OSTER
Researching Services
12897 Colonial Dr. • Mt. Airy, Md. 21771
301-253-6040

2-167A008

June 15, 1992

RECORDATION NO 17699-D FILED 1425

JUN 15 1992 -10 50 AM

INTERSTATE COMMERCE COMMISSION

Ms. Mildred Lee
Recordations Unit
Interstate Commerce Commission
12th & Constitution Avenue, N.W.
Washington, D.C. 20423

Dear Ms. Lee:

You will find enclosed one supplemental agreement to be filed under ICC Recordation #17699.

Please file the Memorandum of Partial Assignment and Subordination Agreement dated as of June 8, 1992, as ICC Recordation #17699-D.

The parties included in this agreement are as follows:

Assignor: U.S. Concord, Inc.
Norwalk, CT 06856

Assignee: Corestates Bank, N.A. d/b/a
Philadelphia National Bank
Centre Square, 19th Floor
Post Office Box 8377
Philadelphia, PA 19101

Debtor: National Railway Equipment Company
14400 S. Robey Street
Post Office Box 2270
Dixmoor, IL 60428

JUN 15 10 41 AM '92
MOTOR OPERATING UNIT

The equipment involved in this transaction is listed on Annex B.

The filing fee of $16 is enclosed. Thank you for your assistance.

Sincerely,

Mary Ann Oster

Mary Ann Oster
Research Consultant

Enclosures

Acknowledged Mary A Oster

Interstate Commerce Commission

Washington, D.C. 20423

6/15./ 92

OFFICE OF THE SECRETARY

Mary A. Oster

Research Consultant
Oster Researching Service
12897 Colonial Dr.
Mt. Airy, MD. 21771

Dear Sir:

The enclosed dcoument(s) was recorded pursuant to the provisions of Section 11303 of the Insterstate Commerce Act, 49 U.S.C. 11303, on 6/15/92 at 10:50am , and assigned recordation number(s). 17699-C & 17699-D

Sincerely yours,

Sidney L. Strickland, Jr.

Sidney L. Strickland, Jr.
Secretary

RECORDATION NO. 17699-B FILED 1425

JUN 15 1992 -10 50 AM

INTERSTATE COMMERCE COMMISSION

Memorandum of
Partial Assignment and Subordination Agreement

This Memorandum of Partial Assignment and Subordination Agreement dated as of May 15, 1992 is filed for purposes satisfying the requirements of recordation with the Interstate Commerce Commission under Section 49 U.S.C 1303 and is intended to evidence the partial assignment by U.S. Concord, Inc. to CoreStates Bank, N.A. of its position as Lender and secured party in that certain Loan and Security Agreement dated as of January 31, 1992 between National Railway Equipment Company, as Debtor and U. S. Concord, Inc., as Lender, filed with the Interstate Commerce Commission as of February 6, 1992 and assigned recordation number 17699-B, upon the terms and conditions provided in the Partial Assignment and Subordination Agreement attached hereto as Annex A. U. S. Concord, Inc. has a security interest in the eleven locomotives more fully described in Annex B hereto ("Locomotives") and in a Lease of Railroad Equipment dated as of November 1, 1991 between Chicago and North Western Transportation Company, as Lessee and National Railway Equipment Company as Lessor of the Locomotives.

In witness whereof, U. S. Concord, Inc. and CoreStates Bank, N. A., each pursuant to due authority, have executed this Memorandum of Partial Assignment and Subordination Agreement this 8th day of June, 1992.

Attest:

John T. Costa

Title: Assistant Vice President

Assignor
U. S. Concord, Inc.

By: W. T. Nolan

Title:

Attest:

Geoffrey D. Hirsch

Title: VP

Assignee
CoreStates Bank, N. A.

By: C. Rogers Childs, Jr.

Title: C. ROGERS CHILDS, JR.
VICE PRESIDENT

disk-15/part-sub.usc

Annex A

PARTIAL ASSIGNMENT AND SUBORDINATION AGREEMENT

Dated as of May 15, 1992

By and Between

U. S. CONCORD, INC.

and

CORESTATES BANK, N. A.,
doing business as
PHILADELPHIA NATIONAL BANK

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PARTIAL ASSIGNMENT AND SUBORDINATION AGREEMENT

PARTIAL ASSIGNMENT AND SUBORDINATION AGREEMENT (this "Agreement"), dated as of May 15, 1992 by and between U. S. CONCORD, INC., a New York corporation ("Concord"), and CORESTATES BANK, N. A., doing business as PHILADELPHIA NATIONAL BANK, a national banking association under the laws of the United States of America ("PNB").

PRELIMINARY STATEMENTS

1. National Railway Equipment Company ("Debtor") has issued a Secured Promissory Note dated February 6, 1992 in the principal amount of $[redacted] ("Note") to Concord, which Note refers to and is subject to a Loan and Security Agreement dated as of January 31, 1992 between Debtor as debtor and Concord as Secured Party ("Security Agreement"). The Note and Security Agreement (together "Loan Agreement") are secured by a Lease of Railroad Equipment for locomotives described in the Security Agreement (collectively "Equipment" and individually "Unit") dated November 1, 1992 between Chicago and North Western Transportation Company as lessee ("Lessee") and Debtor as lessor (the "Lease") and the Equipment.

2. It is the intent of Concord to sell, assign and transfer a partial interest in the Note to PNB ("Assigned Payments").

3. As security for payment of the Assigned Payments Concord shall grant a security interest in and subordinate all its right, title and interest in the Loan Agreement and any collateral granted or assigned to Concord as security for the Loan Agreement ("Collateral").

4. It is intended that Concord be subordinated in right of payment and security to the extent and in the manner herein provided. In addition, the parties hereto desire to set forth certain rights and obligations relating to the exercise of rights and remedies under the Loan Agreement.

NOW, THEREFORE, in order to induce PNB to purchase an interest in the Loan Agreement and for and in consideration of the premises and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Definitions; Interpretation. Unless otherwise defined herein or the context shall otherwise require, capitalized terms used herein shall have the meanings assigned thereto in the Loan Agreement. In the event of conflict between the terms of this Agreement and any of the terms of the Loan Agreement, the terms of this Agreement shall prevail.

Section 2. Sale and Assignment of Partial Interest in the Loan Agreement. For, value received, Concord hereby sells, assigns, transfers, and sets over to PNB, for an amount equal to $[redacted] ("Discounted Value of Assigned Basic Rents"), **WITHOUT RECOURSE** as to the financial ability of Debtor to pay, an undivided partial interest in Concord's right, title, and interest in, to and under the Loan Agreement, including, without limitation, (i) all payments of principal and interest under the Note and other payments due and to become due thereunder, (ii) the security interest granted by Debtor to Concord under the Loan Agreement, including, without limitation, all of Concord's right, title and interest in and to the Equipment and Lease and all Basic Rents, Premium and other monies due or to become due and all rights under the Lease, and all proceeds of the foregoing, (iii) all of Concord's rights upon a Casualty Occurrence or early termination under the Lease and Concord's rights and remedies under the Loan Agreement upon an Event of Default, including the right to take, in Concord's or PNB's name, any and all proceedings, legal, equitable, or otherwise, that Concord might otherwise take, save for this assignment.

Concord agrees that the Discounted Value of Assigned Basic Rents shall bear interest at the rate of 8.45% per annum (such interest rate shall be calculated on the basis of twelve months of thirty days each). The Discounted Value of Assigned Basic Rents shall be amortized by the twenty eight consecutive quarterly payments of $[redacted] beginning on July 1, 1992 due under the Lease, ("Assigned Basic Rents") as set forth on the amortization schedule attached hereto and make a part hereof, ("Amortization Schedule of Assigned Basic Rents"). Any quarterly payment not received on the due date thereof shall bear interest at the rate of 13.18% per annum until paid (calculated on the basis of (12) months of thirty (30) days each). The Amortization Schedule of Assigned Basic Rents shall be accelerated upon an Event of Default, or any event causing the acceleration of scheduled payments under the Loan Agreement, Lease or this Agreement and the portion of the Discounted Value of Assigned Basic Rents not theretofore paid (the "Unamortized Discounted Value of Assigned Basic Rents") shall then be due and payable. The Unamortized Discounted Value of the Assigned Basic Rents and any other amounts then due PNB hereunder, under the Loan Agreement or Lease shall bear interest at 13.18% per annum until paid (default interest). The unamortized Discounted Value of Assigned Rents shall be prepaid upon any event pursuant to which the Note is prepayable and the proportion of the unamortized

Discounted Value of Assigned Basic Rents which shall then be due shall be the same proportion as the principal prepaid under the Note bears to the outstanding balance of the Note prior to prepayment.

Concord and PNB agree that the proportional interests in the Loan Agreement which Concord and PNB shall own shall at all times be calculated by the following formula: PNB's share shall be a percentage equal to the Unamortized Discounted Value of Assigned Basic Rents divided by the then outstanding principal balance of the Note, and Concord shall at all times own the remainder. With respect to a Premium payable with respect to the Note the Premium shall be allocated between Concord and PNB in proportion to their proportional ownership of the Loan Agreement. PNB shall own a percentage interest (calculated as set forth in this paragraph with respect to the Loan Agreement) of all the rights of the Lender in the Note, Security Agreement, and Collateral and shall be entitled to all the rights and privileges of Lender therein and any amounts due thereunder shall be proportionally owned by PNB.

Concord represents and warrants that: (a) Concord has the corporate power and authority to execute and deliver this Agreement, (b) the execution of this Agreement will not result in a violation or breach of the provisions of any indenture, agreement or other instrument to which Concord is a party, (c) Concord is the owner of the Loan Agreement and of the security interest granted in Section 3 of the Loan Agreement free and clear of all liens, claims and encumbrances whatsoever, and Concord has not assigned the Loan Agreement and its rights thereunder or the security interest as granted in the Loan Agreement to anyone other than PNB and Concord has not waived any rights or remedies under, or consented to or approved any amendment of or modification to, the Loan Agreement or the Lease, and (e) Concord is not in default under the Loan Agreement, and Concord has no knowledge of, nor has it received any notice from the Debtor or the Lessee of the occurrence of, an Event of Default or breach of contract under the Loan Agreement or the Lease, or other event which with the passage of time or the giving of notice would constitute an Event of Default or breach of contract, respectively.

PNB represents and warrants that: (a) PNB has the corporate power and authority to execute and deliver this Agreement, (b) the execution of this Agreement will not result in a violation or breach of the provisions of any indenture, agreement or other instrument to which PNB is a party.

Concord authorizes PNB to do every act and thing in the name of the Concord, PNB or otherwise which PNB may deem advisable to enforce the terms of the Loan Agreement and the Lease, and Concord hereby irrevocably constitutes and appoints

PNB or any present or future officer of PNB or the successors or assigns of PNB, as Concord's true and lawful attorney, with full power of substitution and revocation, and in the name of Concord, PNB or otherwise, to demand, enforce, collect, receive, receipt and give releases for any moneys due or to become due under or arising out of the Loan Agreement, the Lease or any policy of insurance or indemnity relating to the Collateral or the Lease, to endorse all checks and other instruments payable to Concord in connection therewith, and to do and take all such other actions, whether or not referred to herein, relating to the Loan Agreement, the Lease or the Collateral, to file any claims or institute any proceedings for the foregoing which PNB deems necessary, to compromise any such demand, claim or action, and to take any other action (or determine not to take any action) as Concord might have otherwise taken, save for this Agreement. In no event, however, shall any of the foregoing be deemed to give PNB authority to release any security in the Equipment or any Unit thereof.

Contemporaneously with this Assignment, Concord herewith delivers to the PNB the executed originals of the Note Security Agreement, Lease and Notice and Acknowledgment of Assignment. The aggregate amount of all payments remaining to be paid under the Note is $[redacted] consisting of [redacted] quarterly installments of $[redacted] each beginning [redacted] and on each subsequent quarter to and including [redacted] Concord agrees that any future payments received by Concord under the Note consisting, in whole or in part of Assigned Basic Rents shall, to such extent, be held in trust for and promptly paid over to PNB.

Concord also herewith delivers to the PNB the executed original counterpart of the Lease, which counterpart is the only counterpart of the Lease which constitutes "chattel paper" under the Uniform Commercial Code. The aggregate amount of all installments of Basic Rent remaining to be paid during the Basic Term of the Lease is [redacted] consisting of [redacted] quarterly installments of $[redacted] each, beginning with the payment due on [redacted] and on the first day of each consecutive quarter thereafter through [redacted] No advance rentals have been paid by Lessee, the only rental received by Concord in connection with the Lease is the payment due April 1, 1992, and Concord agrees that any future payments received by Concord under the Lease consisting, in whole or in part of Assigned Basic Rents shall, to such extent, be held in trust for and promptly paid over to PNB.

Promptly after receiving all of the Assigned Basic Rents, PNB shall redeliver to Concord the executed originals of the Note, Security Agreement and Lease. In addition, PNB agrees that at any time and from time to time, upon the written request of Concord or any subsequent assignee, PNB shall, at Concord's

cost and expense, promptly and duly execute and deliver such further instruments and documents and take such further action as Concord or any subsequent assignee may deem reasonably necessary or advisable in obtaining the full benefits of this Agreement and of the rights and powers herein granted, including execution, delivery and filing of financing statements and assignments thereof under the Uniform Commercial Code and with the ICC. PNB agrees that any payments received by it under the Note after full payment of the Assigned Basic Rents shall be held in trust for and promptly paid over to Concord without notice or demand.

Section 3. Grant of Security Interest. Concord grants a security interest to PNB in all its right, title and interest in the Loan Agreement, the Lease and all Collateral to secure the payment of the Assigned Rents, per the terms of the Amortization Schedule of Assigned Rents, PNB's percentage share of all amounts due under the Loan Agreement and the other terms and conditions of this Agreement (collectively "Obligations"). The Loan Agreement, Lease and the Collateral collectively hereinafter (collectively "Concord Collateral"). Notwithstanding anything contained herein to the contrary, PNB agrees that it shall look only to the Concord Collateral in seeking to enforce its rights to payment hereunder and shall not seek recourse as to Concord, its affiliates, assets, parents, officers or directors, except for a breach by Concord of its warranties herein.

Section 4. Subordination. (a) Concord agrees for the benefit of PNB that its right, title and interest in the Concord Collateral shall be subordinated and subject, to the extent and in the manner herein set forth, in right of payment to the prior payment in full of the Obligations and in right of security.

(b) The parties herein agree that all payments of principal, interest and Premium on the Note, and all other amounts payable by the Debtor under the Security Agreement shall be made by the Debtor to PNB for distribution to PNB and Concord in accordance with the provisions of Section 4(c). The parties further agree that, supplementing the provisions of the Loan Agreement, as between PNB and Concord, the proceeds of any sale, lease or other disposition of all or any part of the Collateral shall be applied in accordance with the provisions of Section 4(c).

(c) If PNB receives any payment under the Loan Agreement, or otherwise from, or on behalf of, Debtor in respect of amounts owing to PNB or Concord, PNB shall promptly distribute such amount to the payment, first to PNB and thereafter to Concord, of all costs and expenses of foreclosure and any sale subsequent to foreclosure or other enforcement against the Debtor, if any, and of all proper expenses, liability and advances, including legal expenses and reasonable attorneys'

fees, incurred or made hereunder or under the Loan Agreement by each party and thereafter in the following order of priority:

first, so much of such payment as shall be required to pay in full the aggregate amount of interest (including default interest) and principal then due under the Amortization Schedule of Assigned Basic Rents and PNB's portion of any Premium then due in that order;

second, so much of such payment remaining as shall be required to pay in full the aggregate remaining amount of interest (including default interest) and principal then due on the Note, and Concord's portion of any Premium then due, in that order;

third, so much of such payment remaining as shall be required to pay in full all other amounts then due and payable to or for the benefit of PNB under the Loan Agreement or the Agreement;

fourth, so much of such payment remaining as shall be required to pay in full all other amounts then due and payable to or for the benefit of Concord under the Loan Agreement; and

fifth, the balance, if any, of such payment or amount remaining thereafter shall be distributed to or at the direction of the Borrower.

Section 5. Set-off. In the event either Concord or PNB receives payment of or on account of all or part of its claim against the Debtor through the exercise of any right of set-off, counterclaim, banker's lien, or secured claim under any bankruptcy statute in a greater proportion than it would be entitled to receive hereunder in accordance with its proportional interest in the Note, then all such recoveries (whether interest, principal, Premium, expenses or otherwise) shall be paid as provided in Section 4(c) hereof.

Section 6. Approvals. Upon any occasion requiring or permitting an approval of any amendment or modification or any consent, waiver, declaring an Event of Default or taking any action thereafter, or any other action on the part of the Concord or PNB under the Loan agreement, (1) action may (but shall not be required to) be taken only by PNB for and on the behalf or for the benefit of all PNB and Concord, provided (A) that all such action shall be always subject to the rights of Concord under Section 8 hereof, regardless whether such rights are exercised before or after any action has been taken by PNB pursuant to this Section 6, and (B) that PNB shall have received written consent of Concord to enter into any written amendment or modification of the provisions of any of the Loan Agreement or the Lease, or to consent in writing to any material departure from the terms of any Loan Agreement by the Debtor or the Lease by the Lessee or

any other party thereto or (2) action shall be taken by PNB upon written agreement with Concord, and any such action shall be binding on the parties hereto and; provided further, however, that unless all of the PNB and Concord agree in writing thereto, no amendment, modification, waiver, consent or other action with respect to any of the Loan Agreement or Lease shall be effective which, (a) reduces any rental or other payment, commission, fee, principal or interest owing under the Loan Agreement or Lease hereunder or the method of calculation of any thereof, (b) extends the date on which any sum is due hereunder, (c) releases in whole or in part any Collateral, guaranty or other security.

Section 7. General Matters. (a) The general administration of the Loan Agreement shall be controlled by PNB, subject to the requirements of this Agreement. PNB shall inform Concord, and Concord shall inform PNB, of the occurrence of any Event of Default promptly after obtaining actual knowledge thereof; however, unless it has actual knowledge of an Event of Default, each party may assume that no Event of Default has occurred. Notwithstanding any provision to the contrary elsewhere in this Agreement or, the Loan Agreement, neither party shall have any duties or responsibilities, except those expressly set forth herein and therein, or any fiduciary relationship with the other party hereto, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement, Loan Agreement or otherwise exist against PNB.

(b) All commissions, fees, interest and payments received by PNB under the terms of this Agreement or Loan Agreement and all expenses arising from the administration hereof or the enforcement of any security and any sum realized therefrom or from any setoff (other than sums applied to the payment of expenses or for reimbursement of expenses paid) for which provision for allocation and payment is not otherwise provided for herein or therein shall be payable from time to time first to the balance of the Unamortized Discounted Value of Assigned Basic Rents and any interest or Premium then due thereon.

(c) All expenses arising from the administration of the Loan Agreement or the enforcement of any security shall be divided pro rata among the PNB and Concord in accordance with their proportional interest in the outstanding principal balance of the Note calculated as set forth in Section 2 hereof. Notwithstanding the foregoing sentence, however, in the event Concord elects to exercise its rights under Section 8(b) hereof, Concord shall pay PNB on request all out-of-pocket costs theretofore paid by PNB in such enforcement of security which enforcement Concord has assumed, provided further that all such amounts paid by Concord shall be reimbursed to Concord in accordance with the provisions of paragraph fourth of Section 4(c) hereof. Concord shall pay to PNB promptly on demand any

sums payable by Concord hereunder. Under no circumstances shall either PNB or Concord be obligated to expend its own funds for the protection of the interest of the other, but PNB and Concord shall be entitled to be indemnified hereunder by the other in accordance with their respective interests in the Note calculated as set forth in Section 2 hereof prior to taking any action or expending any funds. Concord and PNB shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement, the Loan Agreement or the Lease in accordance with a request of the other and such request and any action taken or failure to act pursuant thereto shall be binding upon Concord and PNB.

Section 8. Special Provision Regarding Defaults. (a) Either party hereto may declare that an Event of Default has occurred and is continuing under Section 6.1 of the Security Agreement, provided that except as otherwise provided in paragraph (b) of this Section, only PNB shall, so long as any Assigned Basic Rents remain unpaid, have the right to enforce any security or exercise any of the other remedies provided under the Loan Agreement.

(b) Notwithstanding any other provisions of this Agreement, so long as any Event of Default has occurred and is continuing, Concord may, at any time and from time to time, accede to PNB's rights under paragraph (a) of this Section 8 and Section 7 hereof and exercise or refrain from exercising, any or all of the rights and remedies of the Lender provided in the Loan Agreement, as Concord shall determine in its reasonable discretion, by either: (i) paying to PNB an amount equal to the next regularly scheduled amount of the principal and interest on the Amortization Schedule of Assigned Basic Rents and the remaining Unamortized Discounted Value of Assigned Basic Rents, or (ii) paying, and continuing to pay as and when due, to PNB an amount equal to the regularly scheduled amount of principal and interest on the Amortization Schedule of Assigned Basic Rents, whether or not the Note has been accelerated; provided however that, Concord shall not (i) enter into any lease or management agreements respecting the Equipment, (ii) release or sell any Item of Equipment or modify or terminate the Lease without the prior written consent of PNB, which consent shall not unreasonably be denied or withheld or (iii) allow the condition of the Equipment to deteriorate. The rights of Concord under this Section may be exercised by notice to PNB on more than one occasion and from time to time, and following receipt from Concord of any such notice, PNB agrees, for the benefit of Concord, that it shall refrain from exercising its rights under paragraph (a) of this Section 8 and Section 7 hereof provided Concord complies with its obligations under this Section 8, provided however that all rights of PNB as set forth in Section 8 (a) hereof shall automatically revest in PNB if Concord does not timely remit any regularly scheduled amount of principal and

interest when due under the Amortization Schedule of Assigned Basic Rents, but not otherwise paid by Lessee or on behalf of Debtor.

(c) Concord shall have full rights or subrogation with respect to all payments it may make hereunder to PNB in respect of the Debtor's obligations under the Loan Agreement, and PNB agrees to execute and deliver such instruments, notices and documents, and do such other things, promptly from time to time as Concord may reasonably request in order to enable Concord to exercise and enforce such rights of subrogation and collect from the Borrower all such amounts paid to PNB by Concord pursuant to this Section 8, subject in each case to PNB's rights hereunder.

Section 9. Exculpation. Each party hereto, and its respective officers, directors, employees, agents, attorneys-in-fact or affiliates shall not be liable or answerable for anything whatsoever in connection with this Agreement or the Loan Agreement or any other instrument or agreement required hereunder or thereunder, including responsibility in respect of the execution, delivery, construction or enforcement of this Agreement, the Loan Agreement, or the Lease or any such other instrument or agreement, or for any action taken or not taken by it in connection with this Agreement, the Loan Agreement or the Lease except for its own respective willful misconduct or gross negligence, and no party hereto shall have any duties or obligations other than as explicitly provided herein and therein and notwithstanding any language or other inference herein to the contrary, neither party shall be in a fiduciary or trust relationship to the other party hereto, provided the parties hereto shall act in a commercially reasonable manner. Each party hereto shall be entitled to rely on any opinion of a counsel (including counsel for the Debtor or Lessee) in relation to this Agreement, the Loan Agreement, and the Lease or any other instrument or agreement required hereunder or thereunder and upon writings, statements and communications received from the Debtor or Lessee (including any representation made in or in connection herewith, with the Loan Agreement or the Lease), or any other Person, firm or corporation believed by it to be authentic and no party hereto shall be required to investigate the truth or accuracy of any writing or representation, nor shall any party hereto be liable for any action it has taken or omitted in good faith on such reliance. In connection with any action a party may be permitted to take hereunder in respect of the Debtor and the Loan Agreement or the Lessee and the Lease, each party hereto hereby authorizes and directs such other party to take such action (including without limitation retaining lawyers, accountants, surveyors or other experts) or forebear from taking such action as in such party's reasonable opinion may be necessary or desirable for the administration hereof (subject to the other requirements of this Agreement). Each party hereto may execute any of its duties under this Agreement and the Loan

Agreement or the Lease by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each party hereto shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care. Each party hereto shall not be under any obligations to the other to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or the Loan Agreement or the Lease or to inspect the properties, books or records of the Debtor or Lessee.

Section 10. Independent Investigation. Concord and PNB each represent that it has made, and agrees that it shall continue to make, its own independent investigation of the financial condition and affairs of the Debtor and Lessee, and appraisal of the creditworthiness of the Debtor and Lessee in connection with the making and performance of the Loan Agreement and the Lease. Neither Concord nor PNB has any and shall have any duty or responsibility whatsoever on the date hereof or at any time hereafter to provide the other with any credit or other information except each party hereto shall deliver to the other copies of documents and instruments received from the Debtor under the Loan Agreement or the Lessee under the Lease. Nothing herein shall (nor shall it be construed so as to) constitute any party hereto a trustee for the Debtor or Lessee or impose on it any duties or obligations other than those for which express provision is made in this Agreement or the Loan Agreement.

Section 11. Fees. Neither Concord nor PNB shall charge any fees in relation to this Agreement or the Loan Agreement. Concord and PNB each represent to the other that it has made no agreement with respect to a brokerage fee in respect of this Agreement or the Loan Agreement.

Section 12. Successors. (a) So long as any amount shall be payable to PNB under the Obligations, PNB shall be the disbursing agent, for receipt on behalf of PNB and Concord, for all amounts payable under the Loan Agreement and the Lease and PNB shall have all of the rights herein set forth.

(b) The rights of the parties hereunder are solely for the benefit of such parties and such rights, in whole or in part, may not be transferred or relied upon by any other Person, provided however that notwithstanding the foregoing, rights of Concord and any assignees, transferees and successors from time to time shall be always subordinated and subject, in right of payment and in right of security, to the rights of PNB, its assignees, successor and transferees.

(c) The parties hereto agree that, prior to transferring any interest in the Loan Agreement, in whole or in part, to any transferee, the transferor party hereto shall

deliver or cause to be delivered to PNB or Concord, as the case may be, a written instrument, duly executed by the transferee, acknowledging the rights of Concord or PNB hereunder, as the case may be, and agreeing to be bound by the terms of this Agreement, and otherwise reasonably satisfactory to Concord or PNB, as the case may be.

Section 13. Notices. All communications between the parties hereto or notices or other information sent in connection herewith shall be in writing, hand-delivered or sent by ordinary mail or telex addressed to the relevant party at this address set forth and in the manner provided in the Loan Agreement. All such communications and notices shall be effective upon receipt.

Section 14. Miscellaneous. (a) **THIS AGREEMENT IS A CONTRACT MADE UNDER, AND WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (OTHER THAN THE LAWS OF THE STATE OF NEW YORK GOVERNING THE CHOICE OF LAW).**

(b) This Agreement may be executed in one or more counterparts, each of which shall be an original but all of which, taken together, shall constitute one and the same instrument.

(c) This Agreement and the other agreements referred to herein set forth the entire understanding of the parties hereto with respect to the subject matter hereof and supersede any and all prior agreements, understandings and arrangements relating to the subject matter hereof.

(d) The parties hereto intend that this Agreement and the transactions contemplated hereby represent commercial transactions and not investments and not transactions in securities for purposes of any securities laws.

(e) Each party hereby irrevocably submits to the nonexclusive jurisdiction of the Supreme Court of the State of New York, New York County, of the United States of America, and to the Jurisdiction of the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Agreement or the subject matter hereof brought by any party or its successors or assigns, and each party hereto hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by law, in such Federal court, and each party hereto hereby agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of the above-named courts, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or

proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such courts.

(f) In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired or affected.

Section 15. Waiver of Jury Trial. **BY ITS SIGNATURE BELOW WRITTEN EACH PARTY HERETO IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

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

U. S. CONCORD, INC.

By: _____
Name:
Title:

CORESTATES BANK, N. A. d/b/a
PHILADELPHIA NATIONAL BANK

By: C. Rogers Childs, Jr.
Name:
Title: C. ROGERS CHILDS, JR.
VICE PRESIDENT

Schedule A
to
Lease

ANNEX B

Type and General Description of Locomotive Unit, Marks and Numbers:

UNIT NO.	TYPE	GENERAL DESCRIPTION
CNW 4701	GP-38-2	General Purpose Locomotive
CNW 4702	GP-38-2	General Purpose Locomotive
CNW 4703	GP-38-2	General Purpose Locomotive
CNW 4704	GP-38-2	General Purpose Locomotive
CNW 4705	GP-38-2	General Purpose Locomotive
CNW 4706	GP-38-2	General Purpose Locomotive
CNW 4707	GP-38-2	General Purpose Locomotive
CNW 4708	GP-38-2	General Purpose Locomotive
CNW 4709	GP-38-2	General Purpose Locomotive
CNW 4710	GP-38-2	General Purpose Locomotive
CNW 4711	GP-38-2	General Purpose Locomotive

STATE OF Connecticut)
) ss.
COUNTY OF Fairfield)
)

I, Bridget R. Connolly, a Notary Public in and for the state and county aforesaid, do hereby certify that W.T. Whelan of U. S. Concord, Inc., a New York corporation, whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as U. S. Concord, Inc.'s, he signed, sealed and delivered the aforesaid instrument and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority of its Board of Directors, as his free and voluntary act and as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

Given under my hand notarial seal this 8th day of June, 1992.

Bridget R. Connolly
Notary Public

My commission expires

BRIDGET R. CONNOLLY
Notary Public, State of Connecticut
No. 61277
Qualified in Fairfield County
Commission Expires 4/30/96

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STATE OF Pennsylvania)
) ss.
COUNTY OF Philadelphia)
)

I, Elizabeth Bodkin, a Notary Public in and for the state and county aforesaid, do hereby certify that C. Rogers Childs, Jr., of CoreStates Bank, N. A., a national banking association, whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as CoreStates Bank N. A.'s Vice President, he signed, sealed and delivered the aforesaid instrument and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority of its Board of Directors, as his free and voluntary act and as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

Given under my hand notarial seal of this 11th day of June, 1992.

Elizabeth Bodkin
Notary Public

My commission expires

NOTARIAL SEAL
ELIZABETH BODKIN, Notary Public
City of Philadelphia, Phila. County
My Commission Expires April 18, 1994

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