than the Delivery Date set forth in the applicable Equipment Schedule and from time to time thereafter as NorRail may demand. Such policies shall provide that no less than thirty (30) days' written notice shall be given NorRail prior to cancellation of such policies for any reason. Lessee hereby irrevocably appoints NorRail as Lessee's attorney-in-fact coupled with an interest to make claim for, receive payment of, and execute any and all documents that may be required to be provided to the insurance carrier in substantiation of any such claim for loss or damage under said insurance policies, and to endorse Lessee's name to any and all drafts or checks in payment of the loss proceeds.

- b. **Destruction or Loss.** If any of the Items of Equipment, or the fittings, appliances, or appurtenances thereto, shall be damaged, ordinary wear and tear excepted, or destroyed by any cause other than the negligence of NorRail, Lessee shall pay for the repair or in the event of a Total Loss, the Stipulated Loss Value as defined below of such Equipment in accordance with this paragraph. Lessee shall make or cause to be made such inspections of, and maintenance and repairs to, the Items of Equipment as may be required from time to time. Should any Item of Equipment be damaged whereby such damage is billable to another carrier, Lessee shall be responsible for recovering such sums and applying them to the expense of repair or the Stipulated Loss Value as defined below. Should NorRail receive any payments from a third party for damage to an Item of Equipment, such amounts shall be applied to reduce the amount owed by Lessee to NorRail under this paragraph. Lessee shall promptly and fully notify NorRail in writing of any damage, destruction or loss of any Item of Equipment. If an item of Equipment is lost, stolen, condemned, destroyed or damaged such that the estimated cost of repair (determined under Section 11(c)) exceeds the "depreciated value" of the Item of Equipment as defined in and determined in accordance with AAR Interchange Rule 107, then such Item of Equipment shall be deemed to have suffered a "Total Loss" for purposes of this Lease. On the next rental payment date after the date of a Total Loss, Lessee shall pay NorRail the sum of (i) the Stipulated Loss Value of such Item of Equipment, plus (ii) any unpaid rent due in respect of such Item of Equipment to and including the next rental payment date plus (iii) any other payments owing under this Lease with respect to any period(s) ending on or before, or any actions, omissions, events or other matters occurring or with respect to any time or times on or before, that next rental payment date, plus (iv) interest on each of the aforesaid amounts at the rate of 10% per annum from that rental payment date to the date the amounts are paid in full. If it is determined that an Item of Equipment can be repaired, Lessee shall cause such Item of Equipment to be promptly repaired, at Lessee's expense. All proceeds of insurance received by NorRail or Lessee under the all-risk insurance policy referred to in the preceding paragraph of this Section shall be applied toward the cost of such repair or the Stipulated Loss Value.

- c. **Determination of Repair Costs.** For purposes of determining whether a Total Loss has occurred, repair costs shall be estimated by the carrier on whose line the Item of Equipment was derailed or otherwise destroyed or damaged. If no carrier need to or does estimate repair costs, NorRail shall do so. If NorRail or such carrier estimates repair costs and Lessee or NorRail disagrees with the estimate, Lessee or NorRail may demand a second estimate, at Lessee's and NorRail's joint expense, from an independent estimator selected jointly by NorRail and Lessee, which second estimate then shall bind both NorRail and Lessee.

12. EVENTS OF DEFAULT AND REMEDIES

The occurrence of any one of the following shall constitute an Event of Default hereunder:

- a. Lessee fails to pay any installment of rent on or before the tenth day following the date when the same becomes due and payable;
- b. Lessee attempts to sell, encumber, or sublet any Item of Equipment, except as expressly permitted herein;
- c. Lessee fails to observe or perform any of the other obligations required to be observed or performed by Lessee hereunder and such failure shall continue uncured for thirty days from receipt of written notice thereto to Lessee by Lessor;
- d. Any warranty, representation or statement made or furnished to Lessor by or on behalf of Lessee proves to have been false in any material respect when made or furnished;
- e. Lessee 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, is generally not paying its debts as they mature, files a voluntary petition in bankruptcy, 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, consents to or acquiesces in the appointment of a custodian, trustee, receiver or liquidator of it or all of any substantial part of its assets or properties, or if it or its shareholders shall take any action looking to its dissolution or liquidation, or if any order for relief is entered against Lessee under the federal bankruptcy laws;
- f. Within sixty days after the commencement of any proceedings against Lessee seeking reorganization, arrangement, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceedings shall not have been dismissed, or if within thirty days after the appointment without Lessee's consent or acquiescence of any custodian, trustee, receiver or liquidator of it or of all or any substantial part of its assets and properties, such appointment shall be vacated; or
- g. The default and failure to cure within any applicable time period by Lessee under any other Equipment Schedule or other agreement between Lessee and Lessor or any assignee of Lessor.

Upon the occurrence of an Event of Default, except as set forth in 12(c) above, Lessor may at its option do any or all of the following: (a) by notice to Lessee cancel or terminate this Lease as to any or all Equipment Schedules; (b) whether or not this Lease is canceled or terminated as to any or all Equipment Schedules,



take possession of any or all of the Equipment listed on any or all Equipment Schedules, wherever situated, and for such purpose, enter upon any premises without liability for so doing (except that Lessor shall be liable for damages resulting from the fault or negligence of Lessor) or Lessor may cause Lessee, and Lessee hereby agrees, to return the Equipment to Lessor as provided in this Lease; (c) recover from Lessee, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to all monies to be paid by Lessee during the remaining Initial Term or any successive period then in effect, discounted at the rate of 6%, reduced by any sums in fact recovered by Lessor as lost rentals, for any period after the Event of Default under any other provision of this section, which payment shall become immediately due and payable; or (d) sell, dispose of, hold, use or lease any Equipment as Lessor in its sole discretion may determine (and Lessor shall not be obligated to give preference to the sale, lease or other disposition of the Equipment owned or leased by Lessor). In addition, Lessee shall immediately return all Equipment to Lessor in the condition required by Section 8. As to any Item of Equipment not returned, or not returned in that condition, Lessee shall immediately pay to Lessor the present value of the residual value of the Equipment and Lessor shall quit claim title to Lessee. The subsequent acceptance of payments hereunder by Lessor shall not be deemed a waiver of any prior existing breach by Lessee regardless of Lessor's knowledge of such prior existing breach at the time of acceptance of such payments. In any event, Lessee shall, without further demand, pay to Lessor an amount equal to all sums due and payable for all periods up to and including the date on which Lessor has declared this Lease to be in default. In the event of a default as described in 12(c), Lessor shall be entitled to recover all damages occasioned by such default.

In the event Lessor takes possession of the Equipment, Lessor shall give Lessee credit for any sums received by Lessor from the sale of the Equipment or an amount equal to the present value of the reletting of the Equipment computed at the implicit rate of the new lease, after deduction of the expenses of sale or reletting, but only to the extent such sums exceed the present value of the residual value of the specific Items of Equipment sold or leased. Any such credit to Lessee shall be applied against all monies owed to Lessor as defined in the preceding paragraph. Lessee agrees that Lessor shall have no obligation to sell or relet the Equipment. Lessee shall in any event remain fully liable for reasonable damages as provided by law and for all costs and expenses incurred by Lessor on account of such default including, but not limited to, all court costs and reasonable attorneys' fees. Lessee hereby agrees that, in any event, it will be liable for any deficiency after any sale, lease or other disposition by Lessor. The rights afforded Lessor hereunder shall not be deemed to be exclusive, but shall be in addition to any rights or remedies provided by law.

If, upon the termination of the applicable Equipment Schedule as to any Item of Equipment, Lessee fails or refuses to return and deliver possession of such Item of Equipment to Lessor on the prescribed date (subject to the terms and conditions set forth in 8a), in addition to all other rights and remedies available to Lessor, Lessee shall be liable to Lessor for all Monthly Rental on such Item of Equipment until its return and direct damages Lessor may suffer by reason of being unable to deliver such Item of Equipment to another party.

13. NET LEASE

Except as otherwise specifically provided in this Lease, it is understood and agreed that each Equipment Schedule constitutes a net lease, and that, as between Lessor and Lessee, Lessee shall be responsible for all costs and expenses of every nature whatsoever arising out of or in connection with or related to this Lease or the Equipment. Lessee hereby agrees that in the event that Lessee fails to pay or perform any obligation under this Lease, Lessor may, at its option, pay or perform said obligation and any payment made or expense incurred by Lessor in connection therewith shall become additional rent which shall be due and payable by Lessee upon demand. All amounts payable by Lessee under any Equipment Schedule shall be absolute and unconditional and shall not be subject to any

abatement, reduction, offset, defense, counterclaim, interruption, deferment or recoupment for any reason whatsoever, and such amounts shall be and continue to be payable in all events except as to Items of Equipment with respect to which this Lease is terminated pursuant to section 11.

14. ASSIGNMENT

Lessee agrees that Lessor may transfer or assign all or any part of Lessor's right, title and interest in, under or to the Equipment and this Lease or any Equipment Schedule, and any or all sums due or to become due pursuant to any of the above, to any third party ("Assignee") for any reason. Lessee agrees that upon receipt of written notice from Lessor of such assignment, Lessee shall perform all of its obligations hereunder for the benefit of Assignee and, if so directed, shall pay all sums due or to become due hereunder directly to Assignee or to any other party designated by Assignee. Lessee hereby covenants, represents and warrants as follows and agrees that Assignee shall be entitled to rely on and shall be considered a third party beneficiary of the following covenants, representations and warranties: (a) Lessee's obligations to Assignee hereunder are absolute and unconditional and are not subject to any abatement, reduction, offset, defense, counterclaim, interruption, deferment or recoupment available to Lessee for any reason whatsoever including, but not limited to, operation of law, defect in the Equipment, failure of Lessor to perform any of its obligations hereunder or for any other cause or reason whatsoever, whether similar or dissimilar to the foregoing; (b) Lessee shall not look to Assignee to perform any of Lessor's obligations hereunder; (c) Lessee will not amend or modify this Lease without the prior written consent of Assignee; and (d) Lessee will send a copy to Assignee of each notice which Lessee sends to Lessor.

Upon receipt of notice of such transfer or assignment, Lessee agrees to promptly execute and deliver to Lessor such documentation as Assignee may require to secure and/or complete such transfer or assignment, including, but not limited to, the following: (a) an acknowledgement of, or consent to, the assignment which may require Lessee to make certain representations or reaffirmations as to some of the basic terms and covenants contained in this Lease; (b) a certified copy of resolution of Lessee and Lessee's guarantor; and (c) a Certificate of Delivery and Acceptance. Nothing contained in such documentation required by Assignee shall be in derogation of any of the rights granted to Lessee hereunder. Notwithstanding such assignment, Lessor shall not be relieved of any of its obligations hereunder, and the rights of Lessee hereunder shall not be impaired.

15. MISCELLANEOUS

- a. Neither this Lease, any Equipment Schedule nor any consent or approval provided for herein shall be binding upon Lessor unless signed on its behalf by duly authorized officers at its home office. This Lease shall be deemed to have been made in the State of Minnesota and shall be governed in all respects by the laws of such State. Lessee hereby consents that: (a) Lessee consents to the jurisdiction of the courts of the State of Minnesota and/or Federal District Court, Fourth Division, State of Minnesota, exclusively, with respect to all actions commenced by it with respect to any and all matters arising out of or in connection with this Lease or any other instrument or document executed or delivered in connection therewith, and that venue for the purpose of all such suits shall be Hennepin County, State of Minnesota only; (b) Any action commenced against Lessee by Lessor under this Lease or any other instrument or document executed or delivered in connection therewith may, at the option of the Lessor, be commenced in the State of Minnesota and/or the Federal District Court, Fourth Division, State of Minnesota and Lessee hereby consents to the jurisdiction of said courts. Nothing contained herein is intended to preclude Lessor from commencing any

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action hereunder in any court having jurisdiction thereof. Service of process in any such action shall be sufficient if served by certified mail, return receipt requested to the address of the parties set forth herein. To the extent permitted by law, Lessee waives trial by jury in any action by or against Lessor hereunder.

- b. This Lease and each Equipment Schedule constitute the entire agreement and understanding of the parties with respect to the lease of the Equipment listed on each Equipment Schedule (notwithstanding any contrary provision contained in any instrument submitted by Lessee), supersede any or all prior agreements and understandings related to the subject matter hereof, and may not be changed orally but only by an agreement in writing signed by both parties. Lessee's purchase order, if any, shall be used for accounting purposes only.
- c. All notices hereunder shall be in writing and shall be delivered in person or by courier service or sent by registered or certified mail, postage prepaid, to the address of the other party as set forth herein or to such other address as such party shall have designated by proper notice.
- d. This Lease shall be binding upon and inure to the benefit of Lessor and Lessee and their respective successors and assigns (including any subsequent assignee of an Assignee).
- e. No representation or statement made by any representatives of either party not contained herein shall be binding upon such party. No provisions of this Lease or any Equipment Schedule which may be deemed unenforceable shall in any way invalidate any other provision or provisions hereof, all of which shall remain in full force and effect. Neither any failure nor any delay on the part of either party in exercising any of its rights hereunder shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right hereunder.
- f. No waiver of any of the terms and conditions hereof shall be effective unless in writing and signed by the party against whom such waiver is sought to be enforced. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.
- g. Lessor is hereby authorized by Lessee to cause this Lease or other instruments, including Uniform Commercial Code financing statements and any documentation required by the Interstate Commerce Commission (ICC) or any other regulatory body or agency having jurisdiction, to be filed or recorded for the purposes of evidencing and putting third parties on notice of Lessor's or Assignee's interest in the Equipment and Lessee agrees that Lessor or Assignee may execute such instruments for and on behalf of Lessee. In the event for any reason whatsoever Lessee is determined to have an interest in the Equipment other than a purely leasehold interest for the term of this Lease, Lessee agrees to and does hereby expressly subordinate such interest to the interests of Owner in the Equipment and to the security interest in the Equipment for any Assignee whether such security interest is presently in existence or hereafter acquired, and further grants a security interest in the Equipment to Lessor. Lessee shall execute all documents requested by Owner or any Assignee to evidence such subordination.

Handwritten signature in black ink, appearing to be "Jmf" over "RBF".

- h. During the term of this Lease, Lessee agrees to deliver to Lessor a copy of Lessee's annual audited financial statements and any interim financial statements, within a reasonable time after said statements are available when requested by Lessor and to the extent that Lukens Inc. corporate policy allows.
- i. Lessee's covenants, representations and warranties shall survive the expiration or other termination of this Lease.
- j. If Equipment delivered pursuant to any Equipment Schedule contains any attachments not specified therein, Lessor reserves the right to remove any such attachments at any reasonable time thereafter.
- k. This Lease and any Equipment Schedules may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. To the extent that this Lease constitutes chattel paper, no security interest in this Lease may be created through the transfer of possession of any counterpart other than an executed counterpart or a photostatic copy of an executed counterpart of this Lease together with an executed Equipment Schedule marked "Duplicate Original No. 1 of 3."
- l. Lessee agrees to provide Lessor, at Lessor's request, all pertinent financial and other information deemed necessary by Lessor to extend credit approval to Lessee to the extent that Lukens Inc. corporate policy allows. This will include at a minimum, Lessee's Financial Statements for the preceding two years along with the most recent interim statements together with Lessee's banking references. In the event Lessor is unable to extend credit approval to Lessee within fifteen (15) days after receipt of financial information, this Agreement shall become null and void and all monies paid by Lessee to Lessor shall be refunded in full.

LESSOR:

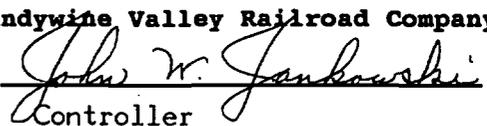
NorRail, Inc.

By: 

Title: President

LESSEE:

Brandywine Valley Railroad Company

By: 

By: Controller

Duplicate Original No. 2 of 3.

JWG
RAQ

NorRail, Inc.

308 12th Avenue South
Buffalo, Minnesota 55313

EQUIPMENT SCHEDULE NO. 1 TO
LEASE AGREEMENT DATED May 25, 1993 ("LEASE")

BETWEEN NorRail, Inc. ("LESSOR")

AND Brandywine Valley Railroad Co. ("LESSEE")

1. EQUIPMENT:

<u>Mfr.</u>	<u>Qty.</u>	<u>Type/Model</u>	<u>Ident. #</u>	<u>Description</u>	<u>Monthly Rental Per Item of Equip.</u>
Greenville Steel Car Company	9	Bulkhead Gondolas	PLE 47008 PLE 47020 PLE 47036 PLE 47057 PLE 47065 PLE 47068 PLE 47075 PLE 47109 PLE 47051	100 ton Trucks Roller Bearing 4 Foot Sides	\$360.00

Total Monthly Rental \$ 3,240.00

NOTE: Lessee agrees that the above described equipment may be amended by Lessor to the extent that Lessor may insert the serial numbers and other identifying data of the Equipment.

2. EQUIPMENT LOCATION:

Pittsburgh and Lake Erie Railroad yards in the Pittsburgh, PA area.

3. PROJECTED DELIVERY DATE: May-June, 1993.

4. **DELIVERY DATE:** _____, 19____. If this space is not completed, the Delivery Date of each Item of Equipment shall be:
- a. in the case of an Item of Equipment which is the subject of a sale and leaseback between Lessor and Lessee, the date upon which Lessor purchases such Item of Equipment from Lessee; or
 - b. in the case of an Item of Equipment which is currently delivered to the Equipment Location, but where Lessor is obtaining title directly from the manufacturer or supplier, the date upon which Lessor purchases such Item of Equipment from the manufacturer or supplier; or
 - c. in the case of an Item of Equipment requiring delivery, the date of final inspection and acceptance by Lessee of such Item of Equipment at the Equipment Location. Such acceptance, which is not to be unreasonably withheld, is to be in the form of a Certificate of Delivery and Acceptance signed by Lessee.
5. **COMMENCEMENT DATE:** As set forth in Section 2(b) of the Lease; provided, however, if Lessee fails to timely and properly deliver, within fourteen days of Lessee's execution of this Equipment Schedule, any documents requested by Lessor pursuant to the Lease, Lessor, in its discretion and notwithstanding anything to the contrary contained in Section 2(b) of the Lease, may postpone the commencement of the Initial Term. Lessor shall give Lessee prompt written notice of any such postponement.
6. **INITIAL TERM:** 120 months.
7. **ADVANCED RENTALS:** One monthly rental(s) of \$ 3,240.00 each totaling \$ 3,240.00 shall be delivered to Lessor at time of signing of this Lease. Such advanced rentals shall be applied to the first month(s) of the Initial Term.
8. **MONTHLY RENTAL:** \$ 3,240.00. The Monthly Rental for all Items of Equipment set forth in Section 1 hereof.
9. **LEASE AGREEMENT:** All of the terms, covenants and conditions set forth in the Lease are incorporated herein by reference as if the same had been set forth herein in full. By their execution and delivery of this Equipment Schedule, the parties hereby reaffirm all of the terms and conditions of the Lease (including, without limitation, the representations and warranties of Lessee set forth in Section 10 thereof) except as modified hereby.

LESSOR:

NorRail, Inc.

By: [Signature]

Title: President

Date: 5/26/93

LESSEE:

Brandywine Valley Railroad Company

By: [Signature]

Title: Controller

Date: 5/25/93

Duplicate Original No. 2 of 3.

[Handwritten initials]
[Handwritten initials]

NorRail, Inc.
308 12th Avenue South
Buffalo, MN 55313

Schedule of Stipulated Loss Value to
Master Lease Agreement Dated May 25, 19 93
("Lease") Between NorRail, Inc. ("NorRail")
and Brandywine Valley Railroad Company ("Lessee")

Stated below is the Stipulated Loss Value per Item of Equipment
for all Equipment that is leased under the Lease.

<u>Payment</u> <u>Date</u>	<u>Stipulated</u> <u>Loss</u> <u>Value</u>	<u>Payment</u> <u>Date</u>	<u>Stipulated</u> <u>Loss</u> <u>Value</u>	<u>Payment</u> <u>Date</u>	<u>Stipulated</u> <u>Loss</u> <u>Value</u>	<u>Payment</u> <u>Date</u>	<u>Stipulated</u> <u>Loss</u> <u>Value</u>
		1/96	22,959.95	1/99	17,930.75	1/02	12,901.42
		2/96	22,820.26	2/99	17,791.05	2/02	12,761.81
		3/96	22,680.55	3/99	17,651.35	3/02	12,622.10
		4/96	22,540.86	4/99	17,511.64	4/02	12,482.39
5/93	27,429.55	5/96	22,401.16	5/99	17,372.02	5/02	12,342.69
6/93	27,289.85	6/96	22,261.45	6/99	17,232.33	6/02	12,202.98
7/93	27,150.15	7/96	22,127.75	7/99	17,092.63	7/02	12,063.27
8/93	27,010.45	8/96	21,982.04	8/99	16,952.92	8/02	11,923.56
9/93	26,876.75	9/96	21,842.34	9/99	16,813.22	9/02	11,783.86
10/93	26,731.04	10/96	21,702.63	10/99	16,673.51	10/02	11,644.15
11/93	26,591.33	11/96	21,562.93	11/99	16,533.81	11/02	11,504.44
12/93	26,451.63	12/96	21,423.23	12/99	16,394.10	12/02	11,364.74
1/94	26,312.02	1/97	21,283.52	1/00	16,254.40	1/03	11,225.03
2/94	26,172.32	2/97	21,143.81	2/00	16,114.69	2/03	11,085.33
3/94	26,032.71	3/97	21,004.10	3/00	15,974.98	3/03	10,945.63
4/94	25,893.11	4/97	20,864.49	4/00	15,835.28	4/03	10,805.92
5/94	25,753.40	5/97	20,724.80	5/00	15,695.57	5/03	10,666.21
6/94	25,613.79	6/97	20,585.09	6/00	15,555.87		
7/94	25,474.14	7/97	20,445.40	7/00	15,416.16		
8/94	25,334.44	8/97	20,305.69	8/00	15,276.45		
9/94	25,194.84	9/97	20,165.99	9/00	15,136.75		
10/94	25,055.14	10/97	20,026.28	10/00	14,997.04		
11/94	24,915.54	11/97	19,886.58	11/00	14,857.33		
12/94	24,775.83	12/97	19,746.87	12/00	14,717.62		
1/95	24,636.21	1/98	19,607.17	1/01	14,577.91		
2/95	24,496.50	2/98	19,467.47	2/01	14,438.21		
3/95	24,356.79	3/98	19,327.76	3/01	14,298.50		
4/95	24,217.09	4/98	19,188.05	4/01	14,158.80		
5/95	24,077.49	5/98	19,048.37	5/01	14,019.09		
6/95	23,937.79	6/98	18,908.67	6/01	13,879.38		
7/95	23,798.17	7/98	18,768.96	7/01	13,739.67		
8/95	23,658.48	8/98	18,629.26	8/01	13,599.96		
9/95	23,518.78	9/98	18,489.55	9/01	13,460.25		
10/95	23,379.07	10/98	18,349.84	10/01	13,320.55		
11/95	23,239.37	11/98	18,210.14	11/01	13,180.84		
12/95	23,099.66	12/98	18,070.43	12/01	13,041.13		

Jmg
RRP

NorRail, Inc.

Addendum No. 1 to:

**Master Lease Agreement Dated May 25, 1993 ("Lease")
Between NorRail, Inc. ("NorRail") and
Brandywine Valley Railroad Company ("Lessee")**

Guaranty of Payment and Performance

To induce NorRail, Inc. A Minnesota Corporation (it and its successors and assigns being "NorRail") to enter into the Lease identified above, as "Lessor" under that Lease, with the Lessee identified above, for the lease of the equipment described in the Equipment Schedule(s) now existing or hereafter executed and delivered by Lessee under or pursuant to the Lease, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, Lukens Steel Company, a Pennsylvania corporation ("Guarantor"), being the parent company of Lessee, hereby irrevocably and unconditionally guarantees payment to NorRail of all amounts now or hereafter payable by Lessee under said Lease, whether absolute or contingent. All such amounts are herein termed the "Obligations". The Obligations include without limitation payment or performance of: Monthly and Daily Rental; holdover rent; taxes; delivery costs; costs of maintenance and modifications to any of the leased equipment; restoring any of the leased equipment to the standards required by the Lease upon return of the same to NorRail; storage of the equipment following return of the equipment to NorRail as provided in the Lease; any and all amounts due NorRail on any loss, condemnation, destruction or damage of the leased equipment as provided in the Lease; damages and other amounts due NorRail on any Event of Default under the Lease (including but not limited to actual damages, costs and expenses (which specifically include but are not limited to court costs and attorneys' fees) and liquidated damages as provided in the Lease); and all other liabilities now or hereafter due by Lessee under the Lease. In addition, Guarantor agrees to pay on demand all of NorRail's costs, expenses and attorneys' fees in connection with the enforcement of the Obligations, and of this Guaranty.

Each capitalized term not otherwise defined in the Guaranty is used with the meaning given it, if any, in the Lease.

This Guaranty is a guarantee of payment and performance and is a primary obligation of Guarantor, and its successors and assigns. Prior action against the Lessee or any other person, or prior exercise of any other rights or remedies whatsoever, shall not be a prerequisite to NorRail's right to proceed hereunder. Any default by the Lessee shall give rise to acceleration of all Obligations under the Lease and to NorRail's right to immediate payment thereof. Any and all payments upon the Lease made by Guarantor may be applied by NorRail upon such of the Obligations under the Lease as NorRail may determine, whether the same shall be due or not.

The liability of Guarantor under this Guaranty shall not be affected or impaired by any renewal, compromise, extension, modification or amendment of the Lease (regardless of whether notice of the same is or is not given to the Guarantor), nor by the taking by NorRail of any other guaranty or guaranties (or other assurances or security or collateral) to secure the Lease. The liability of Guarantor under this Guaranty includes liability as to Obligations under existing, and Obligations under future, Equipment Schedules to the Lease. Guarantor understands and acknowledges that by virtue of this Guaranty, it has assumed any and all risks of a bankruptcy, reorganization case or related proceeding of the Lessee. As an example but not by way of limitation, a subsequent modification of the Lease in any reorganization case concerning the Lessee shall not affect the obligation of Guarantor to pay the Obligations in accordance with its original terms. If any payment applied by NorRail to the Obligations is thereafter set aside, recovered, rescinded or required to be returned for any reason (including without limitation the bankruptcy, insolvency or reorganization of the Lessee or any other person), the Obligations to which such payment was applied shall for the purposes of this Guaranty be deemed to have continued in existence, notwithstanding such application, and this Guaranty shall be enforceable as to such Obligations as if such application had never been made.

Guarantor acknowledges that this Guaranty is in effect and binding without reference to whether it is signed by any other person or persons and agrees that possession of this Guaranty by NorRail shall be conclusive evidence of the due delivery by Guarantor. By execution of this Guaranty, Guarantor represents to NorRail that it has received a full, fair and equivalent consideration for its guarantee of payment provided herein.

No act, omission or thing, except full payment and discharge of the Obligations, which but for this provision could act as a release or impairment of the liability of the Guarantor, shall in any way release, impair, or affect the liability of Guarantor under this Guaranty, except the defense of discharge by payment (subject to continuation of this Guaranty as to any rescinded or refunded payment as stated above).

Guarantor waives: (1) notice of acceptance of the Guaranty and of the creation and existence of the Obligations; (2) presentment, notice of dishonor and protest of any instrument evidencing the Obligations; (3) all other demands and notices to Guarantor or any other person and all other actions to establish the liability of Guarantor hereunder; and (4) the right to trial by jury in any action in connection with this Guaranty. Guarantor consents to jurisdiction of the Minnesota court and the United States District Court in Minnesota, and to the commencement of any action in such courts (as specifically identified in section 15a of the Lease), waives any claim of inconvenient forum as to any action brought in any of the said courts, and consents to the venue of any such action in either of those courts.

No delay or failure by NorRail in exercising any right, and no partial or single exercise thereof, shall constitute a waiver thereof. No Waiver of any rights hereunder, and no modification or amendment of this Guaranty shall be effective unless the same is in writing duly excepted by the Lessor, and each such waiver, if any, shall apply only with respect to the specific instance involved and shall not impair or affect the rights or NorRail or the provisions of the Guaranty

in any other respect at any other time. Any invalidity or unenforceability of any provision or application of this Guaranty shall not affect other lawful provisions and applications hereto and to this end the provisions of this Guaranty are declared to be severable.

NorRail may assign any or part or all of its rights, and the benefits to NorRail, under this Guaranty, including without limitation by an assignment in connection with an assignment of the Lease to an Assignee, and this Guaranty shall inure to the benefit not only of NorRail but also to all of its successors and assigns. Any successor or assignees of NorRail may exercise any and all rights of NorRail hereunder.

This Guaranty shall be construed according to the laws of the State of Minnesota, in which state it will be performed by Guarantor.

Dated this 27th day of May, 1993.

GUARANTOR:

LUKENS STEEL COMPANY
A Pennsylvania Corporation

By *Dennis M. Oates*

Print Name : Dennis M. Oates

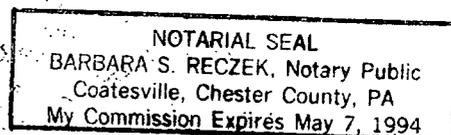
Title: President and COO

STATE OF PA)
) SS.
COUNTY OF Chester

The foregoing instrument was acknowledged before me this 27 day of May, 1993, by Dennis M. Oates the President and COO of Lukens Steel Company, a Pennsylvania corporation, on behalf of the corporation.

Barbara S. Reczek
Notary Public

Page 3 of 3



AGREEMENT

As an inducement to Norwest Equipment Finance, Inc. ("NEFI") to advance moneys to NorRail, Inc. ("NorRail") on the security of (i) an assignment of Equipment Schedule No. 1 to Lease Agreement dated May 25, 1993 between Lessor and Brandywine Valley Railroad Company ("Lessee") (hereinafter the "Lease") and (ii) a security interest in the rail cars leased thereunder, NorRail and Robert D. Johnson ("Johnson") jointly and severally, agree to indemnify NEFI as set forth below. NorRail and Johnson are hereinafter individually and collectively referred to as the "Indemnifying Party".

1. In the event Lessee is obligated to pay the Stipulated Loss Value of an item of Equipment as required by and in accordance with the terms of the Lease and such amount is less than the amount necessary to make NEFI whole as determined in accordance with the attached Amortization Schedule, Indemnifying Party shall immediately upon demand from NEFI pay the shortfall to NEFI.

2. The Indemnifying Party agrees to indemnify and hold NEFI harmless from and against any and all taxes payable pursuant to Section 5 of the Lease which are not recoverable from Lessee. The Indemnifying Party shall pay such taxes to NEFI upon demand. The obligations under this paragraph 2 shall survive expiration or termination of the Lease with respect to events occurring prior to such expiration or termination.

3. NEFI's rights hereunder are in addition to and not in lieu of its rights under that certain Security Agreement dated Nov. 16, 1992 between NEFI and NorRail and the Assignment dated June 4, 1993.

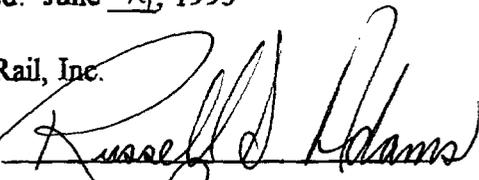
4. The Indemnifying Party acknowledges that notwithstanding the Assignment dated June 4, 1993 each of them are personally obligated for amounts payable hereunder.

Dated: June 4, 1993

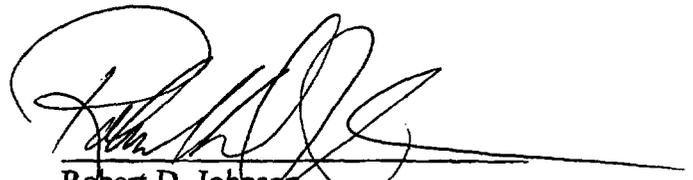
NorRail, Inc.

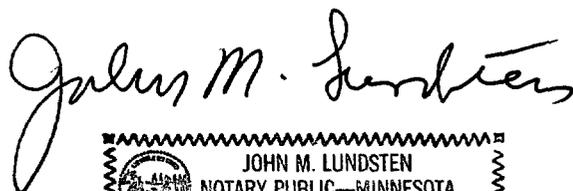
By:

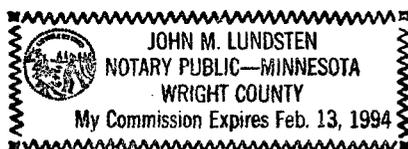
Its:


Russell D. Adams

Vice President Sales


Robert D. Johnson


John M. Lundsten



Interstate Commerce Commission

Washington, D.C. 20423

7/12/93

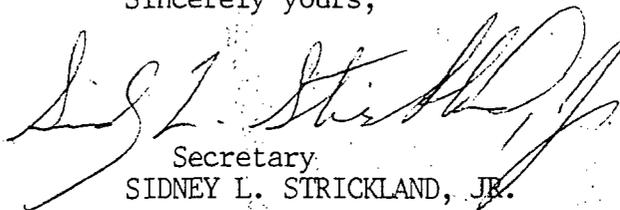
OFFICE OF THE SECRETARY

Lisa A. Buck
Norwest Equipment Finance, Inc.
733 Marquette Ave., Ste. 300
Minneapolis, MN. 55479-2048

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 **7/12/93** at **10:55AM**, and assigned recordation number(s). **18112-D and 18256-A.**

Sincerely yours,



Secretary
SIDNEY L. STRICKLAND, JR.

Enclosure(s)

2/14/93