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LAW OFFICES

ALVORD AND ALVORD

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WASHINGTON, D.C.

20006-2973

(202) 393-2266

ELIAS C. ALVORD (1942)  
ELLSWORTH C. ALVORD (1964)

ROBERT W. ALVORD\*  
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\* ALSO ADMITTED IN NEW YORK  
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OF COUNSEL  
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17587

RECORDATION NO. \_\_\_\_\_ FILED 1425

November 8, 1991

NOV 12 1991 - 10 35 AM

INTERSTATE COMMERCE COMMISSION

Mr. Sidney L. Strickland, Jr.  
Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

Dear Mr. Strickland:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two fully executed and acknowledged copies of a Lease Agreement dated as of November 7, 1991, a primary document as defined in the Commission's Rules for the Recordation of Documents under 49 C.F.R. Section 1177.

The names and addresses of the parties to the enclosed document are:

Lessor: CIS Corporation  
Six Landmark Square, 4th Floor  
Stamford, Connecticut 06901-2792

Lessee: Buffalo & Pittsburgh Railroad, Inc.  
201 North Penn Street  
Punxsutawney, Pennsylvania 15767

A description of the railroad equipment covered by the enclosed document is set forth in Exhibit A attached hereto and made a part hereof.

Also enclosed is a check in the amount of \$16 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return a stamped copy of the enclosed document to Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D.C. 20006.

NOV 12 10 27 AM '91  
B/C  
New Name Done

*Charles T. Kappler*

Mr. Sidney L. Strickland, Jr.  
November 8, 1991  
Page Two

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

Lease Agreement dated as of November 7, 1991 between CIS Corporation, Lessor, and Buffalo & Pittsburgh Railroad, Inc., Lessee covering 24 General Motors Corporation (Electro-Motive Division) diesel-elective locomotives (Models GP-9, GP-18, GP-38, GP-40) bearing Buffalo & Pittsburgh Railroad, Inc. road numbers.

Very truly yours,

  
Charles T. Kappler

CTK/bg  
Enclosures

**EXHIBIT A**

**DESCRIPTION OF EQUIPMENT**

<b>Quantity</b>	<b>Manufacturer</b>	<b>Model</b>	<b>BUFFALO &amp; PITTSBURGH Road Number</b>	<b>Lessor's Cost</b>
-----	-----	-----	-----	-----
1	GM-EMD	GP-9	201	\$68,000.00
1	GM-EMD	GP-9	202	\$68,000.00
1	GM-EMD	GP-9	203	\$68,000.00
1	GM-EMD	GP-9	204	\$68,000.00
1	GM-EMD	GP-9	206	\$68,000.00
1	GM-EMD	GP-9	207	\$68,000.00
1	GM-EMD	GP-9	208	\$68,000.00
1	GM-EMD	GP-9	209	\$68,000.00
1	GM-EMD	GP-9	626	\$68,000.00
1	GM-EMD	GP-9	874	\$68,000.00
1	GM-EMD	GP-9	879	\$68,000.00
1	GM-EMD	GP-9	886	\$68,000.00
1	GM-EMD	GP-9	887	\$68,000.00
1	GM-EMD	GP-18	922	\$75,000.00
1	GM-EMD	GP-18	926	\$75,000.00
1	GM-EMD	GP-38	7803	\$80,000.00
1	GM-EMD	GP-38	7822	\$80,000.00
1	GM-EMD	GP-40	3100	\$130,000.00
1	GM-EMD	GP-40	3102	\$130,000.00
1	GM-EMD	GP-40	3106	\$130,000.00
1	GM-EMD	GP-40	3107	\$130,000.00
1	GM-EMD	GP-40	3111	\$130,000.00
1	GM-EMD	GP-40	3119	\$130,000.00
1	GM-EMD	GP-40	6673	\$130,000.00
				-----
				\$2,104,000.00

Interstate Commerce Commission  
Washington, D.C. 20423

11/12/91

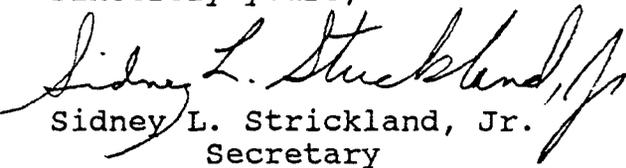
OFFICE OF THE SECRETARY

Charles T. Kappler  
Alvord & Alvord  
918 16th St. N.W.  
Washington, D.C. 20001

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 11/12/91 at 10:35am, and assigned recordation number(s). 17587

Sincerely yours,

  
Sidney L. Strickland, Jr.  
Secretary

LEASE AGREEMENT

dated as of November 7, 1991

between

CIS CORPORATION,

as Lessor

and

BUFFALO & PITTSBURGH RAILROAD, INC.,

as Lessee

Lease of Locomotives

17587

RECORDED NO. \_\_\_\_\_ FILED 145

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INTERSTATE COMMERCE COMMISSION

TO THE EXTENT, IF ANY, THAT THIS LEASE AGREEMENT CONSTITUTES CHATTEL PAPER (AS SUCH TERM IS DEFINED IN THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS LEASE AGREEMENT MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART HEREOF OTHER THAN THE "ORIGINAL EXECUTED COUNTERPART", WHICH SHALL BE IDENTIFIED AS THE COUNTERPART CONTAINING THE RECEIPT THEREFOR EXECUTED BY THE LESSOR ON THE SIGNATURE PAGE THEREOF.

THIS COUNTERPART IS NOT THE ORIGINAL EXECUTED COUNTERPART.

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Filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 on November 8, 1991 at \_\_\_\_\_:\_\_\_\_\_ P.M.  
Recordation Number \_\_\_\_\_

XTRA

## LEASE AGREEMENT

This LEASE AGREEMENT, dated as of November 7, 1991 (this "Lease"), between James P. Hassett, not individually, but solely as chapter 11 reorganization trustee in bankruptcy for CIS CORPORATION, a corporation organized and existing pursuant to the laws of the State of New York and a debtor under Chapter 11 of the United States Bankruptcy Code (together with its successors and assigns, the "Lessor"), and Buffalo & Pittsburgh Railroad, Inc., a corporation organized and existing pursuant to the laws of the State of Delaware (together with its successors and assigns, the "Lessee").

WHEREAS, the Lessor and Buffalo & Pittsburgh Equipment Company, a general partnership formed and existing pursuant to the laws of the State of Pennsylvania (the "Seller") have entered into a Purchase Agreement dated as of November 7, 1991 (the "Purchase Agreement"), pursuant to which the Seller sold to the Lessor and the Lessor purchased from the Seller certain locomotives as more fully described below;

WHEREAS, the Lessee desires to enter into a lease of certain locomotives as more fully described on Exhibit A hereto (individually, a "Unit" and collectively, the "Equipment") and thereby lease such Units from the Lessor, and the Lessor desires to lease such Units to the Lessee on November 7, 1991 (the "Delivery Date"), at the rentals and upon the terms hereinafter provided and as provided in Exhibit B hereto and subject to the conditions subjecting such Units to this Lease;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

SECTION 1. Definitions. For purposes of this Lease, all capitalized terms used but not defined herein shall have the meanings assigned to them in Appendix A hereto. Any term defined by reference to an agreement, instrument or other document shall have the meaning so assigned to it whether or not such document is in effect. Unless otherwise indicated, references in this Lease to sections, paragraphs, clauses, appendices, schedules and exhibits are to the same contained in or attached to this Lease.

### SECTION 2. Lease.

(a) Upon the terms and subject to the conditions hereof, Lessor hereby agrees to lease to Lessee hereunder, and Lessee hereby agrees to lease from Lessor hereunder, the Equipment on the Delivery Date.

(b) This Lease is intended by the parties to be a true net lease as to each Unit, and, notwithstanding any provision of this Lease or of any other document to the contrary, the Lessee's

obligation to make all payments of Rent as and when the same shall become due and payable in accordance with the terms of this Lease shall be absolute, irrevocable and unconditional and shall not be affected by any circumstance or subject to any abatement or diminution by set-off, deduction, counterclaim, recoupment, agreement, defense, suspension, deferment, interruption or otherwise, and until such time as all Rent required to be paid under this Lease or any other Operative Document has been paid, the Lessee shall have no right to terminate this Lease or to be released, relieved, or discharged from its obligation to make, and shall not suspend or discontinue, any payment of Rent for any reason whatsoever, including, without limitation: (i) any default, misrepresentation, negligence, gross negligence, misconduct, wilful misconduct or other action or inaction of any kind by the Lessor, the Seller or any other Person, whether under or in connection with this Lease, any other document or any other agreement relating to this Lease or in connection with any unrelated transaction; (ii) the insolvency, bankruptcy, reorganization or cessation of existence, or discharge or forgiveness of indebtedness of, any entity or Person referred to in clause (i) above or any other Person; (iii) the invalidity, unenforceability, impossibility or illegality of performance of this Lease or any other agreement referred to in clause (i) above for any other reason; (iv) any defect in the title, condition, design, operation or fitness for use of, or any Lien or other restriction of any kind upon, any loss or destruction of, or damage to, the Equipment, or any interruption in or cessation of the ownership, possession, operation or use of any thereof for any reason whatsoever; (v) any restriction, prevention or curtailment of or interference with the Equipment or the use thereof for any reason whatsoever, including, without limitation, by any governmental authority; (vi) any Applicable Law now or hereafter in force; (vii) any failure to obtain any required governmental consents, or the consent or approval of any other Person, for a transfer of rights or title to the Lessor, the Lessee or any other Person; (viii) any amendment or other change of, or any assignment of any rights under, any document, or any waiver or other action or inaction under or in respect of any document, or any exercise or nonexercise of any right or remedy under or this Lease or the sale of the Equipment or any portion thereof or interest therein; or (ix) any other cause or circumstance, foreseen or unforeseen, whether similar or dissimilar to any of the foregoing.

(c) If for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise except as specifically provided in Section 9 hereof, Lessee nonetheless agrees without limitation of the other rights or remedies of Lessor hereunder, to pay to Lessor, to the maximum extent permitted by Applicable Law, an amount equal to each Rent payment at the time such payment would have become due and payable in accordance with the terms hereof had this Lease not been terminated in whole or in part. Lessee hereby waives, to the

extent permitted by Applicable Law, 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 this Lease except in accordance with the express terms hereof. Each Rent payment made pursuant to this Lease by Lessee shall be final and Lessee will not seek or have the right to recover all or any part of such payment from the Lessor or any Person for any reason whatsoever.

SECTION 3. Term and Rent.

(a) Interim Term and Base Term. The interim term (the "Interim Term") for the Equipment shall commence on the Delivery Date by the delivery of the Equipment to the Lessee by the Lessor at Lessee's facility(ies) at Butler, Pennsylvania, Punxsutawney, Pennsylvania, Bradford, Pennsylvania and/or Johnsonburg, Pennsylvania and shall end on November 30, 1991 or such earlier date as this Lease with respect to the Equipment shall be terminated in accordance with the terms hereof. The base term (the "Base Term") for the Equipment shall commence on the December 1, 1991 (the "Commencement Date") and end on the date which is 60 months after the Commencement Date, or on such earlier date as this Lease with respect to the Equipment may be terminated in accordance with the provisions hereof.

(b) Base Rent. Lessee hereby agrees to pay to the Lessor base rent (the "Base Rent") for each Unit in the following amounts:

(i) on the last day of each month during the Base Term, the amount of \$47,884.88 payable in arrears; and

(ii) on the last day of each month occurring during the Fixed Rate Renewal Term, if any, an amount determined as provided in Section 16(a).

(c) Supplemental Rent. Lessee shall pay (or cause to be paid) promptly to Lessor or to whomever shall be entitled thereto under the terms of this Lease any and all Supplemental Rent as and when the same shall become due and owing within the period specified for such payment and if no due date therefor is so specified, within five Business Days after demand therefor. In the event of any failure on the part of Lessee to pay any Supplemental Rent, Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of Base Rent.

(d) Late Payment. If any Rent shall not be paid when due, the Lessee shall pay to the Lessor (or, in the case of Supplemental Rent not paid when due, to the Lessor for its own account or to the Person entitled thereto as provided herein) as Supplemental Rent for the Equipment, interest (to the extent

permitted by law) on such overdue amount from and including the due date thereof to but excluding the date of payment thereof (unless payment is made after 12:00 noon, local time at the place of receipt, in which event such date of payment shall be included) at the rate of interest publicly announced by Citibank, N.A., in New York City from time to time as its prime rate for U.S. dollar denominated loans plus two percent (the "Overdue Rate").

(e) Payments in General. All payments of Rent owed to Lessor shall be made directly by Lessee by wire transfer of immediately available funds prior to 3:00 P.M., New York time, on the due date thereof to Lessor at its address as may be specified by the Lessor or such other office or such other account of Lessor in the continental United States as Lessor shall direct in a notice to Lessee at least ten Business Days prior to the date such payment of Rent is due. Notwithstanding anything to the contrary contained herein, if any date on which a payment of Rent becomes due and payable is not a Business Day, then such payment shall not be made on such scheduled date but shall be made on the next succeeding Business Day with the same force and effect as if made on such scheduled date.

(f) Interim Lease Payments. The Lessee shall be obligated to pay to the Lessor interim rent (the "Interim Rent") during the Interim Term in an amount equal to the Base Rent prorated on a daily basis for such Interim Term payable on the last day of such Interim Term.

SECTION 4. Lessor's Representations, Warranties and Covenants.

(a) Representations and Warranties. EACH UNIT IS BEING DELIVERED BY LESSOR TO LESSEE "AS IS." LESSOR DOES NOT MAKE, HAS NOT MADE NOR SHALL BE DEEMED TO MAKE OR HAVE MADE, AND HEREBY EXPRESSLY DISCLAIMS, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, VALUE, COMPLIANCE WITH SPECIFICATIONS, CONDITION, DESIGN, QUALITY, DURABILITY, OPERATION, MERCHANTABILITY OR FITNESS OR SUITABILITY FOR USE OR PURPOSE OF ANY UNIT OR ANY PART THEREOF, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, AS TO THE ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT OR ANY PART THEREOF, and the Lessor shall not be liable for business losses, loss of profits or other damages or losses resulting from the loss of use of any Unit, or any part thereof, including, but not limited to, damages to Lessee or any other Person who or which derive their rights to any Unit or any part thereof from the Lessee, it being agreed that all such risks, as between Lessor and Lessee are to be borne by Lessee to the fullest extent permitted by Applicable Law.

(b) Covenants. Lessor covenants that during the Term (so long as this Lease shall not have been declared in default pursuant to Section 14(a) hereof) Lessor will not, through its own actions or inactions, interfere with the quiet enjoyment of the Equipment by Lessee and agrees that it will not directly or indirectly create, incur, assume or suffer to exist any Lien or encumbrance attributable to it on or with respect to the Equipment.

#### SECTION 5. Return of the Equipment.

(a) General. On the expiration of the Term with respect to any Unit which has not been purchased by the Lessee pursuant to the provisions hereof, Lessee will, at its own cost and expense, deliver possession of such Unit to Lessor at any point within 250 miles from the tracks of the Lessee, as Lessor may reasonably designate to Lessee in writing at least 60 days before the end of the Term in the absence of such designation, as Lessee may select or, if Lessor has requested storage pursuant to Section 5(d), to the location determined in accordance with Section 5(d). Lessee shall keep such maintenance logs with respect to the Equipment as are customarily kept by railroad companies, and such maintenance logs shall be made available to the Lessor or its designee upon the return of any Unit pursuant to this Section 5. Upon expiration of the Term with respect to such Unit, compliance with the terms hereof and tender of such Unit at the location determined in accordance with this Section 5(a), this Lease and the obligation to pay Base Rent and all other Rent for such Unit accruing subsequent to the expiration of the Term with respect to such Unit shall terminate.

(b) Failure to Return. In the event any Unit is not returned as hereinabove provided within 30 days (the "30-Day Period") after the expiration of the Term with respect to such Unit, (i) Lessor may, at its option, upon notice to Lessee on the Business Day next following the end of the 30-Day Period with respect to all such Units deem such failure to return such Unit to be an Event of Loss, whereupon the provisions of Section 10 shall apply to such Unit and (ii) so long as Lessor shall not have exercised its rights pursuant to clause (i) above, Lessee shall pay to Lessor, for each day after such 30-Day Period (without regard to the proviso in clause (i) above) an amount equal to the daily equivalent of the Base Rent during the Base Term for such Unit or, if the failure to return occurs after the Fixed Rate Renewal Term, the arithmetic average of the Rent paid during the Fixed Rate Renewal Term for such Unit. The provision for payment pursuant to clause (ii) above shall not be in abrogation of Lessor's right under Section 5(a) to have such Unit returned to it hereunder.

(c) Condition of Equipment. Lessee, at its own cost and expense, will, at all times during the Term, maintain the Equipment as required by the provisions of Section 7(a), and each Unit when returned to Lessor pursuant to Section 5(a) shall be (i) capable of

performing the functions for which it was designed and (ii) free and clear of all Liens except Permitted Liens of the type described in Section 6 and of which Lessee does not have actual knowledge; provided, that Lessee agrees to promptly discharge any such Permitted Lien upon return of the Unit, Lessor's sole remedy for any breach of this clause (c) being damages at law or specific performance at equity.

(d) Storage. Upon the expiration of the Term with respect to each Unit, upon written request of Lessor received at least 60 days prior to the end of the Term, Lessee shall permit Lessor to store such Unit, free of charge, except as provided below, at such location on the tracks of Lessee used by Lessee for the storage of surplus rolling stock or rolling stock available for sale as shall be reasonably designated by Lessor (taking into account, among other things, Lessee's storage capacity, security and access) in its request for storage pursuant to this Section 5(d) for a period (the "Storage Period") beginning on the expiration of the Term and ending not more than 120 days after the expiration of the Term with respect to such Units. Upon notice by Lessor to Lessee that any Unit is to be stored hereunder, the Lessee shall drain such Unit. Any storage facilities provided by Lessee pursuant to this Section 5(d) shall, in all cases, be at the cost to Lessor of insurance and Lessee's out-of-pocket costs in connection with providing any services not contemplated hereby to be provided during the Storage Period and at the risk of Lessor (except, with respect to any injury to, or death of, any person exercising, either on behalf of Lessor or any prospective purchaser or user, the inspection rights granted pursuant to this Section 5, or Lessee's gross negligence or willful misconduct). With respect to the Units stored pursuant hereto, Lessee will use reasonable efforts to carry and maintain with respect to stored Units, during the Storage Period under Lessee's insurance policies, property damage insurance and public liability insurance with respect to third party personal and property damage; provided, that (i) Lessor pays all incremental costs associated with such insurance coverage, (ii) such insurance coverage does not negatively impact upon Lessee's loss insurance rating and (iii) any coverage provided is above Lessee's deductibles or self-insurance retention amounts. On not more than one occasion with respect to each stored Unit and upon not less than 15 days' prior written notice from Lessor to Lessee (which notice shall specify the transportation of all of the Units), Lessee will, during the Storage Period, transport such Units, at Lessee's cost and expense, to any railroad interchange point or points (not to exceed five in total) within the continental United States (except Alaska) on any railroad lines or to any connecting carrier of Lessee for shipment, all as directed by the Lessor, whereupon Lessee shall have no further liability or obligation with respect to such Units. Any movement of any Unit from such Unit's designated location to a point within 250 miles from the tracks of Lessee will be at the risk and expense of Lessee (Lessee reserves the right to negotiate with connecting carriers

for the rates to be charged for the movement of the Units hereunder); thereafter, any movement of such Unit will be at the Lessor's risk and expense for such movement exceeding 250 miles. During the Storage Period, Lessee will permit Lessor or any Person designated by it, including the authorized representative or representatives of any prospective purchaser or user of such Unit, to inspect the same; provided, however, that such inspection shall not interfere with the normal conduct of Lessee's business and such person shall be insured to the reasonable satisfaction of Lessee with respect to any risks incurred in connection with any such inspections and Lessee (except in the case of Lessee's gross negligence or willful misconduct) shall not be liable for any injury to, or the death of, any person exercising, either on behalf of Lessor or any prospective purchaser or user, the rights of inspection granted pursuant hereto. Lessee shall not be required to store the Equipment after the Storage Period. If Lessee stores any Unit after the Storage Period, such storage shall be at the sole expense and risk of Lessor.

SECTION 6. Liens. Lessee will not directly or indirectly create, incur, assume, allow, permit or suffer to exist any Lien or encumbrance on or with respect to the Equipment, title thereto or any interest therein or in this Lease, except for Permitted Liens, which shall constitute the following: (i) the respective rights of Lessor and Lessee as herein provided, (ii) Liens for Taxes that either are not yet due and payable or are being contested in good faith and by appropriate proceedings diligently conducted, so long as such proceedings do not (A) subject the Equipment or any interest therein to foreclosure, forfeiture or loss or result in the sale of the Equipment or any interest therein, (B) interfere with the use, possession or disposition of the Equipment or any interest therein or (C) interfere with the payment of Rent; (iii) materialmen's, mechanics', workmen's, repairmen's, employees', carriers', warehousemen's and other like Liens relating to the Equipment or in connection with any Required Alteration or Permitted Alteration or arising in the ordinary course of business for amounts that either are not more than 30 days past due or are being contested in good faith by appropriate proceedings, so long as such proceedings satisfy the conditions for the continuation of proceedings to contest Taxes set forth in clause (ii) above; (iv) Liens arising out of any judgment or award against Lessee up to \$50,000, unless the judgment secured shall not, within 60 days after the entry thereof, have been discharged, vacated, reversed or execution thereof stayed pending appeal; and (v) any Lien with respect to which Lessee shall have provided, to the reasonable satisfaction of Lessor an adequate indemnity bond. Lessee will promptly, at its own expense, take (or cause to be taken) such actions as may be necessary to duly discharge any such Lien not excepted above if the same shall arise at any time.

SECTION 7. Maintenance and Repairs; Permitted Alterations; Prohibited Alterations; Possession and Subleases.

(a) Maintenance and Repairs. Lessee, at its own cost and expense, will, at all times during the Term, (i) maintain and keep the Equipment in as good operating order, repair and condition as when delivered, reasonable wear and tear from proper use excepted, (ii) replace any part of the Equipment which shall be or become worn out, lost, stolen, destroyed or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever, with like kind equipment that is functionally equivalent to the part of the Equipment being replaced, and, (iii) in case of damage by fire, accident or otherwise to the Equipment, will promptly repair the Equipment and restore it to operating order, all without expense to Lessor. Such repair, maintenance, replacement and restoration ("Required Alterations") shall be performed in compliance with all requirements necessary to (A) enforce all product warranty rights and (B) comply with all applicable legal and regulatory requirements. Title to all Required Alterations, any parts thereof, and any replacements thereto shall immediately, without further action, vest in Lessor and become subject to this Lease. In addition to and without limiting the foregoing, Lessee shall maintain each Unit in accordance with the standards in effect from time to time established by the Association of American Railroads, the Interstate Commerce Commission, Federal Railroad Administration and any other federal, state or local governmental authority with jurisdiction over the Equipment.

(b) Permitted Alterations. Lessee may, at its sole expense, so long as no Event of Default has occurred and is continuing, make alterations to any Unit not otherwise required hereunder ("Permitted Alterations") which are required by Applicable Law or which do not impair the commercial value or originally intended function or use of such Unit and which are readily removable without causing material damage to such Unit. Provided that (i) no Event of Default has occurred and is continuing, (ii) any Permitted Alteration is in addition to and not in replacement of or substitution for any Required Alteration to any Unit or any other part of such Unit, (iii) such Permitted Alteration can be readily removed from such Unit without diminishing or impairing the value, utility or condition of such Unit, and (iv) such Permitted Alteration does not impair Lessor's right, title and interest in and to such Unit, then title to such Permitted Alteration shall vest in Lessee upon removal by Lessee.

(c) Prohibited Alterations. Other than as provided in this Section 7, Lessee shall make no alterations ("Prohibited Alterations") to any Unit. Any Prohibited Alterations to a Unit shall, at Lessor's election, immediately become the property of Lessor without further action and without Lessor thereby waiving any of its rights or remedies; provided, however, that Lessor may,

at Lessee's expense, remove any such Prohibited Alteration to a Unit and restore such Unit to its original condition.

(d) Payment of Taxes and Other Impositions. Lessee shall pay all Taxes and other impositions related to the Equipment on a timely basis. Upon the written request by the Lessor, the Lessee shall provide the Lessor with evidence of the payment of any Taxes, or other impositions, the failure of which to be paid would cause the imposition of a Lien upon the Equipment.

(e) Possession and Subleases. So long as no Event of Default shall have occurred and be continuing, Lessee shall have the right with the written consent of the Lessor, which consent shall not be unreasonably withheld, upon not less than 30 days' prior written notice to the Lessor to enter into a sublease of any Unit; provided, however, that (i) the sublease is and remains subject and subordinate in all respects to the terms of this Lease, (ii) Lessee remains primarily liable under this Lease and the Lessee shall not be released from its obligations under the Lease, (iii) the Equipment remains and is used solely within the continental United States and Lessor is notified as to its location and (iv) the requirements of Section 7(a) have been fulfilled. So long as no Event of Default shall have occurred and be continuing and so long as Lessee shall comply with the provisions of Section 11, Lessee may, without the prior written consent of Lessor, deliver possession of any Unit to the manufacturer thereof or to any Person for testing, service, repair, maintenance or overhaul work on such Unit or for Required Alterations or Permitted Alterations to such Unit to the extent required or permitted by the terms of Sections 7(a) and (b).

Section 8. Perfection of Title, Insignia and Inspections.

(a) Lessee shall affix and maintain tags, decals or plates to the Equipment indicating ownership and title to the Equipment in Lessor (or any Assignee then holding title) and Lessee shall not remove or conceal or permit the removal or concealment of such tags. Lessee shall keep the Equipment free from any marking or labeling which might be interpreted as a claim of ownership thereof by Lessee or any party other than Lessor or its assignees, except the paint scheme of Lessee and the road markings that bear Lessee's operating name. Upon reasonable notice to Lessee, Lessor or its agents shall have free access to the Equipment at reasonable times for the purpose of inspection and for any other purposes contemplated by the Lease, subject to the reasonable security and release requirements of Lessee.

(b) Lessee shall execute and immediately deliver such instruments, including appropriate financing statements, as are required by Lessor to be filed to evidence Lessor's interest in the Equipment or this Lease. Lessor (or any assignee then holding

title to the Equipment) may, by written notice to Lessee, indicate that the ownership interest in the Equipment is held by a party other than Lessor. Lessor and Lessee hereby agree, and Lessee hereby represents for the benefit of Lessor and its assignees, that the Lease is intended to be a "true lease" as the Internal Revenue Code of 1986, as amended. Lessee has no interest in the Equipment except as expressly set forth in the Lease, and that interest is a leasehold interest. Lessee represents and warrants that the description of the Equipment as set forth on each document executed by Lessee in connection with the Lease is true, complete and accurate including features, models and serial numbers.

SECTION 9. Voluntary Termination For Obsolete Equipment.

(a) General. If at any time on or after the first anniversary of the Commencement Date with respect to any Unit, such Unit is reasonably determined by the Lessee to be obsolete or uneconomic to the needs of the Lessee (an "Obsolete Unit"), the Lessee may elect to terminate the Lease with respect to such Obsolete Unit upon satisfaction of all of the requirements of this Section 9. Upon the satisfaction of the requirements of this Section 9 for a termination of this Lease with respect to an Unit, the Base Rent for such Obsolete Unit shall cease to accrue and the Term for such Obsolete Unit shall terminate.

(b) Notice of Termination. To exercise its right to terminate this Lease with respect to any Obsolete Unit as provided in this Section 9, the Lessee shall provide the Lessor with (i) notice in writing at least 90 days prior to the date on which the Lessee elects to terminate this Lease with respect to such Obsolete Unit (the "Termination Date") (which Termination Date shall not be later than the last day of the Term with respect to such Obsolete Unit), such notice to specify the Termination Date and (ii) a certificate of an executive officer of the Lessee as to the determination by Lessee that such Obsolete Unit will be scrapped and will not be retained, released or sold by Lessee. It shall be a condition to the right to terminate the Lease as described in Section 9(a) that, on the date of the notice described in the preceding section, no Event of Default shall have occurred and be continuing.

(c) Termination Payment. Within 30 days following the Termination Date, Lessee shall pay to Lessor for any Obsolete Units scrapped by Lessee pursuant to this Section 9, the amount specified on Exhibit B hereto as being the "Termination Value" for such Unit determined as of the Termination Date. In the event that the Lessee receives an amount greater than the Termination Value for any Unit scrapped by Lessee pursuant to this Section 9, then Lessee shall remit 75% of any such additional amount to the Lessor together with the Termination Value and Lessee shall retain 25% of such additional amount.

SECTION 10. Loss, Destruction, Requisition, etc.

(a) Event of Loss. Upon the occurrence of an Event of Loss in respect of any Unit, Lessee shall forthwith give Lessor written notice of such Event of Loss and, within 60 days after such occurrence, Lessee shall give written notice to Lessor of its election to make payment or substitution as provided in clause (i) or (ii) of this Section 10(a); provided, however, that Lessee shall have no right to substitute under clause (ii) below if an Event of Default shall have occurred and be continuing on the date the Event of Loss occurred. With respect to clause (i) below, on the next succeeding date on which Rent is due following the occurrence of such Event of Loss (the "Event of Loss Payment Date") or, with respect to clause (ii) below, the earlier of the date which is one hundred eighty (180) days following the Event of Loss or the last date of the Term for such Unit (the "Substitution Date"), Lessee shall:

(i) pay to the Lessor (A) the Stipulated Loss Value set forth on Exhibit B hereto determined as of the Event of Loss Payment Date; (B) all Base Rent due and owing on or prior to the Event of Loss Payment Date, and (C) all Supplemental Rent due and owing on the Event of Loss Payment Date; or

(ii) substitute no later than the Substitution Date for the Unit subject to an Event of Loss any item of equipment of the same or improved model or series, having a value, utility, remaining useful life and estimated residual value at least equal to, and being in as good operating condition as, the Unit to be replaced assuming such replaced Unit was of the value and utility and in the condition and repair required by the terms hereof immediately prior to the Event of Loss and otherwise complying with all other requirements of this Lease with respect to the Equipment (including, but not limited to, the requirement of a valid perfected first priority security interest equivalent to that required to be maintained on the applicable Unit subjected to such Event of Loss).

At such time as Lessor shall have received the payments specified in clause (i) above, together with all other amounts that then may be due hereunder, (1) the obligation of Lessee to pay Base Rent hereunder with respect to such Unit for any period commencing after the Event of Loss Payment Date shall terminate and (2) this Lease as regards such Unit shall terminate (other than the obligations of the Lessee which survive pursuant to Section 21). Provided that no Event of Default shall have occurred and be continuing, at such time as Lessee shall substitute for the Unit which is the subject of an Event of Loss in accordance with clause (ii) above, title to such substituted Unit shall, without further act, vest in Lessor.

(b) Repair. In the event of any damage or loss to an Unit not constituting an Event of Loss, Lessee shall promptly repair such Unit at its own expense to the standards required by Section 7(a) hereof and such repairs shall be sufficient to ensure that the value, utility, remaining useful life and estimated residual value of the repaired Unit at least equal that of such Unit prior to such damage or loss.

(c) Condemnation. In the case of a taking or condemnation of any Unit, this Lease shall continue, and each and every obligation of the Lessee hereunder shall remain in full force and effect. The Lessee shall be entitled to all sums received by reason of any such taking or condemnation for the period ending on the Termination Date or last date of the Term with respect to the applicable Unit, and the Lessor shall be entitled to all sums received by reason of any such taking or condemnation for the period after the Termination Date or last date of the Term with respect to the applicable Unit.

(d) Application of Payments on an Event of Loss. Payments received by the Lessor or the Lessee from any governmental authority, insurer or other Person as a result of an Event of Loss shall be applied as follows:

(i) all such payments shall be promptly paid to the Lessor except that the Lessee may retain any amounts that at the time would be payable to the Lessee under the provisions of clauses (ii) or (iii) below;

(ii) so much of such payments (applying any payments from insurers before any payments from other Persons (including governmental authorities)) as shall not exceed the amount of Stipulated Loss Value and other amounts required to be paid by this Section 10 as a result of Lessee's election to make the payments specified in Section 10(a)(i) shall be applied in reduction of the Lessee's obligation to pay such amount if the same has not already been paid by the Lessee or, if the same has already been fully paid by the Lessee, shall be applied to reimburse the Lessee for its payment of such amount; and

(iii) the balance, if any, of such payments from any governmental authority, insurer or other Person shall be paid over to, or retained by, the Lessee.

(e) Application During Event of Default. Notwithstanding the foregoing provisions of this Section 10 or the provisions of Section 11, if an Event of Default shall have occurred and be continuing, any amount that would otherwise be payable to or for the account of, or that would otherwise be retained by, the Lessee shall be paid to the Lessor and, at such time thereafter as either (x) no Event of Default shall be continuing or (y) such amount shall have been so retained for a

period of 180 days unless the Lessor shall be pursuing remedies under Section 15 or an Event of Default of the type described in Section 14(a) shall have occurred and be continuing, then such amount shall be paid promptly to the Lessee; provided, however, that should the Lessor then be precluded by law or court order from pursuing remedies under Section 15, subject to compliance with Applicable Law, such amount shall not be paid to the Lessee as provided in this Section 10 but shall be disposed of in accordance with the provisions of this Lease.

SECTION 11. Insurance.

(a) Coverage. Lessee shall at its expense, maintain with respect to the Equipment, on a non-discriminatory basis (with such self-insurance or deductibles as Lessee generally maintains with respect to similar equipment) property damage insurance and public liability insurance with respect to third-party personal and property damage, and Lessee will continue to carry such insurance in such amounts and for such risks not less comprehensive in amounts (which amounts shall in no event be less than the Stipulated Loss Value for the Equipment at any point in time) and against risks customarily insured against by Lessee in respect of equipment owned or leased by it similar in type to the Equipment and consistent with prudent industry standards.

Any loss, whether actually covered in whole or in part by any such policies, shall be the responsibility of Lessee. With respect to any such policies maintained with outside insurers, such insurers shall be rated at least B-plus or better by A.M. Best & Company or any successor rating agency of comparable stature.

(b) Policy Provisions. Any insurance policy maintained by the Lessee with respect to the Equipment shall:

(i) specify the Lessor as an additional insured (the "Additional Insured");

(ii) provide, in the case of property damage, that all insurance proceeds in respect of any loss or occurrence shall be adjusted with Lessee, unless an Event of Default shall have occurred and be continuing, or an Event of Loss with respect to an Unit shall have occurred, in which case such proceeds shall be adjusted by Lessor, and payable (x) to Lessee in respect of payments not exceeding \$50,000, provided no Event of Default shall have occurred and be continuing, and no Event of Loss with respect to such Unit shall have occurred, and (y) in all other circumstances to Lessor;

(iii) include effective waivers by the insurer of all claims for insurance premiums or commissions or (if such policies provide for the payment thereof) additional premiums or assessments against the Lessor; and

(iv) provided that such endorsements are reasonably available in the commercial insurance market at a commercially reasonable cost, the Lessee shall obtain endorsements to the insurance policies carried pursuant to Section 11(a) providing that (w) the insurers waive any right of set-off or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of the Lessee or the Additional Insured, (x) the interests of the Additional Insured shall not be invalidated by any act or neglect by the Lessee, including breach of any warranty contained in such policies, (y) no lapse, cancellation or material change with respect to such policies (or, in the alternative, no lapse, cancellation or material adverse change that would affect the interests of the Additional Insured with respect to any Unit) shall be effective as to the Additional Insured until at least 30 days after receipt by such Additional Insured of written notice thereof and (z) the coverage afforded by such policies shall not be affected by the performance of any work in or about any Required Alteration or Permitted Alteration.

(c) Reports, etc. Lessee shall, prior to the Delivery Date, deliver to Lessor a certificate signed by the insurer or an independent insurance broker showing the insurance then maintained by Lessee pursuant to this Section 11 and that all premiums thereon have been paid, and, with respect to any renewal policy or policies, shall, furnish certificates or binders evidencing such renewal as soon as practicable, but in no event later than 30 days after such renewal is affected or the expiration date of the original policy or policies.

(d) Additional Insurance by Lessor and Lessee. Lessee may at its own expense and for its own account carry insurance with respect to its interest in the Equipment in amounts in excess of that required to be maintained by this Section 11. Lessor may carry for its own account at its sole cost and expense insurance with respect to its interest in the Equipment; provided, however, that (i) the Lessor has provided Lessee with notice that it intends to carry such insurance and (ii) such insurance does not prevent Lessee from carrying the insurance required or permitted by this Section 11 or adversely affect such insurance or the cost thereof.

SECTION 12. Assignment. Lessee will not, without the prior written consent of Lessor, assign any of its rights hereunder. Lessor shall be entitled to freely assign and convey its right, title and interest in and to this Lease and any or all Units to any Person; provided, however, that in the event Lessor intends to assign or convey any such interest to another railroad it shall so advise Lessee in writing and Lessee shall have a right of first refusal with respect to any such assignment or conveyance.

SECTION 13. Events of Default. Each of the following events shall constitute an Event of Default (whether any such event

shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) and each such Event of Default shall continue so long as, but only as long as, it shall not have been remedied:

(a) Lessee shall have failed to make a payment of Base Rent, Stipulated Loss Value or Termination Value within 30 Business Days after the same shall have become due; or

(b) Lessee shall have failed to make an Interim Lease Payment, a payment of Supplemental Rent other than Stipulated Loss Value or Termination Value after the same shall have become due and such failure shall continue for 30 days after Lessee's receipt of demand therefor by the party entitled thereto; or

(c) Lessee shall have failed to comply in any material respect with any material covenant or agreement contained herein or in any other agreement to which the Lessee is a party and such failure shall continue for 60 days after Lessee's receipt of written notice thereof; or

(d) any material representation or material warranty made by Lessee herein or shall prove to have been inaccurate in any material respect at the time made; or

(e) Lessee shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect, or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking of possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall take any corporate action to authorize any of the foregoing; or an involuntary case or other proceeding shall be commenced against Lessee seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed or unstayed for a period of 90 consecutive days; or

(f) Lessee shall have failed to carry and maintain such insurance in respect of the Equipment as is required pursuant to Section 11 and such failure shall continue until the fifth day before the end of the period during which, under the terms of the

applicable policy, the lapse or cancellation of such policy is not effective as to the Additional Insured named therein; or

(g) there shall have occurred a Change of Control of the Lessee.

SECTION 14. Effect of Event of Default.

(a) Remedies. Upon the occurrence of any Event of Default, and at any time thereafter so long as the same shall be continuing, Lessor may, at its option, declare the Lessee to be in default of this Lease and all other leases between Lessor and Lessee except as specifically excepted therefrom by Lessor in such declaration, and may exercise one or more of the following remedies with respect to the Equipment, to the extent available and permitted by Applicable Law then in effect:

(i) demand that Lessee, and Lessee shall upon demand of Lessor and at Lessee's expense, immediately return the Equipment in the manner and condition required hereunder;

(ii) terminate this Lease by written notice to Lessee and/or enter upon the premises where all or any part of the Equipment is located and take immediate possession and remove such Equipment;

(iii) sell the Equipment, or any portion thereof, in a commercially reasonable manner at public or private sale, as Lessor, in its sole discretion, may determine, or otherwise dispose of, hold, use, operate or lease the Equipment to others, all free and clear of any rights of Lessee, and use Lessee's premises for all or any of the foregoing;

(iv) whether or not Lessor shall have exercised, at any time, any of its rights hereunder, demand that Lessee pay to Lessor, and Lessee shall immediately pay to Lessor, an amount equal to any unpaid Rent due and payable on or before the date Lessor declares a default, plus, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the Stipulated Loss Value for the Equipment (computed as of the date in which Rent was due immediately preceding the date Lessor declares the Lease to be in default), together with interest from the date of the declaration of the default at the Overdue Rate, plus all fees, costs and expenses (including attorneys' fees) incurred by Lessor in connection with the enforcement of its rights under the Lease by reason of the occurrence of an Event of Default or the exercise of Lessor's remedies with respect thereto. The proceeds of any sale, lease or other disposition of the Equipment shall be applied (1) first, to pay any and all of Lessor's fees, costs and expenses incurred by reason of the occurrence of an Event of Default or the exercise of Lessor's remedies with respect

thereto (including attorneys' fees); (2) then, to the extent not previously paid by Lessee, to pay Lessor the Stipulated Loss Value for the Equipment (computed as of the date Lessor declares the Lease to be in default) and all other sums owed by Lessee under the Lease, including any unpaid Rent and indemnities; (3) then, to reimburse the Lessee for any such amounts previously paid by Lessee up to the amount paid as liquidated damages; and (4) then, the balance to Lessor. In the event that the proceeds of any sale, lease or other disposition of the Equipment are insufficient to pay the amounts described in this Section 14(a)(iv), Lessee shall pay forthwith any such deficiency. In addition to the foregoing, Lessee shall be liable for any and all Supplemental Rent during or after the exercise of any of the aforementioned remedies, including, without limitation, interest on unpaid amounts at the Overdue Rate and all reasonable legal fees and other costs and expenses incurred by Lessor in connection with any Event of Default or the exercise of any remedies with respect thereto; and

(v) proceed by appropriate court action, either at law or in equity, to enforce performance by Lessee of the terms and conditions of the Lease or to recover damages for the breach hereof.

(b) No remedy referred to in this Section 14 is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity; and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all of such other remedies. No express or implied waiver by 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.

(c) In the event Lessee shall fail to perform any of its obligations hereunder, then Lessor, in addition to all of its rights and remedies hereunder, shall have the right, but not the obligation, to perform the same, and Lessee shall promptly reimburse Lessor for any costs and expenses incurred in connection therewith.

SECTION 15. Notices. All notices, demands, instructions, consents and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered (or offered for delivery and rejected) or delivered by registered or certified first class mail postage prepaid, Federal Express or next business day delivery by another reliable express courier or by prepaid Telex, TWX or telegram (with messenger delivery specified in the case of a telegram), or by telecommunications device, or by prepaid courier service, and shall be deemed to be given for purposes of this

Agreement on the day that such writing is delivered to the intended recipient thereof in accordance with the provisions of this subsection. Unless otherwise specified in a notice delivered in accordance with the foregoing provisions of this subsection, notices, demands, instructions and other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses (or numbers) as follows:

(i) if to Lessee, Buffalo & Pittsburgh Railroad, Inc., 201 North Penn Street, Punxsutawney, Pennsylvania 15767, Attention: Mark W. Hastings, with a copy to Harter, Secrest & Emery, 700 Midtown Tower, Rochester, New York 144604, Attention: James B. Gray, Jr. or to such other address as Lessee shall from time to time designate in writing to Lessor in accordance with this Section 15, and

(ii) if to Lessor, CIS Corporation, One CIS Parkway, P.O. Box 4785, Syracuse, New York, Attention: Michael Seekings, with a copy to Kirkland & Ellis, 55 East 52nd Street, New York, New York 10055, Attention: Glen E. Hess, P.C., or to such other address as Lessor shall from time to time designate in writing to Lessee in accordance with this Section 15.

SECTION 16. Renewal Option; Purchase Option.

(a) Fixed Rate Renewal Option. Not less than 180 days before the end of the Base Term for the Equipment, provided that no Event of Default has occurred and is continuing, Lessee may deliver to Lessor a written notice irrevocably electing to renew this Lease as to all, but not less than all, Units for a period of three years at a monthly rental amount equal to 50% of the monthly Base Rent payment for the Equipment during the Base Term (the "Fixed Rate Renewal Term"). At the end of the Base Term for the Equipment, if Lessee has elected to renew this Lease as aforesaid, this Lease shall continue in full force and effect during the Fixed Rate Renewal Term, except that (x) Lessee shall pay to the Lessor the amounts set forth above as Rent and (y) the Stipulated Loss Values and Termination Values applicable during the Fixed Rate Renewal Term shall initially be the Fair Market Sales Value (determined by an independent appraiser) of the Equipment as of the commencement of the Fixed Rate Renewal Term, and on each Rent payment date during the Fixed Rate Renewal Term shall decline on a straight line basis by an amount obtained by dividing (i) the difference between the Fair Market Sales Value of the Equipment as of the beginning of the Fixed Rate Renewal Term and the estimated Fair Market Sales Value of the Equipment as of the end of the Fixed Rate Renewal Term by (ii) 36.

(b) Purchase Option. Upon giving 360 days' prior written notice to Lessor and provided that no Event of Default has occurred and is continuing, Lessee shall have the right, at the end

of the Base Term of the Equipment (the "Purchase Option Date") to purchase from the Lessor all of the Lessor's right, title and interest in and to all, but not less than all, of the Equipment (the "Purchase Option"). Lessee shall purchase such Equipment pursuant to the Purchase Option for an amount equal to the sum of (i) 40% of the Original Purchase Price and (ii) one-half of the difference of (A) the Fair Market Sales Value of the Equipment on the Purchase Option Date less (B) 40% of the Original Purchase Price (provided such difference is greater than zero), and Lessee shall also pay at such time all amounts of Rent then due and owing.

If Lessee shall have exercised the Purchase Option, Lessee shall pay (in cash or immediately available funds) the purchase price prescribed above and purchase the Equipment on the Purchase Option Date. Upon payment by Lessee to Lessor of the purchase price for such Equipment, any Base Rent due and all Supplemental Rent owing by Lessee to and including the date of purchase, Lessor shall transfer to Lessee, without recourse or warranty but free and clear of all Liens and encumbrances, all Lessor's right, title and interest in, to and under the Equipment. Thereupon the obligations of Lessee hereunder with respect to the Equipment (other than any such obligations expressed herein as surviving termination of this Lease) shall terminate.

SECTION 17. Miscellaneous. Any provision of this Lease 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. No term or provision of this Lease may be changed or waived orally, but only by an instrument in writing signed by Lessor, Lessee and any assignee of Lessor's rights hereunder. This Lease shall constitute an agreement of lease, and nothing contained herein shall be construed as conveying to Lessee any right, title or interest in any Unit except as a lessee only. The Section and paragraph headings in this Lease and the table of contents are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof and all references herein to numbered sections, unless otherwise indicated, are to sections of this Lease. This Lease shall in all respects be governed by and construed in accordance with the domestic laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York. This Lease 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. This Lease is being delivered in the State of New York.

SECTION 18. General Indemnity.

(a) Claim Defined. For the purposes of this Section 18, "Claims" shall mean any and all liabilities, obligations, losses, costs, damages, penalties, claims, actions or suits of whatsoever kind and nature, founded or unfounded and whether or not subject to litigation, including, without limitation, (i) claims or penalties arising from any products liability, negligence, statutory liability or violation of any Applicable Law or in tort (strict, absolute or otherwise), (ii) loss of or damage to any property or the environment (including, without limitation, clean-up costs, remediation costs, removal costs, response costs, costs of corrective action, costs of financial assurance, natural resource damages and any costs in connection with the protection of wildlife, aquatic species and vegetation, and any relevant mitigative action required under applicable environmental laws or governmental actions) and (iii) liability for Taxes, and, except as otherwise expressly provided in this Section 18, all reasonable out-of-pocket costs, disbursements and expenses (including reasonable legal fees and expenses and reasonable consultants' fees and expenses) imposed on, incurred by or asserted against an Indemnitee in connection therewith.

(b) Indemnitee Defined. For the purposes of this Section 18, "Indemnitee" means the Lessor and the successors and permitted assigns, agents, officers, directors, employees and affiliates of the Lessor (each such agent, officer, director, employee or affiliate of the Indemnitee is referred to herein collectively as the "Related Indemnitee Group" of the Indemnitee). With respect to any amount that the Lessee is requested by an Indemnitee to pay by reason of this Section 18, such Indemnitee shall, if so requested by the Lessee and prior to any payment, submit such additional information in such Indemnitee's possession (or readily available to it) to the Lessee as the Lessee may reasonably request to substantiate the requested payment.

(c) Indemnification Obligation. Except as provided in this Section 18, the Lessee hereby agrees to indemnify and defend each Indemnitee against, and agrees to protect, save and keep harmless each Indemnitee, its successors and permitted assigns from any Claims relating to or arising out of (i) this Lease (or the agreements and documents referred to herein) or the performance or enforcement of any of the terms hereof, or the enforceability of any provision hereof, or any of the transactions or agreements contemplated herein, (ii) the Equipment, including, but not limited to, the design, manufacture, purchase, acceptance, installation, rejection, ownership, transfer of title by the Lessee or its affiliates, possession, use, operation, condition, reassembly, sale, repossession, return or other application or disposition of the Equipment or any part thereof, and (iii) the inability for any reason of the legal title of the Equipment to vest in the Lessor at the times and in the manner contemplated by the Purchase Agreement.

(d) Claims Excluded. The following are excluded from the Lessee's agreement to indemnify the Indemnitee or the Related Indemnitee Group under this Section 18:

(i) Any Claim attributable to acts or events (other than acts or events attributable to the Lessee) occurring after the earlier of (x) the return of the Equipment in accordance with the requirements of Section 5(a) and (y) except during the exercise of remedies pursuant to Section 14 or until all payments have been made as required under Section 10 with respect to an Event of Loss, the expiration or earlier termination of the Lease under circumstances not requiring return of the Equipment;

(ii) Any Claim attributable to the gross negligence or willful misconduct of the Indemnitee or any of such Indemnitee's Related Indemnitee Group;

(iii) Any Claim attributable to the noncompliance by such Indemnitee or any of such Indemnitee's Related Indemnitee Group with any of the terms of, or any misrepresentation or breach of warranty of such Indemnitee or any of such Indemnitee's Related Indemnitee Group contained in, this Agreement;

(iv) Any Claim attributable to the authorization or giving or withholding of any future amendments, supplements, waivers or consents with respect to this Lease, other than (x) such action that is requested by or consented to by the Lessee or is required to be executed by the Lessee hereunder or (y) such action that occurs as a result of an Event of Default that has occurred and is continuing, or (z) such action that is required or contemplated by (and, if contemplated by, in compliance with) the provisions of this Lease; and

(v) Any Claim that is an usual operating or overhead expense internal to such Indemnitee unless incurred in connection with extraordinary or unusual circumstances.

(e) Insured Claims. In the case of any Claim indemnified by the Lessee hereunder which is covered by a policy of insurance maintained by or for the benefit of the Lessee, the Indemnitee agrees to cooperate with the insurers in the exercise of their rights to investigate, defend or compromise such Claim as may be required to retain the benefits of such insurance with respect to such Claim.

(f) Claims Procedure. In case any action, suit or proceeding shall be brought against the Indemnitee for which the Indemnitee is entitled to indemnification, the Indemnitee shall promptly notify the Lessee of the commencement thereof (but the failure to do so shall not relieve the Lessee of its obligation to

indemnify the Indemnitee except to the extent that the Lessee or its insurer is prejudiced as a result of such failure). Subject to the rights of insurers under policies of insurance maintained by or for the benefit of Lessee, the Lessee shall have the right to investigate, and, if the Lessee states that, based on the facts and circumstances as then known it does not intend to take the position that it would not be obligated to so indemnify (with Lessee reserving its right to take a contrary position based on factual circumstances which may be subsequently learned by the Lessee, which position the Lessee will promptly disclose to such Indemnitee), the right in its sole discretion to defend or compromise (using its reasonable best efforts) any Claim for which indemnification is sought under this Section 18, and at the Lessee's expense, the Indemnitee shall cooperate with all reasonable requests of the Lessee in connection therewith; provided, however, that the Lessee shall not be entitled to assume and control the defense of any such action, suit or proceeding if such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnitee; and, provided, further, in the event of an action, suit or proceeding contemplated by the proceeding proviso, the Lessee may nevertheless participate at its own expense in such action, suit or proceeding. Where the Lessee or its insurers undertake the defense of the Indemnitee with respect to a Claim, no additional legal fees or expenses of the Indemnitee in connection with the defense of such Claim shall be indemnified hereunder unless such fees or expenses were incurred at the request of the Lessee or such insurers. In any action, suit or proceeding relating to a Claim under this Section 18, conducted by the Indemnitee and not controlled by the Lessee, the Lessee shall pay the reasonable out-of-pocket costs, disbursements and expenses (including reasonable legal fees and expenses) in connection with such action, suit or proceeding. Subject to the requirements of any policy of insurance, the Indemnitee may participate at its own expense in any judicial proceeding controlled by the Lessee pursuant to the preceding provisions; provided, that such party's participation does not, in the opinion of the independent counsel to the Lessee or its insurers, interfere with such control; and such participation shall not constitute a waiver of the indemnification provided in this Section 18. Notwithstanding anything to the contrary contained herein, the Lessee shall not under any circumstances be liable for the fees and expenses of more than one counsel for the Indemnitee (and its respective successors and assigns). Notwithstanding anything in this Section 18 to the contrary, in any action, suit or proceeding to which the Indemnitee is a party, the Lessee shall not enter into any settlement or other compromise with respect to any Claim without the prior written consent of the Indemnitee (which consent will not be unreasonably withheld) unless the Lessee acknowledges in a writing satisfactory to the Indemnitee the Indemnitee's right to full indemnification under this Section 18 with respect to such Claim.

SECTION 19. Tax Indemnity.

(a) This Lease has been entered into on the basis that Lessor or its assigns will be entitled to the following deductions and other benefits as are provided to an owner of property, including:

(i) the deduction under the Modified Accelerated Cost Recovery System ("MACRS Deductions") on the Equipment under the Internal Revenue Code of 1986 (the "Code") based upon a 200% declining balance method switching to the straight line method as of the beginning of the year such latter method will yield a larger allowance and the Equipment being classified as "7-year property" within the meaning of the Code;

(ii) the deduction under the Code (the "Interest Deduction") in the full amount of any interest paid or accrued by Lessor, using Lessor's method of tax accounting, for any indebtedness incurred by Lessor in financing its purchase of the Equipment;

(iii) Lessor not being required in any taxable year to recognize as income pursuant to this Lease any amount other than Rent, Stipulated Loss Value payments or indemnity payments made under this Lease and at no time earlier than that anticipated pursuant to this Lease; and

(iv) all amounts includable in gross income, and all expenses, losses and other deductions with respect to the Equipment, being treated as having their source within the United States for purposes of determining the limitation on foreign tax credits under section 904 of the Code. (The deductions and credits referred to in clauses (1), (2), (3) and (4) of this Section 19(a) are collectively referred to as the "Tax Benefits".)

(b) If by reason of (1) the inaccuracy of any statement made in any letter or other document furnished to Lessor by or on behalf of Lessee in connection with the transactions contemplated by this Lease, or (2) any act, failure to act or omission of or by Lessee except as permitted under this Lease, Lessor shall lose, shall not have or shall lose the right to claim or shall suffer a delay in claiming or there shall be disallowed or recaptured with respect to Lessor, all or any portion of the Tax Benefits with respect to the Equipment or any Unit ("Tax Loss"), then, at Lessor's sole option (i) the Base Rent shall, on and after the next succeeding Rent Payment Date, after notice to Lessee by Lessor that a Tax Loss has occurred describing in reasonable detail such Tax Loss and the computation of the amount of such Tax Loss, be increased by such amount, which, in the reasonable opinion of Lessor, will cause Lessor's net return over the Base Term to equal the net return that would have been available if Lessor had been entitled to the utilization of all the Tax Benefits, and Lessee

shall forthwith pay Lessor the amount of any penalties or interest which may be assessed by the United States or any state or local government against Lessor attributable to the Tax Loss, or (ii) Lessee shall pay to Lessor, in a lump sum, not later than thirty (30) days after the receipt of written demand therefor from Lessor describing in reasonable detail such Tax Loss and the computation of the amount of such Tax Loss, an amount which, in the reasonable opinion of Lessor, after deduction of all taxes, fees, and other charges or withholdings, owed by Lessor under the laws of any federal, state, local or foreign taxing authority as a result of such lump sum payment, will cause Lessor's net return to be equal to the net return that would have been available if Lessor had been entitled to the utilization of all the Tax Benefits, plus the aforementioned penalties and interest attributable to the Tax Loss.

(c) For purposes of this Section 19, a Tax Loss shall occur upon the earliest of (1) the happening of any event (such as disposition or change in the use of the Equipment) which may cause such Tax Loss, (2) the payment by Lessor to the Internal Revenue Service of the Tax increase resulting from such Tax Loss, or (3) the adjustment of the tax return of Lessor to reflect such Tax Loss. The Lessor shall be responsible for, and shall not be entitled to a payment under this Section 19 on account of, any loss due solely to one or more of the following: (1) a failure of the Lessor to timely or properly claim the Tax Benefits in the tax return of the Lessor, or (2) a disqualifying change in the nature of the Lessor's business or liquidation thereof, or (3) a foreclosure by any person, holding through the Lessor, of a lien on the Equipment, which foreclosure results solely from an act of the Lessor, or (4) any event which, by the terms of this Lease, requires payment by the Lessee of a Stipulated Loss Value, if such Stipulated Loss Value is thereafter actually and timely paid by the Lessee, (5) the failure of the Lessor to have sufficient liability for tax or taxable income against which to apply such Tax Benefits or (6) any act, failure to act or omission of or by or on behalf of the Lessor.

(d) All of Lessor's rights and privileges arising from the indemnities contained in this provision shall survive the expiration or other termination of this Lease, and such indemnities are expressly made for the benefit of, and are enforceable by Lessor, its successors and assigns.

(e) If any proceeding or demand for payment is commenced or made by any taxing authority against the Lessor under this Section 19, the Lessor shall promptly notify the Lessee of such claim (but the failure to do so shall not relieve the Lessee of its obligation to indemnify the Lessor except to the extent that the Lessee is prejudiced as a result of such failure). The Lessee shall have the right to investigate any claim for which indemnification is sought under this Section 19, and at the Lessee's expense, the Lessor shall cooperate with all reasonable

requests of the Lessee in connection therewith; provided, however, that the Lessee shall not be entitled to participate in, assume or control the defense of any such action, suit or proceeding. In any action, suit or proceeding relating to a claim under this Section 19, the Lessee shall pay the reasonable out-of-pocket costs, disbursements and expenses (including reasonable legal fees and expenses) in connection with such action, suit or proceeding. Notwithstanding anything to the contrary contained herein, the Lessee shall not under any circumstances be liable for the fees and expenses of more than one counsel for the Lessor (and its respective successors and assigns).

(f) In the event that Base Rent is increased pursuant to paragraph (b) of this Section 19, Stipulated Loss Values (if applicable) will be increased accordingly.

(g) Notwithstanding Sections 18 and 19 hereof, Lessor shall not be indemnified by Lessee for the imposition of any Tax incurred by Lessor in connection with any Rent, Stipulated Loss Value, liquidated damages on default or any Purchase Option price paid hereunder.

SECTION 20. Equipment to Remain Personal Property. Lessor and Lessee agree that each Unit is and shall at all times remain personal property. Lessee shall not, without the prior written consent of Lessor, impose for its protection, affix or install any Unit to or in any real property in such a manner as to cause or permit such Unit to become a fixture or subject to the rights of any Person having an interest in such real property.

SECTION 21. Survival.

(a) All indemnities, representations and warranties contained or incorporated by reference in this Lease shall survive, and shall continue in effect following, the execution and delivery of this Lease and the expiration or termination of this Lease.

(b) The obligations of the Lessee to be performed under this Lease prior to the date this Lease is terminated and the obligations of Lessee pursuant to Sections 2, 3, 5, 7(d), 9(c), 14, 18 and 19 shall survive the expiration or termination of this Lease.

SECTION 22. Further Assurances. The Lessee and the Lessor shall take, or shall cause to be taken, all such other action as may be necessary or reasonably requested by either the Lessee or the Lessor, as the case may be, in connection with the transactions contemplated by this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

BUFFALO & PITTSBURGH RAILROAD, INC.,  
as Lessee

By:   
Name: Mark W Hastings  
Title: Treasurer

CIS CORPORATION, as Lessor

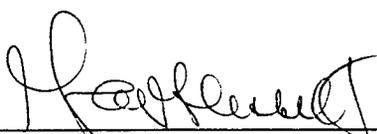
By: \_\_\_\_\_  
JAMES P. HASSETT, not  
individually but solely as  
Chapter 11 Trustee of CIS  
Corporation

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

BUFFALO & PITTSBURGH RAILROAD, INC.,  
as Lessee

By: \_\_\_\_\_  
Name:  
Title:

CIS CORPORATION, as Lessor

By:  \_\_\_\_\_  
JAMES P. HASSETT, not  
individually but solely as  
Chapter 11 Trustee of CIS  
Corporation

Corporate Form of Acknowledgment  
Pursuant to 49 CFR §1177.3

District of Columbia  
~~State of~~ \_\_\_\_\_  
Washington  
~~County of~~ \_\_\_\_\_

ss.:

On this 8th day of November, 1991 before me personally appeared James P. Hassett, to me personally known, who being by me duly sworn, says that he is the Chapter 11 Trustee of CIS Corporation and he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

(Seal)

Karen A. Taylor  
Signature of Notary Public

My Commission Expires

July 14, 1994

Corporate Form of Acknowledgment  
Pursuant to 49 CFR §1177.3

District of Columbia  
~~State of~~ \_\_\_\_\_  
Washington  
~~County of~~ \_\_\_\_\_

ss.:

On this 8th day of November, 1991 before me personally appeared Mark W. Hastings, to me personally known, who being by me duly sworn, says that he is the Treasurer of Buffalo & Pittsburgh Railroad, Inc. and he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

(Seal)

Karen A. Taylor  
Signature of Notary Public

My Commission Expires

July 14, 1994

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EXHIBIT A  
TO LEASE AGREEMENT

DESCRIPTION OF EQUIPMENT

Quantity	Manufacturer	Model	DUFFALO & PITTSBURGH Road Number	Leasee's Cost
1	GN-END	GP-0	201	060,000.00
1	GN-END	GP-9	202	060,000.00
1	GN-END	GP-9	203	060,000.00
1	GN-END	GP-9	204	060,000.00
1	GN-END	GP-9	206	060,000.00
1	GN-END	GP-9	207	060,000.00
1	GN-END	GP-0	208	060,000.00
1	GN-END	GP-9	200	060,000.00
1	GN-END	GP-9	026	060,000.00
1	GN-END	GP-9	074	060,000.00
1	GN-END	GP-9	079	060,000.00
1	GN-END	GP-0	006	060,000.00
1	GN-END	GP-0	007	060,000.00
1	GN-END	GP-10	022	070,000.00
1	GN-END	GP-10	020	070,000.00
1	GN-END	GP-30	7003	060,000.00
1	GN-END	GP-30	7022	060,000.00
1	GN-END	GP-40	3100	0130,000.00
1	GN-END	GP-40	3102	0130,000.00
1	GN-END	GP-40	3103	0130,000.00
1	GN-END	GP-40	3107	0130,000.00
1	GN-END	GP-40	3111	0130,000.00
1	GN-END	GP-40	3119	0130,000.00
1	GN-END	GP-40	6673	0130,000.00
				-----
				02,104,000.00

EXHIBIT B TO LEASE AGREEMENT DATED OCTOBER 15, 1991 ("LEASE")  
 BETWEEN JAMES P. BASSETT, NOT AN INDIVIDUAL, BUT SOLELY AS  
 CHAPTER III REORGANIZATION TRUSTEE IN BANKRUPTCY  
 FOR A CORPORATION, A NEW YORK CORPORATION AND A DEBTOR UNDER  
 CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE ("LESSOR")  
 AND BUFFALO AND PITTSBURGH RAILROAD, INC. ("LESSEE")

STIPULATED LOSS VALUES AND TERMINATION VALUES

The following Stipulated Loss Values/Termination Values are expressed as a percent  
 of \$2,104,000.00 equipment value.

Payment Number	Stipulated Loss/ Termination Value	Payment Number	Stipulated Loss/ Termination Value
1	104.580354	31	81.679568
2	104.116087	32	80.814641
3	103.531573	33	79.521882
4	103.126558	34	78.400940
5	102.595236	35	77.273144
6	102.046951	36	76.116723
7	101.477359	37	74.931315
8	100.890319	38	73.735230
9	100.281482	39	72.515713
10	99.650672	40	71.263366
11	99.001440	41	69.990459
12	98.329727	42	68.714003
13	97.635148	43	67.410026
14	96.921543	44	66.096111
15	96.184542	45	64.754237
16	95.423851	46	63.381033
17	94.641005	47	62.003070
18	93.848259	48	60.592213
19	93.031119	49	59.151231
20	92.203646	50	57.703581
21	91.351341	51	56.223226
22	90.473888	52	54.709814
23	89.535341	53	53.174887
24	88.671190	54	51.665354
25	87.731112	55	50.122395
26	86.779148	56	48.804768
27	85.800779	57	47.053591
28	84.795672	58	43.468448
29	83.769875	59	43.906099
30	82.738426	60	40.0000

LESS: BUFFALO & PITTSBURGH RAILROAD, INC.

By [Signature]  
 Print Name Mark W. Nesting  
 Title Attorney