13441
RECORDATION NO. ..... Filed 1425
JAN 20 1982 -12 15 PM
INTERSTATE COMMERCE COMMISSION

CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA
NEW YORK, N. Y. 10005

13441-A
RECORDATION NO. ..... Filed 1425
JAN 20 1982 -12 15 PM
INTERSTATE COMMERCE COMMISSION

13441-B
RECORDATION NO. ..... Filed 1425
JAN 20 1982 -12 15 PM
INTERSTATE COMMERCE COMMISSION

13441-C
RECORDATION NO. ..... Filed 1425
JAN 20 1982 -12 15 PM
INTERSTATE COMMERCE COMMISSION

No. 13441
JAN 20 1982
Date ..... JAN 20 1982 -12 15 PM
Fee $ 100.00
INTERSTATE COMMERCE COMMISSION
ICC Washington, D. C.

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January 18, 1982

The Pittsburgh and Lake Erie Railroad Company
Lease Financing Dated as of January 1, 1982
15-7/8% Conditional Sale Indebtedness
Due June 1, 1997

[CS&M Ref: 2483-140]

Dear Ms. Mergenovich:

Pursuant to 49 U.S.C. § 11303 and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of The Pittsburgh and Lake Erie Railroad Company for filing and recordation counterparts of the following documents:

New Number

(1)(a) Conditional Sale Agreement dated as of January 1, 1982, between The Connecticut Bank and Trust Company, as Trustee, and Greenville Steel Car Company and The Maxson Corporation, as Builders;

— A

(b) Agreement and Assignment dated as of January 1, 1982, between Manufacturers Hanover Trust Company, as Agent, and Greenville Steel Car Company and The Maxson Corporation, as Builders;

— B

(2)(a) Lease of Railroad Equipment dated as of January 1, 1982, between The Pittsburgh and Lake Erie Railroad Company, as Lessee, and The Connecticut Bank and Trust Company, as Lessor; and

— C Next page

(b) Assignment of Lease and Agreement dated as of January 1, 1982, between The Connecticut Bank and Trust Company, as Trustee, and Manufacturers Hanover Trust Company, as Agent.

The names and addresses of the parties to the aforementioned Agreements are as follows:

Trustee-Lessor:

The Connecticut Bank and Trust Company,
Corporate Trust Department,
6th Floor,
100 Constitution Plaza,
Hartford, Connecticut 06115.

Builders:

Greenville Steel Car Company,
Union Street,
Greenville, Pennsylvania 16125.

The Maxson Corporation,
500 Como Avenue,
St. Paul, Minnesota 55103.

Lessee:

The Pittsburgh and Lake Erie Railroad Company,
324 Pittsburgh and Lake Erie Terminal Building,
Smithfield and Carson Streets,
Pittsburgh, Pennsylvania 15219.

Agent:

Manufacturers Hanover Trust Company,
40 Wall Street,
New York, N.Y. 10015

Please file and record the documents referred to in this letter and index them under the names of the Trustee-Lessor, the Builders, the Lessee and the Agent.

The equipment covered by the aforementioned agreements is listed in Exhibit A hereto and bears the legend "Ownership Subject to a Security Agreement Filed with the Interstate Commerce Commission".

Enclosed is our check for $100 for the required recordation fee. Please accept for recordation one counterpart of each of the enclosed agreements, stamp the remaining counterparts with your recordation number and return them to the delivering messenger along with your fee receipt addressed to the undersigned.

Very truly yours,

Laurance V. Goodrich

Laurance V. Goodrich
As Agent for The Pittsburgh
and Lake Erie Railroad Company

Agatha Mergenovich, Secretary,
Interstate Commerce Commission,
Washington, D.C. 20423

Encls.

89A

Interstate Commerce Commission
Washington, D.C. 20423

1/20/82

OFFICE OF THE SECRETARY

Laurance V. Goodrich,Atty.
Cravath,Swaine & Moore
One Chase Manhattan Plaza
New York, N.Y. 10005

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 1/20/82 at 12:15pm , and assigned recordation number(s). 13441,13441-A,13441-B & 13441-C

Sincerely yours,

Agatha L. Mergenovich

Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

SCHEDULE I

Allocation Schedule of Each $1,000,000 of CSA Indebtedness Payable in (i) One Payment of Interest Only on June 1, 1982, and (ii) 30 Semiannual Installments of Principal, and Interest Commencing December 1, 1982

Payment Number	Date Due	Interest Payment	Principal Payment	Total Payment	Principal Balance
	June 1, 1982	*	-0-	*	$1,000,000.00
1	December 1, 1982	$ 79,375.00	$ 8,929.16	$ 88,304.16	991,070.84
2	June 1, 1983	78,666.25	9,637.91	88,304.16	981,432.93
3	December 1, 1983	77,901.24	10,402.92	88.304.16	971,030.01
4	June 1, 1984	77,075.51	11,228.65	88,304.16	959,801.36
5	December 1, 1984	76,184.23	12,119.93	88,304.16	947,681.43
6	June 1, 1985	75,222.21	13,081.95	88,304.16	934,599.48
7	December 1, 1985	74,183.83	14,120.33	88,304.16	920,479.15
8	June 1, 1986	73,063.03	15,241.13	88,304.16	905,238.02
9	December 1, 1986	71,853.27	16,450.89	88,304.16	888,787.13
10	June 1, 1987	70,547.48	17,756.68	88,304.16	871,030.45
11	December 1, 1987	69,138.04	19,166.12	88,304.16	851,864.33
12	June 1, 1988	67,616.73	20,687.43	88,304.16	831,176.90
13	December 1, 1988	65,974.67	22,329.49	88,304.16	808,847.41
14	June 1, 1989	64,202.26	24,101.90	88,304.16	784,745.51
15	December 1, 1989	62,289.17	26,014.99	88,304.16	758,730.52
16	June 1, 1990	60,224.24	28,079.92	88,304.16	730,650.60
17	December 1, 1990	57,995.39	30,308.77	88,304.16	700,341.83
18	June 1, 1991	55,589.63	32,714.53	88,304.16	667,627.30
19	December 1, 1991	52,992.92	35,311.24	88,304.16	632,316.06
20	June 1, 1992	50,190.09	38,114.07	88,304.16	594,201.99
21	December 1, 1992	47,164.78	41,139.38	88,304.16	553,062.61
22	June 1, 1993	43,899.34	44,404.82	88,304.16	508,657.79
23	December 1, 1993	40,374.71	47,929.45	88,304.16	460,728.34
24	June 1, 1994	36,570.31	51,733.85	88,304.16	408,994.49
25	December 1, 1994	32,463.94	55,840.22	88,304.16	353,154.27
26	June 1, 1995	28,031.62	60,272.54	88,304.16	292,881.73
27	December 1, 1995	23,247.49	65,056.67	88,304.16	227,825.06
28	June 1, 1996	18,083.61	70,220.55	88,304.16	157,604.51
29	December 1, 1996	12,509.86	75,794.30	88,304.16	81,810.21
30	June 1, 1997	6,493.69	81,810.21	88,303.90	-0-
	TOTAL	$1,649,124.54	$1,000,000.00		

* Interest only.

13441
RECORDATION NO. ..... Filed 1425
JAN 20 1982 · 12 15 PM
INTERSTATE COMMERCE COMMISSION

[CS&M Ref. 2483-140]

CONDITIONAL SALE AGREEMENT

Dated as of January 1, 1982

among

THE CONNECTICUT BANK AND TRUST COMPANY,
not in its individual capacity but
solely as Trustee,

GREENVILLE STEEL CAR COMPANY

and

THE MAXSON CORPORATION

CONDITIONAL SALE AGREEMENT

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STATE OF MINNESOTA,)
) ss.:
COUNTY OF RAMSEY,)

On this day of January 1982, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of THE MAXSON CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE I

Allocation Schedule of Each $1,000,000 of CSA Indebtedness Payable in (i) One Payment of Interest Only on June 1, 1982, and (ii) 30 Semiannual Installments of Principal, and Interest Commencing December 1, 1982

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30	June 1, 1997	6,493.69	81,810.21	88,303.90	-0-
	TOTAL	$1,649,124.54	$1,000,000.00		

* Interest only.

Annex A
to
Conditional Sale Agreement

Item 1: (a) Greenville Steel Car Company, a Pennsylvania corporation, Union Street, Greenville, Pennsylvania 16125.

(b) The Maxson Corporation, a Minnesota corporation, 500 Como Avenue, St. Paul, Minnesota 55103.

Item 2: The Equipment shall be settled for in not more than two Groups on January 21, 1982, and February 11, 1982, unless the parties agree otherwise.

Item 3: (a) Greenville Steel Car Company ("Greenville") warrants that its Equipment will be built in accordance with the Specifications and the standards and requirements set forth or referred to in Article 2 of this Agreement and warrants the Equipment will be free from defects in material (except as to specialties incorporated therein specified by the Lessee and not manufactured by Greenville) and workmanship and design (except as to designs specified by the Lessee and not developed by Greenville) under normal use and service, Greenville's obligation under this Item 3(a) being limited to making good at its plant any part or parts of any unit of Equipment which shall, within two years or 50,000 miles, whichever occurs first, after the delivery of such units of Equipment to the Lessee, be returned to Greenville with transportation charges prepaid and which examination by Greenville shall disclose to its satisfaction to have been thus defective. In no event shall Greenville be liable to anyone for any incidental, special or consequential damages of any kind. The foregoing warranty is expressly in lieu of all other warranties, expressed or implied, including any implied warranty of merchantibility or fitness for a particular purpose, except for its obligations or liabilities under Articles 2, 3, 4 and 14 of this Agreement, and Item 4 below, and Greenville neither assumes nor authorizes any person to assume for it any other liability in connection with the construction and delivery of the Equipment.

Greenville further agrees with the Trustee and the Lessee that neither the inspection as provided in Article 3 of this Agreement, nor any examination,

nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Trustee or the Lessee of any of their respective rights under this Item 3(a).

(b) The Maxson Corporation ("Maxson") warrants that its Equipment will be built in accordance with the Specifications and the standards and requirements set forth or referred to in Article 2 of this Agreement and warrants the Equipment will be free from defects in material (except as to specialties incorporated therein specified by the Lessee and not manufactured by Maxson) and workmanship and design (except as to designs specified by the Lessee and not developed by Maxson) under normal use and service, Maxson's obligation under this Item 3(b) being limited to making good at its plant any part or parts of any unit of Equipment which shall, within one year after the delivery of such units of Equipment to the Lessee, be returned to Maxson with transportation charges prepaid and which examination by Maxson shall disclose to its satisfaction to have been thus defective. In no event shall Maxson be liable to anyone for any incidental, special or consequential damages of any kind. The foregoing warranty is expressly in lieu of all other warranties, expressed or implied, including any implied warranty of merchantibility or fitness for a particular purpose, except for its obligations or liabilities under Articles 2, 3, 4 and 14 of this Agreement, and Item 4 below, and Maxson neither assumes nor authorizes any person to assume for it any other liability in connection with the construction and delivery of the Equipment.

Maxson further agrees with the Trustee and the Lessee that neither the inspection as provided in Article 3 of this Agreement, nor any examination, nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Trustee or the Lessee of any of their respective rights under this Item 3(b).

Item 4: Each Builder shall indemnify the Trustee, the Lessee and the Assignee against any judgment for damages and costs which may be rendered against the Trustee, Lessee or Assignee in any suit brought on account of

the alleged infringement of any United States patent by any Equipment supplied by such Builder hereunder, unless made in accordance with materials, designs or specifications furnished or designated by the Lessee, in which case the Lessee shall indemnify such Builder against any judgment for damages and costs which may be rendered against such Builder in any suit brought on account of the alleged infringement of any United States patent by such Equipment or by such materials, designs or specifications; provided that prompt written notice be given to the party from whom indemnity is sought of the bringing of the suit and that an opportunity be given such party to settle or defend it as that party may see fit and that every reasonable assistance in settling or defending it shall be rendered. Neither the Builders, the Trustee nor the Lessee shall in any event be liable to each other for special, direct, indirect, incidental or consequential damages arising out of or resulting from infringement of patents.

Item 5: The Maximum Purchase Price referred to in Article 4 of the Conditional Sale Agreement to which this Annex A is attached is $14,999,784.

Annex B
to
Conditional Sale Agreement

Type	Builder's Specifications	AAR Designation	Builder's Plant	Quantity	Lessee's Identification Numbers (Both Inclusive)	Estimated Unit Base Price	Estimated Total Base Price	Estimated Time and Place of Delivery
Greenville								
100-Ton 52 foot fixed end gondola cars	6B-5075-B	GBS	Greenville, Pa.	275	47100 47103 47105 47106 47113-47116 47120 47131-47133 47137-47399	$ 46,125.36	$12,684,475	January 15, 1982, at Childs, Pa. and/or Greenville, Pa.
Maxson								
100-ton depressed center flat car	45539 9/4/81	FD	St. Paul, Minn.	3	960-962	104,000	312,000	February 1982, at Builder's Plant
200-ton depressed center flat cars	45540 9/4/81	FD	St. Paul, Minn.	3	978-980	224,000	672,000	February 1982, at Builder's Plant
							$13,668,475	

ANNEX C
to Conditional
Sale Agreement

[CS&M Ref. 2483-140]

LEASE OF RAILROAD EQUIPMENT

Dated as of January 1, 1982

Between

THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY,

Lessee,

and

THE CONNECTICUT BANK AND TRUST COMPANY,
not in its individual capacity, but
solely as Trustee,

Lessor.

The rights and interests of the Lessor under this Lease are subject to a security interest in favor of Manufacturers Hanover Trust Company, as agent for a certain investor. The original of this Lease is held by said agent.

LEASE OF RAILROAD EQUIPMENT

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LEASE OF RAILROAD EQUIPMENT dated as of January 1, 1982, between THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY, a Delaware corporation ("Lessee"), and THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut banking corporation, acting not in its individual capacity but solely as Trustee ("Trustee") under a Trust Agreement dated as of the date hereof ("Trust Agreement") with GENERAL ELECTRIC CREDIT CORPORATION ("Owner").

The Trustee is entering into a Conditional Sale Agreement dated as of the date hereof ("CSA") among each of GREENVILLE STEEL CAR COMPANY and THE MAXSON CORPORATION (collectively "Builders" or severally "Builder"), wherein the Builders have severally agreed to manufacture, sell and deliver to the Trustee the units of railroad equipment described in Appendix A hereto.

Each Builder is assigning its interests in the CSA pursuant to an Agreement and Assignment dated the date hereof ("CSA Assignment") to MANUFACTURERS HANOVER TRUST COMPANY, acting as agent for an institutional investor ("Investor") under a Participation Agreement dated as of the date hereof ("Participation Agreement") among said agent, the Lessee, the Trustee, the Owner and the Investor (said agent as so acting being hereinafter, together with its successors and assigns, called "Vendor").

The Lessee desires to lease such number of units of the railroad equipment as are delivered and accepted under the CSA ("Units") at the rentals and for the terms and upon the conditions hereinafter provided.

The Trustee will assign this Lease for security to the Vendor pursuant to an Assignment of Lease and Agreement ("Lease Assignment") dated as of the date hereof, and the Lessee will consent to the Lease Assignment pursuant to a Consent and Agreement ("Consent").

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Trustee hereby leases the Units to the Lessee upon the following

terms and conditions:

§ 1. NET LEASE

This Lease is a net lease. The Lessee's obligation to pay all rentals and other amounts hereunder shall be absolute and unconditional and, except as herein specifically provided, the Lessee shall not be entitled to any abatement of rent or such other amounts, reduction thereof or setoff against rent or such other amounts, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Trustee or the Owner under this Lease or the CSA including the Lessee's rights by subrogation thereunder to any Builder or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Trustee or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final, and the Lessee shall not seek to recover all or any part of such payment from the Trustee, the Owner or the Vendor for any reason whatsoever.

§ 2. DELIVERY

The Trustee hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the CSA. Each delivery of a Unit to the Trustee under the CSA shall be deemed to be a delivery hereunder to the Lessee at the point or points within the United States of America at which such Unit is so delivered to the Trustee. Upon such delivery, the Lessee will cause an employee of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit on behalf of the Trustee under the CSA and on behalf of itself hereunder and execute and deliver to the Trustee a certificate of acceptance ("Certificate of Acceptance") in accordance with the provisions of Article 3 of the CSA, stating that such Unit has been inspected and accepted on behalf of the Lessee and the Trustee on the date of such Certificate of Acceptance and is marked in accordance with § 5.1 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The Lessee represents and warrants that, at the time of delivery of each Unit to the Lessee, such Unit will not have been used by the Lessee and no amortization or depreciation will have been claimed by the Lessee with respect thereto.

§ 3. RENTALS

3.1. Amount and Date of Payment. The Lessee agrees to pay to the Trustee, as rental for each Unit subject to this Lease, 30 consecutive semiannual payments payable, in arrears, on June 1 and December 1 in each year, commencing December 1, 1982, to and including June 1, 1997. The 30 semiannual rental payments shall each be in an amount equal to 5.8274% of the Purchase Price of each such Unit. Notwithstanding anything to the contrary set forth herein, the rental payable on each such date shall in no event be less than the payments due on each such date pursuant to Article 4 of the CSA.

3.2. Payments on Nonbusiness Days. If any of the semiannual rental payment dates referred to in § 3.1 is not a business day the semiannual rental payment otherwise payable on such date shall be payable on the next business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which

banking institutions in Pittsburgh, Pennsylvania, Hartford, Connecticut or New York, New York, are authorized or obligated to remain closed.

3.3. Instructions To Pay Vendor and Trustee. Upon execution and delivery of the Lease Assignment and until the Vendor shall have advised the Lessee in writing that all sums due from the Trustee under the CSA have been fully satisfied and discharged, the Trustee irrevocably instructs the Lessee to make all the payments provided for in this Lease, except any amounts of indemnity payable to the Trustee in its individual or fiduciary capacity, to the Vendor, for the account of the Trustee, in care of the Vendor, with instructions to the Vendor (a) first to apply such payments to satisfy the obligations of the Trustee under the CSA known to the Vendor to be due and payable on the date such payments are due and payable hereunder and (b) second, so long as no event of default, or any event which with the giving of notice or passage of time or both would constitute an event of default, under the CSA shall have occurred and be continuing, to pay any balance promptly to the Trustee or to the order of the Trustee at such place as the Trustee shall specify in writing. If the Lease Assignment is not executed and delivered, or if the Lessee shall have been advised by the Vendor in writing that all sums due from the Trustee under the CSA have been fully discharged and satisfied, the semiannual installments of rental due hereunder and any payments thereafter due pursuant to § 7 hereof shall be made to the Trustee in the manner provided in § 3.4 hereof.

3.4. Payment in Immediately Available Funds. The Lessee agrees to make each payment provided for herein as contemplated by § 3.1 in immediately available funds at or prior to 10:00 a.m. in the city where such payment is to be made.

§ 4. TERM OF LEASE

4.1. Beginning and Termination; Survival. The term of this Lease as to each Unit shall begin on the date of delivery of such Unit under the CSA and, subject to the provisions of §§ 7, 13 and 16 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due pursuant to § 3.1 hereof. The obligations of the Lessee hereunder (including, but not limited to, the obligations under §§ 6, 7, 10, 11, 12 and 17 hereof) shall survive the expiration of the term of this Lease.

4.2. Rights and Obligations of Lessee Subject to CSA. Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Vendor under the CSA. If an event of default should occur under the CSA, the Vendor may terminate this Lease (or rescind its termination) without affecting the indemnities which by the provisions of this Lease survive the termination of its term, all as provided herein; provided, however, that so long as (i) no Event of Default exists hereunder, (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled to apply the Payments as defined in the Lease Assignment in accordance with the Lease Assignment, this Lease may not be terminated and the Lessee shall be entitled to the rights of possession, use and assignment provided under § 15 hereof.

§ 5. IDENTIFICATION MARKS

5.1. Identifying Numbers; Legend; Changes. The Lessee will cause each Unit to be kept numbered with the identification number set forth in Appendix A hereto, or in the case of any Unit not there listed such identification number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words designated by the Trustee, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Trustee's and Vendor's title to and property in such Unit and the rights of the Trustee under this Lease and of the rights of the Vendor under the CSA. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, defaced, obliterated or destroyed. The Lessee will not change the identification number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Trustee and filed, recorded and deposited by the Lessee in all public offices where this Lease and the CSA shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Trustee an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect the Vendor's and the Trustee's

interests in such Units and no filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Vendor and the Trustee in such Units. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates.

5.2. Insignia of Lessee. Except as provided in § 5.1, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership.

§ 6. GENERAL TAX INDEMNIFICATION

Whether or not any of the transactions contemplated hereby are consummated, the Lessee assumes responsibility for and agrees to pay, and agrees to protect, save, keep harmless and indemnify on an after-tax basis the Trustee in both its individual and fiduciary capacities and the Vendor and their successors and assigns ("Indemnified Persons") against, all taxes, assessments, fees, withholdings and other governmental charges of any nature whatsoever, including without limitation penalties and interest (all such taxes, assessments, fees, withholdings, governmental charges, penalties and interest being hereinafter called "Taxes"), imposed on, incurred by or asserted against any Indemnified Person or any Unit in whole or in part on account of, or with respect to, this Lease or the CSA or any document referred to herein or therein or any of the transactions contemplated hereby or thereby or the manufacture, purchase, acceptance or rejection of the Units or any portion thereof or the ownership, delivery, nondelivery, leasing, re-leasing, subleasing, possession, use, transfer of title, operation, maintenance, repair, condition, sale, return, or other disposition of the Units or any portion thereof or any indebtedness with respect thereto or the rentals, receipts, earnings or gains arising therefrom; provided, however, that there shall be no indemnification hereunder for any Taxes imposed on or measured by any fees or compensation received by the Trustee or the Vendor. The Lessee shall pay all Taxes for which it assumes liability hereunder when such Taxes are due and will indemnify each Indemnified Person to the extent required by this § 6 within 10 days after receipt of a written request by such Indemnified Person for indemnification specifying the amount to be paid, the basis on which such amount was determined and the nature of the Taxes in question; provided, however, that if any Taxes are being contested in accordance with the sixth paragraph of this § 6, any payment shall be made at the time therein provided.

In the event that the Trustee shall become obligated to make any payment to a Builder or the Vendor or otherwise pursuant to any corresponding provision of the CSA not covered by the foregoing paragraph of this § 6, the Lessee shall pay such additional amounts (which shall also be deemed Taxes hereunder) to the Trustee (other than sums required to discharge liens of parties claiming by, through or under the Trustee or the Owner not arising out of the transactions contemplated hereby) as will enable the Trustee to fulfill completely its obligations pursuant to said provision.

In the event any returns, statements or reports with respect to Taxes are required to be made, the Lessee will make such returns, statements and reports in such manner as to show the interest of the Trustee and the Vendor in such Units; provided, however, that the Trustee shall, with respect to any state or political subdivision thereof of the United States of America, file such returns, statements, and reports relating to sales or use taxes, and taxes, fees, and charges on or measured by the Trustee's earnings or gross receipts arising from the Units, or the value added by the Trustee thereto, as the Lessee shall determine are required to be filed, and as shall be prepared by the Lessee, and shall remit the amount thereof upon payment by the Lessee to the Trustee (such payment to be made promptly upon demand by the Trustee therefor) of such taxes, fees and charges except as provided above. To the extent that the Trustee has information necessary to the preparation of such returns, statements and reports, it will furnish such information to the Lessee.

To the extent that the Lessee may be prohibited by law from performing in its own name the duties required by this § 6, the Trustee hereby authorizes the Lessee to act in the name of the Trustee and on its behalf; provided, however, that the Lessee shall indemnify and hold the Trustee harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action by the Lessee pursuant to this authorization.

The Lessee shall, whenever reasonably requested by the Trustee, submit to the Trustee copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Trustee of the Lessee's performance of its duties under this § 6. The Lessee shall also furnish promptly upon request such data as the Trustee reasonably may require to permit its compliance with the requirements of taxing jurisdictions.

If any taxing authority shall assert liability for any Taxes or propose an increase in the liability of any

Indemnified Person for any such Taxes (such assertion or such proposed increase being hereinafter called a "Claim"), indemnification for which would be required under this § 6, the Indemnified Person will notify the Lessee within a reasonable time of such Claim in writing. If the Lessee delivers to such Indemnified Person written notice of its desire to contest such Claim within 30 days after receipt of notice from such Indemnified Person, such Claim will be contested in accordance with this paragraph, except to the extent such Claim represents amounts payable to the Vendor under Article 6 of the CSA. The Trustee will permit the Lessee to contest such Claims under Article 6 of the CSA in accordance with the rights of the Trustee thereunder. The Indemnified Person shall have the exclusive right to conduct the contest unless such is waived in writing, in which event the contest and all preparations therefor shall be the sole responsibility of the Lessee and, in either case, shall be conducted entirely at its expense. Such Indemnified Person will cooperate with any reasonable request made by the Lessee in connection therewith; provided, however, that such Indemnified Person may in its sole discretion determine in what court or other forum such contest will be conducted and whether such contest will proceed by payment of the Taxes in contemplation of a suit for refund, and such Indemnified Person shall not be required to take any action pursuant to this paragraph unless and until the Lessee shall have agreed to indemnify such Indemnified Person in a manner satisfactory to such Indemnified Person for any liability or loss which such Indemnified Person may incur as a result of contesting the validity of any Claim and shall have agreed to pay such Indemnified Person on demand all costs and expenses which such Indemnified Person may incur in connection with contesting such Claim (including fees and disbursements of counsel). If in any such contest the decision is made to pay the Taxes and sue for a refund, the Lessee will advance to such Indemnified Person on an interest-free basis sufficient funds to pay the Taxes which are to be contested. Upon receipt by any Indemnified Person of a refund of any Taxes paid by the Lessee pursuant to this paragraph, the amount of such refund and any interest paid to such Indemnified Person with respect thereto shall be paid to the Lessee forthwith upon receipt by such Indemnified Person.

The Lessee agrees to pay all amounts due under this § 6 free of any Taxes and to indemnify each Indemnified Person against any Taxes imposed by reason of any payment made by the Lessee so that the Indemnified Person to whom or for whose benefit the payment is made shall receive an amount which, net of any Taxes or other charges required to be paid

by such Indemnified Person in respect thereof, shall be equal to the amount of payment otherwise required hereunder.

All of the obligations of the Lessee under this § 6 shall survive and continue notwithstanding the expiration of this Lease.

§ 7. PAYMENT FOR CASUALTY OCCURRENCES; INSURANCE

7.1. Definitions of Casualty Occurrence; Payments. In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever during the term of this Lease or any renewal term hereof or until such Unit is returned pursuant to §§ 14 or 17 hereof, or the Purchase Price of any Unit shall have been refunded by the Builder of such Unit pursuant to the terms of its patent indemnity therefor or any Unit shall be taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of this Lease (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully notify the Trustee and the Vendor with respect thereto. On the next succeeding semiannual rental payment date (each such date being hereinafter called a "Casualty Payment Date"), the Lessee shall pay to the Trustee a sum equal to the Casualty Value (as defined in § 7.5 hereof) of any such Unit as of such Casualty Payment Date, plus the semiannual rental in respect of such Unit accrued as of such Casualty Payment Date; provided, however, that in the event of a Casualty Occurrence during the period any Unit is being returned pursuant to §§ 14 and 17 hereof, the Lessee shall make such payment to the Trustee on a date 30 days after such Casualty Occurrence. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft, complete destruction or return to the Builder of such Unit) the Trustee shall be entitled to recover possession of such Unit.

In addition to the occurrences constituting a Casualty Occurrence under the preceding paragraph, if any Unit shall have been taken or requisitioned by the United States Government or any other governmental entity and such taking or requisition shall not theretofore constitute a

Casualty Occurrence as aforesaid, such taking or requisition shall be deemed a Casualty Occurrence if the same shall be continuing at the end of the term of this Lease, in which event the Lessee shall promptly and fully notify the Trustee with respect thereto and pay the Trustee, as the Casualty Value therefor, an amount equal to 34% of the Purchase Price of such Unit. Following such payment, the Lessee shall be entitled to receive condemnation payments in respect of such Unit up to an amount equal to such Casualty Value and any balance of such payments shall be the property of the Trustee. In the event such Unit shall be returned by the governmental entity prior to the time the Lessee shall have been reimbursed by such application of condemnation payments in an amount equal to such Casualty Value, then the Lessee shall dispose of such Unit as agent for the Trustee, and shall retain the net proceeds of such disposition to the extent that the aggregate of the amounts so retained and the condemnation payments theretofore received by the Lessee shall equal such Casualty Value, and any balance of such proceeds shall be promptly paid to the Trustee. In the event such Unit shall be returned by the governmental entity following the time the Lessee shall have been reimbursed by such application of condemnation payments in an amount equal to such Casualty Value, such Unit shall be returned by the Lessee to the Trustee in the manner provided in § 17 hereof.

7.2. Requisition by United States Government. In the event of the requisition for use by the United States Government of any Unit for a period which does not exceed the term of this Lease or for an indefinite period (except where deemed a Casualty Occurrence pursuant to the last paragraph of § 7.1 hereof), all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred. All payments received by the Trustee or the Lessee from the United States Government for the use of such Unit during the term of this Lease shall be paid over to, or retained by, the Lessee provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing.

7.3. Lessee Agent for Disposal. The Trustee hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof before and after expiration of the Lease, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Trustee

the Lessee shall be entitled to the net proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Trustee.

7.4. Payments After Expiration of Lease. If the Casualty Payment Date shall be after the term of this Lease or any renewal term thereof in respect of such Unit has expired, no rental for such Unit shall accrue after the end of such term.

7.5. Amount of Casualty Value for Units. The Casualty Value of each Unit as of the Casualty Payment Date shall be an amount equal to that percentage of the Purchase Price of such Unit as is set forth in Annex B hereto opposite the rental payment date next succeeding the actual date of such Casualty Occurrence, or if there is no such rental payment date, the last rental payment date; but in no event shall such amount be less than the Casualty Value (as defined in paragraph 7.3 of the CSA) as of such rental payment date.

7.6. No Release. Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

7.7. Insurance To Be Maintained. (1) The Lessee will, at all times prior to the return of the Units to the Trustee at its own expense, cause to be carried and maintained (i) property insurance in respect of the Units at the time subject hereto; provided, however, that the Lessee may self-insure such Units to the extent it self-insures equipment similar to the Units and to the extent such self-insurance is consistent with prudent industry practice, and (ii) public liability insurance with respect to third-party personal and property damage and the Lessee will continue to carry such insurance in such amounts and for such risks and with such insurance companies as is consistent with prudent industry practice but in any event at least comparable in amounts and against risks customarily insured against by the Lessee in respect of equipment owned or leased by it similar

in nature to the Units, in each case satisfactory to the Owner. The proceeds thereof shall be payable to the Vendor, the Trustee and the Lessee, as their interests may appear, so long as the indebtedness, if any, evidenced by the CSA shall not have been paid in full, and thereafter to the Trustee and the Lessee as their interests may appear. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days' prior notice of cancelation or material change in coverage to the Owner and the Vendor and (ii) name the Trustee, the Owner and the Vendor as additional named insureds as their respective interests may appear and, in the event such policies shall contain breach of warranty provisions, such policies shall provide that in respect of the interests of the Trustee and the Vendor in such policies the insurance shall not be invalidated by any action or inaction of the Lessee or any other person (other than the Trustee in the case of the Trustee or the Vendor in the case of the Vendor) and shall insure the Trustee and the Vendor regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Lessee or by any other person (other than the Trustee in the case of the Trustee or the Vendor in the case of the Vendor). Prior to the first date of delivery of any Unit pursuant to the CSA, and thereafter not less than 15 days prior to the expiration dates of the expiring policies theretofore delivered pursuant to this § 7, the Lessee shall deliver to the Owner duplicate originals of all policies (or in the case of blanket policies, certificates thereof issued by the insurers thereunder) for the insurance maintained pursuant to this § 7; provided, however, that if the delivery of a formal policy or certificate, as the case may be, is delayed, the Lessee shall deliver an executed binder with respect thereto and shall deliver the formal policy or certificate, as the case may be, upon receipt thereof.

(2) In the event that the Lessee shall fail to maintain insurance as herein provided, the Owner may at its option provide such insurance (giving the Lessee prompt written notice thereof) and, in such event, the Lessee shall, upon demand from time to time, reimburse the Owner for the cost thereof together with interest, on the amount of the cost to the Owner of such insurance which the Lessee shall have failed to maintain, at the rate per annum specified in § 19 hereof.

7.8. Insurance Proceeds and Condemnation Payments. If the Trustee shall receive (directly or from the Vendor) any insurance proceeds or condemnation payments in respect of such Units suffering a Casualty Occurrence, the Trustee shall pay such proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value with respect to any Unit theretofore paid by the Lessee and any balance of such proceeds or condemnation payments shall remain the property of the Trustee; provided, however, that no Event of Default shall have occurred and be continuing and the Lessee shall have made payment of the Casualty Value thereof, and accrued rentals in respect of such Units, to the Trustee. All insurance proceeds received by the Trustee (directly or from the Vendor) in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Trustee that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

§ 8. REPORTS

On or before March 31 in each year, commencing with the calendar year 1983, the Lessee will furnish to the Trustee and the Vendor an accurate statement (a) setting forth as at the preceding December 31 the total number, description and identification numbers of all Units then leased hereunder and covered by the CSA, the total number, description and identification numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year or are then undergoing repairs (other than running repairs) or then withdrawn from use pending repair (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Units as the Trustee or the Vendor may reasonably request, (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by § 5.1 hereof and by the CSA have been preserved or replaced and (c) further stating that the Lessee is in compliance under the Lease and has performed or has caused to be performed the required maintenance of the Units and that no event has occurred which with the lapse of time or notice or both would constitute an Event of Default. The Trustee, the Vendor and the Owner shall each have the right by its agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Trustee, the Vendor or the Owner may request during the continuance of this Lease.

§ 9. DISCLAIMER OF WARRANTIES

THE TRUSTEE DOES NOT MAKE, HAS NOT MADE AND SHALL NOT BE DEEMED TO MAKE OR HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE TRUSTEE DOES NOT MAKE ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE NOR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Trustee and the Lessee, are to be borne by the Lessee; but the Trustee hereby irrevocably appoints the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Trustee and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Trustee may have against any Builder under the provisions of Items 3 and 4 of Annex A of the CSA; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Trustee may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Trustee shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Trustee that the Units described therein are in all respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Trustee or the Vendor based on any of the foregoing matters.

§ 10. LAWS AND RULES

10.1. Compliance. The Lessee agrees, for the benefit of the Trustee and the Vendor, to comply in all respects (including without limitation with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of

American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units (all such laws and rules to such extent being hereinafter called "Applicable Laws"), and in the event that Applicable Laws require any alteration, replacement or addition of or to any part on any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense, in good faith, contest the validity or application of any Applicable Laws in any reasonable manner which does not, in the opinion of the Trustee or the Vendor, adversely affect the property or rights of the Trustee or the Vendor under this Lease or under the CSA.

10.2. Reports by Trustee. The Lessee agrees to prepare and deliver to the Trustee and the Vendor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Trustee and the Vendor) any and all reports (other than income tax returns, except as provided in § 6 hereof) to be filed by the Trustee with any Federal, state or other regulatory authority by reason of the ownership by the Trustee or the Vendor of the Units or the leasing thereof to the Lessee.

§ 11. MAINTENANCE

11.1. Units in Good Operating Order. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit) which is subject to this Lease in good operating order, repair and condition, ordinary wear and tear excepted, and in the same condition as other similar Equipment owned or leased by the Lessee. Without limiting the foregoing, the Lessee agrees to maintain each Unit so that such Unit will remain (i) in compliance with any and all rules of the Association of American Railroads, (ii) desirable to and suitable for immediate purchase or lease and use by a Class I line-haul railroad (not then or prospectively a debtor in any insolvency or reorganization proceedings) in the event of resale or re-lease upon an Event of Default hereunder and (iii) eligible for the Builder's warranty coverage during the applicable warranty period as specified in Annex A of the CSA.

11.2. Additions and Accessions. (1) Except as set forth in §§ 10.1 and 11.1 hereof, the Lessee, at its own cost and expense, may from time to time make such other additions, modifications and improvements to the Units during the term of this Lease as are readily removable without causing material damage to the Units and do not adversely and materially affect the value of the Units. The additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee, except to the extent such additions, modifications or improvements are made in order to comply with the second paragraph hereof.

(2) Any and all parts installed on and additions and replacements made to any Unit (i) which are not readily removable without causing material damage to such Unit and were installed or were added to such Unit in contravention of the Lessee's agreements contained in § 11.2(1) hereof, (ii) the cost of which is included in the Purchase Price of such Unit, (iii) in the course of ordinary maintenance of the Units or (iv) which are required for the operation or use of such Unit by the regulations of the Interstate Commerce Commission, the Department of Transportation or any other applicable regulatory body, shall constitute accessions to such Unit and full ownership thereof free from any lien, charge, security interest or encumbrance (except for those created by the CSA) shall immediately be vested in the Trustee and the Vendor as their respective interests may appear in the Unit itself.

§ 12. INDEMNIFICATION

12.1. Indemnified Persons. The Lessee shall pay, and shall protect, indemnify and hold the Trustee (in both its individual and fiduciary capacities), the Vendor and any assignee thereof, and their respective successors, assigns, agents and servants ("Indemnified Persons"), harmless from and against any and all causes of action, suits, penalties, claims, demands or judgments of any nature whatsoever which may be imposed on, incurred by or asserted against any Indemnified Person (including any or all liabilities, obligations, damages, costs, disbursements, expenses (including without limitation reasonable attorneys' fees and expenses of any Indemnified Person) relating thereto) in any way relating to or arising, or alleged to arise out of this Lease, the CSA or the Units, including without limitation those in any way relating to or arising or alleged to arise

out of (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, possession, use, operation, condition, sale, return or other disposition of any Unit or portion thereof, (ii) any latent and other defects whether or not discoverable by the Trustee, the Vendor or the Lessee, (iii) any claim for patent, trademark or copyright infringement, (iv) any claims based on strict liability in tort, (v) any injury to or the death of any person or any damage to or loss of property on or near the Units or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of the Units or of any other equipment in connection with the Units (whether owned or under the control of the Trustee, the Lessee or any other person) or resulting or alleged to result from the condition of any thereof; (vi) any violation, or alleged violation, of any provision of this Lease or of any agreement, law, rule, regulation, ordinance or restriction, affecting or applicable to the Units or the leasing, ownership, use, replacement, adaptation or maintenance thereof, except to the extent any such violation arises from the gross negligence or willful misconduct of the Trustee; or (vii) any claim arising out of any of the Trustee's obligations under the Lease Assignment or the Vendor's retention of a security interest under the CSA or the Lease Assignment or the Participation Agreement, except to the extent such claim arises from the gross negligence or wilful misconduct of the Trustee (all of which matters hereinabove set forth in this Article 12 being hereinafter called the "Indemnified Matters"). The Lessee shall be obligated under this § 12.1, irrespective of whether any Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person seeking to enforce the indemnification may proceed directly against the Lessee under this § 12.1 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any Indemnified Matters, the Lessee may and, upon such Indemnified Person's request, will at the Lessee's expense resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessee and approved by such Indemnified Person and, in the event of any failure by the Lessee to do so, the Lessee shall pay all costs and expenses (including without limitation reasonable attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Lessee is

required to make any indemnification payment under this § 12, the Lessee shall pay such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as determined in the sole discretion of the Indemnified Person), shall be equal to the amount of such payment. The Lessee and the Trustee each agrees to give each other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities as contained in this § 12 by the Lessee, and provided that no Event of Default (or other event which with lapse of time or notice or both would constitute an Event of Default) shall have occurred and be continuing, the Lessee shall be subrogated to any right of such Indemnified Person (except against another Indemnified Person) in respect of Indemnified Matters against which indemnity has been given. Any payments received by such Indemnified Person from any person (except the Lessee) as a result of any Indemnified Matters with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to this § 12.1 shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made. Nothing in this § 12.1 shall constitute a guarantee by the Lessee of the CSA Indebtedness of the Trustee under the CSA or a guarantee of the residual value of any Unit.

12.2. Indemnification of Builder. The Lessee agrees to indemnify, protect and hold harmless each Builder as a third-party beneficiary hereof from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against such Builder because of the use in or about the construction or operation of any Unit of any article or material specified by the Lessee and not manufactured by such Builder or of any design, system, process, formula or combination specified by the Lessee and not developed or purported to be developed by such Builder which infringes or is claimed to infringe on any patent or other right. The Lessee will give notice to such Builder of any claim known to the Lessee from which liability may be charged against such Builder hereunder.

12.3. Survival. The indemnities contained in this

§ 12 shall survive the expiration or termination of this Lease with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are made for the benefit of, and shall be enforceable by, any Indemnified Person. None of the indemnities in this § 12 shall be deemed to create any rights of subrogation in any insurer or third party against the Lessee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

§ 13. DEFAULT

13.1. Events of Default; Remedies. If, during the continuance of this Lease or any extension or renewal thereof, one or more of the following events (each such event being herein sometimes called an "Event of Default") shall occur:

A. default shall be made in payment of any amount provided for in § 3, 7 or 16 hereof, and such default shall continue for five days;

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or of the right to possession of the Units, or any thereof;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein, in the Consent, the Participation Agreement or the Indemnity Agreement (as defined in the Participation Agreement) and such default shall continue for 25 days after written notice from the Trustee or the Vendor to the Lessee specifying the default and demanding that the same be remedied;

D. any representation or warranty made by the Lessee herein, in the Participation Agreement, the Indemnity Agreement or in any certificate or statement furnished to the Trustee or the Owner pursuant to or in connection with any such agreements proves untrue in any material respect as of the date of issuance or making thereof;

E. a petition for reorganization under Title 11

of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease and the Consent shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed and otherwise in accordance with the provisions of 11 U.S.C. § 1168, or any successor provision, as the same may hereinafter be amended;

F. any other proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease and the Consent shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

G. an event of default set forth in Article 16 of the CSA shall have occurred arising out of any default

by the Lessee in performing any of its obligations hereunder or under the Consent and shall not have been cured;

then, in any such case, the Trustee, at its option, may:

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Trustee may by its agents enter upon the premises of the Lessee or other premises, insofar as the Lessee may be lawfully authorized to so permit, where any of the Units may be located, without judicial process if this can be done without breach of the peace and in accordance with due process of law, and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever; but the Trustee shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty whichever of the following amounts that the Trustee in its sole discretion shall specify, (i) a sum, with respect to each Unit, which represents (x) the excess of the present value, at the time of such termination, of the entire unpaid balance of all rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit, such present value to be computed on the basis of a 7-1/2% per annum discount, compounded semiannually from the respective dates upon which rental would have been payable hereunder had this

Lease not been terminated over the then present value of the rental which the Trustee reasonably estimates to be obtainable for each Unit during such period, such present value to be computed on the basis of a 7-1/2% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated or, if such Unit is sold, the net proceeds of the sale plus (y) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Trustee shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of rental or (ii) an amount equal to the excess, if any, of the Casualty Value as of the Casualty Payment Date on or next preceding the date of termination over the amount the Trustee reasonably estimates to be the sales value of such Unit at such time; provided, however, that in the event the Trustee shall have sold any unit, the Trustee, in lieu of collecting any amounts payable by the Lessee pursuant to the preceding clause (ii) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Trustee and the Lessee shall pay to the Trustee on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit as of the Casualty Payment Date on or next preceding the date of termination over the net proceeds of such sale.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Trustee's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

13.2. Remedies Not Exclusive; Waiver. The remedies in this Lease provided in favor of the Trustee shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law.

The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

13.3. Failure To Exercise Rights Is Not Waiver. The failure of the Trustee to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

§ 14. RETURN OF UNITS UPON DEFAULT

14.1. Return of Units. If this Lease shall terminate pursuant to § 13 hereof or Article 16 of the CSA, the Lessee shall forthwith deliver possession of the Units to the Trustee. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and shall have attached or affixed thereto any special device considered an accession thereto as provided in § 11 and shall have removed therefrom at the Lessee's expense any addition, modification or improvement which, as provided in § 11, is owned by the Lessee. For the purpose of delivering possession of any Unit or Units as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged or which may have possession thereof to return the Unit or Units) and at the usual speed place such Units upon such storage tracks of the Lessee as the Trustee reasonably may designate;

(b) cause such Units to be stored on such tracks at the risk of the Lessee without charge for insurance, rent or storage until all such Units have been sold, leased or otherwise disposed of by the Trustee; and

(c) transport the same to any place on the lines of railroad operated by the Lessee or any of its affiliates or to any connecting carrier for shipment, all as directed by the Trustee.

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Trustee shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Equipment in good order and repair and will permit the Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of any such Unit, to inspect the same. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Trustee and, if received by the Lessee, shall be promptly turned over to the Trustee. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall in addition, pay to the Trustee for each day thereafter an amount equal to the amount, if any, by which that percentage of the Purchase Price of such Unit for each such day obtained by dividing the basic lease rate as set forth in § 3.1 hereof for each semiannual payment for such Unit by 180 exceeds the actual earnings received by the Trustee on such Unit for each such day.

14.2. Trustee Appointed Agent of Lessee. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 14, the Lessee hereby irrevocably appoints the Trustee as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Trustee, to demand and take possession of such Unit in the name and on behalf of the Lessee from whosoever shall be in possession of such Unit at the time.

§ 15. ASSIGNMENT, POSSESSION AND USE

15.1. Assignment; Consent. This Lease shall be assignable in whole or in part by the Trustee without the consent of the Lessee, but the Lessee shall not be under any obligation to any assignee of the Trustee other than the Vendor except upon written notice of such assignment from the Trustee. The Lessee hereby acknowledges the assignment of this Lease pursuant to the Lease Assignment.

15.2. Lessee's Rights To Use the Units, To Permit Use Thereof by Others and To Sublease the Units. (1) So long as (i) no Event of Default exists hereunder, (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled to apply the Payments as defined in the Lease Assignment in accordance with the Lease Assignment, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease and the CSA. Without the prior written consent of the Trustee and the Vendor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them; and the Lessee shall not, without the prior written consent of the Trustee and the Vendor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of paragraph (2) of this § 15.2. The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Trustee or the Vendor or resulting from claims against the Trustee or the Vendor not related to the ownership of the Units or any encumbrance on the leasehold estate of the Lessee which is subject and subordinate to the interests of the Trustee and the Vendor) upon or with respect to any Unit, including any accession thereto, or the interest of the Trustee, the Vendor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises.

(2) So long as no Event of Default exists hereunder and no event of default exists under the CSA, the Lessee shall be entitled to the possession and use of the Units by it or any affiliate upon lines of railroad owned or operated by it or any such affiliate or upon lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract and shall be entitled to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements and to sublease the Units, but only upon and subject to all the terms and conditions of this Lease and the CSA; provided, however, that the Lessee shall not sublease or use or permit the sublease or use of any Unit outside the United States except on a temporary basis for a maximum of 90 days in any taxable year of the Owner in Canada and/or Mexico, nor shall the Lessee sublease to, or permit the sublease or use of the Units by, any person in whose hands such Units would not qualify as "section 38 property" within the meaning of the Internal Revenue Code of 1954, as

amended, to the date hereof. Without in any way limiting the foregoing, the Lessee shall not sublease or use or permit the sublease or use of Units at any one time having a Casualty Value in excess of 15% of the aggregate Casualty Value of the Units then subject to the Lease in Canada and/or Mexico. The Lessee may receive and retain compensation for the use of any of the Units from railroads or other entities so using such Units. Any sublease permitted by this paragraph may provide that the sublessee, so long as it shall not be in default under such sublease, shall be entitled to the possession of the Units included in such sublease and the use thereof; provided, however, that every such sublease shall be subject and subordinate to the rights and remedies of the Vendor under the CSA and the Trustee under this Lease in respect of the Units covered by such sublease.

15.3. Transfers by Lessee Through Merger, Acquisition or Consolidation. Nothing in this § 15 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, provided that (a) such successor will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease, (b) after the effectiveness of such merger, consolidation or acquisition, such successor shall have a positive net worth at least equal to that of the Lessee prior thereto and such successor, shall be a "railroad" within the meaning of 11 U.S.C. § 101(33) and shall have assumed all the obligations of the Lessee under this Lease, the Consent, the Participation Agreement and the Indemnity Agreement and (c) such successor furnishes a written consent and all statements and reports at the time and in the manner provided in Section 5c.168(f)(8)-2(a)(5) of the Temporary Regulations (or any comparable successor regulation) under Section 168(f)(8) of the Internal Revenue Code.

§ 16. PURCHASE OPTION: DUTY OF FIRST OFFER

16.1. Purchase Option. If this Lease shall not have been earlier terminated and the Lessee shall not be in default hereunder, the Lessee may, by written notice delivered to the Trustee not less than one (1) year prior to the end of the term of this Lease, elect to purchase all but not less than all the Units then covered by this Lease for an amount

equal to 50% of the aggregate Purchase Price (as defined in the CSA) of such Units, which amount shall be payable in immediately available funds to the Trustee on the last day of the term of this Lease at such place and in such manner as the Trustee shall direct (such right to elect to purchase, the "Purchase Option"). Any such purchase shall be free and clear of all the Trustee's rights to such Units, but otherwise shall be made without warranties other than against the Trustee's acts.

16.2 Duty of First Offer. If this Lease shall not have been earlier terminated and the Lessee shall not be in default hereunder, and if the Lessee does not elect to exercise the Purchase Option, then the Lessee, not later than six (6) months prior to the end of the term of this Lease, by written notice furnished to the Trustee, shall inform the Trustee as to whether it desires that there should be a duty of first offer to the Lessee with respect to the sale of the Units then covered by this Lease, at the end of the term of this Lease or at any time during the first year thereafter. If the Lessee does so notify the Trustee of its desire that there should be a duty of first offer to sell those Units to the Lessee, in the event that there is an election to sell those Units or any of them (the "Subject Units") to third parties effective upon the expiration of the term of this Lease or not later than one (1) year thereafter the Trustee shall give written notice of such election to the Lessee, and the Trustee and the Lessee shall determine the Fair Market Value of the Subject Units as provided in § 16.3 hereof, and the Trustee, at its sole option, may solicit in a commercially reasonable manner offers to buy the Subject Units (excepting additions, modifications and improvements which may be removed by the Lessee as provided herein). The purchase price for the Subject Units shall be the higher of the Fair Market Value of those Units or the sale price set forth in the highest bona fide offer for the Subject Units actually recived by the Trustee. The Lessee shall accept the offer, if at all, by written notice delivered to the Trustee not later than thirty (30) days after the Fair Market Value of the Subject Units has been determined and it has received true and correct copies of any offer for the Subject Units received by the Trustee. If the Lessee shall fail to give notice of its desire that there should be a duty of first offer or of its acceptance of the offer within the time periods and as otherwise provided herein, there shall be no further duty of first offer to the Lessee with respect to the Subject Units. If the Lessee accepts the offer, the purchase price for Units shall be paid to the Trustee by the

equal to 50% of the aggregate Purchase Price (as definded in the CSA) of such Units, which amount shall be payable in immediately available funds to the Trustee on the last day of the terms of this Lease at such place and in such manner as the Trustee shall direct (such right to elect to purchase, the "Purchase Option"). Any such purchase shall be free and clear of all the Trustee's rights to such Units, but otherwise shall be made without warranties other than against the Trustee's acts.

16.2. Duty of First Offer. If this Lease shall not have been earlier terminated and the Lessee shall not be in default hereunder, and if the Lessee does not elect to exercise the Purchase Option, then the Lessee, not later than six (6) months prior to the end of the term of this Lease, by written notice furnished to the Trustee, shall inform the Trustee as to whether it desires that there should be a duty of first offer to the Lessee with respect to the sale of any Units then covered by this Lease (the "Subject Units") at the end of the term of this Lease or at any time during the first year thereafter. If the Lessee does so notify the Trustee of its desire that there should be a duty of first offer to sell those Units to the Lessee, in the event that there is an election to sell those Units to third parties effective upon the expiration of the term of this Lease or not less than one (1) year thereafter the prospective seller (the "offeror") shall give written notice of such election to the Lessee, and the offeror and the Lessee shall determine the Fair Market Value of those Units as provided in § 16.3 hereof, and the offeror, at its sole option, may solicit in a commercially reasonable manner offers to buy the Subject Units (excepting additions, modifications and improvements which may be removed by the Lessee as provided herein). The purchase price for the Subject Units shall be the higher of the Fair Market Value of those Units or the sale price set forth in the highest bona fide offer for those Units actually received by the offeror. The Lessee shall accept the offer, it at all, by written notice delivered to the offeror not later than thirty (30) days after the Fair Market Value of the Subject Units has been determined and it has received true and correct copies of any offer for those Units received by the offeror. If the Lessee shall fail to give notice of its desire that there should be a duty of first offer or of its acceptance of the offer within the time periods and as otherwise provided herein, there shall be no further duty of first offer to the Lessee with respect to the Subject Units. If the Lessee accepts the offer, the purchase price for those Units shall be paid to

the offeror by the Lessee not later than sixty (60) days after the determination of the Fair Market Value of those Units, at which time the offeror will execute and deliver to the Lessee a bill of sale such as will transfer title to those Units free of claims, liens and encumbrances created or arising through the offeror other than those which the Lessee is obligated to discharge pursuant to the terms of this Lease.

16.3. Fair Market Value. The Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the purchase price (as of such date as the context herein requires), which would obtain in an arm's-length transaction between an informed and willing purchaser, and an informed and willing seller, under no compulsion to sell. In making such determination, costs of removal from the location of current use shall not be deducted from such purchase price, and it shall be assumed that the Subject Units have been collected in one place on the lines of the Lessee within the continental United States as directed by the seller. If, after 20 days from the giving of notice by the Lessee, as provided in § 16.2 of its election to accept the offer to sell the Subject Units, or exercise its right to extend the Lease, the offeror and the Lessee are unable to agree upon a determination of the Fair Market Value of those Units, such purchase price shall be deterined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such purchase price by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 15 business days after such notice is given, each party shall appoint an independent appraiser within 20 business days after such notice is given, and the two appraisers so appointed shall within 25 business days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 25 business days after such notice is given, either party may request the American Arbitration Association to make such appointment, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Value, as the case may be, of the Subject Units, within 30 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the deter-

Lessee in immediately available funds not later than sixty (60) days after the determination of the Fair Market Value of the Subject Units, at which time the Trustee will execute and deliver to the Lessee a bill of sale such as will transfer title to the Subject Units free of claims, liens and encumbrances created or arising through the Trustee other than those which the Lessee is obligated to discharge pursuant to the terms of this Lease.

16.3. Fair Market Value. The Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the purchase price (as of such date as the context herein requires), which would obtain in an arm's-length transaction between an informed and willing purchaser, and an informed and willing seller, under no complusion to sell. In making such determination, costs of removal from the location of current use shall not be deducted from such purchase price, and it shall be assumed that the Subject Units have been collected in one place on the lines of the Lessee within the continental United States as directed by the seller. If, after 20 days from the giving of notice to the Lessee, as provided in § 16.2 of the Trustee's election to sell the Subject Units, and the Trustee and the Lessee are unable to agree upon a determination of the Fair Market Value of the Subject Units, such purchase price shall be determined in accordance with the foregoing definition by the following procedure. If either party to such determination shall have given written notice to the other requesting determination of such purchase price by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 15 business days after such notice is given, each party shall appoint an independent appraiser within 20 business days after such notice is given, and the two appraisers so appointed shall within 25 business days after such notice is given appoint a third independent appraiser. If no such third appriaser is appointed within 25 business days after such notice is given, either party may request the American Arbitration Association to make such appointment, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Value, as the case may be, of the Subject Units, within 30 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the deter-

mination of Fair Market Value of the single appraiser shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from that of the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the Fair Market Value. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Value, and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. Except as otherwise provided herein, the Lessee and the ~~offeror~~ Trustee shall equally share all appraisal procedure expenses.

§ 17. RETURN OF UNITS UPON EXPIRATION OF TERM

As soon as practicable on or after the expiration of this Lease with respect to any Unit, and in any event not later than 90 days thereafter, the Lessee will, at its own cost and expense, at the request of the Trustee, deliver possession of such Unit to the Trustee upon such storage tracks of the Lessee as the Trustee may reasonably designate, or, in the absence of such designation, as the Lessee may select, and permit the Trustee to store such Unit on such tracks for a period not exceeding 180 days from the date of which at least 90% of the Units then subject to this Lease are first placed in storage, and transport the same upon disposition of the Units, at any time within such 180-day period, to any interchange point on the Lessee's lines, all as directed by the Trustee, the movement and storage of such Units to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Trustee or any prospective purchaser, the rights of inspection granted under this sentence. Each Unit returned to the Trustee pursuant to this § 17 shall (i) be in the same operating order, repair and condition as when

originally delivered to the Lessee, reasonable wear and tear excepted, (ii) meet the standards then in effect under the applicable rules of any governmental agency or other organization with jurisdiction and (iii) have attached or affixed thereto any special device considered an accession thereto as provided in § 11 hereof and have removed therefrom any such device not so considered an accession. During any such storage period the Lessee shall maintain the Units in such manner as the Lessee normally maintains similar units of railroad equipment owned or leased by it in similar storage circumstances. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Trustee shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units.

§ 18. RECORDING

The Lessee, at its own expense, will cause this Lease, the CSA, the CSA Assignment and the Lease Assignment (a) to be duly deposited in the office of the Registrar General of Canada and will cause the required notice of such deposit forthwith thereafter to be published in The Canada Gazette in accordance with Section 86 of the Railway Act of Canada and (b) to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303(a). The Lessee will undertake the filing, registering, deposit, and recording required of the Trustee under the CSA. The Lessee in addition will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Trustee or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Trustee's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the CSA, the CSA Assignment and the Lease Assignment; and the Lessee will promptly furnish to the Vendor and the Trustee evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Trustee. This Lease, the CSA, the CSA Assignment and the Lease Assignment shall be filed with the Interstate Commerce Commission and deposited in the office of the Registrar General prior to the delivery and acceptance hereunder of any Unit.

§ 19. INTEREST ON OVERDUE RENTALS

Any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, an amount equal to interest at 16-7/8% per annum of the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

§ 20. TRUSTEE'S RIGHT TO PERFORM FOR THE LESSEE

If the Lessee fails to perform or comply with any of its agreements contained herein, the Trustee may (but shall have no obligation to do so) upon notice to the Lessee perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Trustee (including reasonable counsel fees, if any) incurred in connection with such performance or compliance, together with interest on such amount at 16-7/8% per annum, shall be payable by the Lessee upon demand except as otherwise provided in this Lease. No such performance or compliance by the Trustee shall be deemed a waiver of the rights and remedies of the Trustee or any assignee of the Trustee against the Lessee hereunder or be deemed to cure the default of the Lessee hereunder (it being understood between the Trustee and the Vendor that the Trustee shall have the cure rights provided in paragraph 16.1(e) of the CSA).

§ 21. NOTICES

Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when mailed, first class, postage prepaid, addressed as follows:

(a) if to the Trustee, at One Constitution Plaza, Hartford, Connecticut 06115, Attention of Corporate Trust Department with ~~a copy~~ / copies to the Owner at its address set forth in Paragraph 13 of the Participation Agreement; and

(b) if to the Lessee, at 406 P&LE Terminal Building, Pittsburgh, Pennsylvania 15219, Attention of Hugh P. Nesbitt, Vice President-Finance and Treasurer,

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

§ 22. SEVERABILITY

Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

§ 23. EFFECT AND MODIFICATION OF LEASE

Except for the Participation Agreement and the exhibits thereto, this Lease exclusively and completely states the rights of the Trustee and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Trustee and the Lessee.

§ 24. THIRD-PARTY BENEFICIARIES

Nothing in this Lease shall be deemed to create any right in any person not a party hereto (other than the Owner, the Vendor, the Investors, the Builders and the permitted successors and assigns of a party) and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of a third party except as aforesaid.

§ 25. EXECUTION

This lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor pursuant to the Lease Assignment shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 26. LAW GOVERNING

The terms of this Lease and all rights and obliga-

tions hereunder shall be governed by the laws of the Commonwealth of Pennsylvania; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

§ 27. IMMUNITIES; NO RECOURSE

(1) No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto or the Owner, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Lease.

(2) Anything herein to the contrary notwithstanding, each and all of the representations, undertakings and agreements herein made on the part of the financial institution acting as Trustee are each and every one of them made not as personal representations and agreements by said financial institution, including its successors and assigns, or for the purpose of binding said financial institution personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Lease is executed and delivered by the Trustee solely in the exercise of the powers conferred upon the Trustee as trustee under the Trust Agreement; and no personal liability is assumed by or shall at any time be asserted or enforceable against the Trustee or the Owner on account of any representation or agreement herein of the Trustee, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee.

§ 28. AGREEMENTS FOR BENEFIT OF OWNER AND TRUSTEE'S ASSIGNS

All rights of the Trustee hereunder (including, but not limited to, its rights under §§ 6, 7, 9, 12, 13, 14 and 17 and the right to receive the rentals payable under this

Lease) shall inure to the benefit of the Owner and any of its assigns under the Trust Agreement and the Trustee's assigns (including the Vendor).

§ 29. TERM TRUSTEE

Whenever the term Trustee is used in this Lease it shall apply and refer to the Trustee and any assignee of the Trustee (including, so long as any indebtedness under the CSA or interest thereon shall remain unpaid or any other obligation thereunder be continuing, the Vendor).

§ 30. APPLICATION OF SECTION 168(f)(8) OF THE CODE

The Lessee and the Lessor hereby characterize this Lease as a lease pursuant to which the Lessor is the lessor and owner of the Equipment and the Lessee is the lessee of the Equipment and hereby elect to have the provisions of Section 168(f)(8) of the Internal Revenue Code ("Code") apply with respect to this Lease. Each party agrees to elect, pursuant to Section 168(f)(8)(A) of the Code, to have Section 168(f)(8) of the Code apply with respect to this Lease. The Lessor and the Lessee, or if necessary the common parent of the Lessee's affiliated group, have signed concurrently herewith duplicate copies of Internal Revenue Service Form 6793 and will jointly file such Form on or before 30 days after this Lease is first executed, and each hereby agrees to attach and file with its income tax return for the year in which this Lease begins a copy of such Form.

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

THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY,

by

_____
President

[Corporate Seal]

Attest:

_____
Assistant Secretary

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Trustee,

by

_____
Authorized Officer

[Corporate Seal]

Attest:

_____
Authorized Officer

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF ALLEGHENY,)

On this day of January 1982 before me personally appeared , to me personally known, who, being by me duly sworn, says that he is the President of THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

[Notarial Seal] Notary Public

My Commission expires

STATE OF CONNECTICUT,)
) ss.:
CITY OF HARTFORD,)

On this day of January 1982 before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

[Notarial Seal] Notary Public

My Commission expires

APPENDIX A TO LEASE

Type	Builder's Specifications	Builder's Plant	Quantity	Lessee's Identification Numbers (Both Inclusive)	Estimated Unit Base Price	Estimated Total Base Price	Estimated Place of Delivery
Greenville							
100-ton 52 foot fixed end gondola cars AAR Des: GBS	6B-5075-B	Greenville, Pa.	275	47100 47103 47105 47106 47113-47116 47120 47131-47133 47137-47399	$ 46,125.36	$ 12,684,475	January 15, 1982, at Childs, Pa., and/or Greenville, Pa.
Maxson							
100-ton depressed center flat cars AAR Des: FD	45539 9/4/81	St. Paul, Minn.	3	960-962	104,000	312,000	February 1982, at Builder's Plant
200-ton depressed center flat cars AAR Des: FD	45540 9/4/81	St. Paul, Minn.	3	978-980	224,000	672,000	February 1982, at Builder's Plant
						$13,668,475	

APPENDIX B TO LEASE

Casualty Values

Casualty Payment Dates	Percentage of Purchase Price*
Interim Period to December 1, 1982	95.11
June 1, 1983	96.76
December 1, 1983	97.96
June 1, 1984	98.71
December 1, 1984	98.99
June 1, 1985	98.80
December 1, 1985	98.09
June 1, 1986	96.86
December 1, 1986	95.21
June 1, 1987	93.48
December 1, 1987	91.67
June 1, 1988	89.76
December 1, 1988	87.76
June 1, 1989	85.65
December 1, 1989	83.43
June 1, 1990	81.08
December 1, 1990	78.60
June 1, 1991	75.97
December 1, 1991	73.19
June 1, 1992	70.24
December 1, 1992	67.13
June 1, 1993	63.89
December 1, 1993	60.54
June 1, 1994	57.08
December 1, 1994	53.51
June 1, 1995	49.83
December 1, 1995	46.04
June 1, 1996	42.14
December 1, 1996	38.12
June 1, 1997	34.00

If the period of time from the delivery date for any particular Unit to the date upon which the Casualty Occurrence for such Unit occurs is less than five years, the Casualty

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* As defined in the CSA

Value set forth in the above schedule will be increased by a percentage of the Purchase Price for such Unit as follows:

Period from Delivery Date to Event of Loss	Increase in Casualty Value
Less than 1 year	19.23%
1 year or more but less than 2 years	15.38%
2 years or more but less than 3 years	11.54%
3 years or more but less than 4 years	7.69%
4 years or more but less than 5 years	3.85%

[CS&M Ref. 2483-140]

ANNEX D
to
Conditional Sale Agreement

ASSIGNMENT OF LEASE AND AGREEMENT dated as of January 1, 1982 ("Assignment"), by and between THE CONNECTICUT BANK AND TRUST COMPANY, not individually but solely in its capacity as Trustee ("Trustee") under a Trust Agreement dated as of the date hereof with the parties named therein ("Trust Agreement"), and MANUFACTURER HANOVER TRUST COMPANY, not in its individual capacity, but solely as Agent ("Vendor") under a Participation Agreement dated as of the date hereof.

The Trustee is entering into a Conditional Sale Agreement dated as of the date hereof ("CSA") with each of GREENVILLE STEEL CAR COMPANY and THE MAXSON CORPORATION (collectively "Builders" and severally "Builder") providing for the sale to the Trustee of such units of railroad equipment ("Units") described in Annex B thereto as are delivered to and accepted by the Trustee thereunder.

The Trustee and THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY ("Lessee") have entered into a Lease of Railroad Equipment dated as of the date hereof ("Lease") providing for the leasing of the Units by the Trustee to the Lessee.

In order to provide security for the obligations of the Trustee under the CSA and as an inducement to the Vendor to invest in the CSA Indebtedness (as defined in paragraph 4.3(b) of the CSA), the Trustee agrees to assign for security purposes its rights in, to and under the Lease to the Vendor.

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Trustee hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Trustee under the CSA, all the Trustee's right, title and interest, powers, privileges and other benefits under the Lease including those inuring to the benefit of the Owner (other than the Trustee's

and the Owner's rights under §§ 6, 7.7(2), 12, 16 and 20 of the Lease), including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Trustee from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Trustee is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Trustee hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Trustee or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Trustee is or may become entitled under the Lease and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Trustee pursuant to the Lease. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Trustee under the CSA, and, so long as no event of default or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default thereunder, shall have occurred and be continuing, any balance shall be paid to the Owner on the same date such Payment is applied to satisfy such obligations of the Owner, by check mailed to the Owner on such date or, upon written request of the Owner, by bank wire to the Owner at such address as may be specified to the Vendor in writing, and such balance shall be retained by the Trustee. If the Vendor shall not receive any rental payment under § 3.1 of the Lease when due, the Vendor shall notify the Trustee and the Owner at the address set forth in the Lease; provided, however, that the failure of the Vendor to so notify the Trustee and the Owner shall not affect the obligations of the Trustee hereunder or under the CSA, except that the Vendor may not terminate the Lease or make a Declaration of Default under paragraph 16.1 of Article 16 of the CSA due to an event of default arising by reason of the failure of the Lessee to make any such rental payment which, pursuant to paragraph (e) of said paragraph 16.1, would not constitute an event of default thereunder if the Trustee complies with the provisions thereof, unless such event of default is not remedied within five days after notification as aforesaid is given.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify the liability of the Trustee under the Lease, it being understood and agreed that, notwithstanding this Assignment or any subsequent assignment, all obligations of the Trustee to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Trustee or persons other than the Vendor.

3. The Trustee will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides is to be performed by the Trustee; without the written consent of the Vendor, the Trustee will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Trustee agrees that any amendment, modification or termination thereof without such consent shall be void.

4. The Trustee does hereby constitute the Vendor the Trustee's true and lawful attorney, irrevocably, with full power (in the name of the Trustee, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Trustee is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Vendor may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all sums due from the Trustee under the CSA, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Trustee. Promptly following such full discharge and satisfaction, the Vendor agrees that it will advise the Lessee in writing that all sums due from the Trustee under the CSA have been fully discharged and satisfied and instruct the Lessee that no

further payments under the Lease are to be made to the Vendor.

6. The Trustee will, from time to time, execute, acknowledge and deliver any and all further instruments reasonably requested by the Vendor in order to confirm or further assure the interest of the Vendor hereunder.

7. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

8. This Assignment shall be governed by the laws of the State of Connecticut, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

9. The Trustee shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor.

10. The Vendor hereby agrees with the Trustee that the Vendor will not, so long as no event of default under the CSA has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Trustee to the Vendor by this Assignment, except the right to collect and apply the Payments as provided in Paragraph 1 hereof, and that, subject to the terms of the Lease and the CSA, the Trustee may, so long as the Vendor is not seeking to receive and collect such Payments and so long as no event of default under the CSA has occurred and is then continuing, exercise or enforce, or seek to exercise or enforce, its rights, powers, privileges and remedies arising out of § 13.1(a) of the Lease; provided, however, that the Trustee shall not, without the prior written consent of the Vendor, terminate the Lease or otherwise exercise or enforce, or seek to exercise or enforce, any rights, powers, privileges and remedies arising out of § 13.1(b) of the Lease.

11. It is expressly understood and agreed by and between the parties hereto, anything in this Agreement to the contrary notwithstanding, that each and all of the representations, warranties and agreements in this Agreement made on the part of the financial institution acting as Trustee

hereunder are each and every one of them made and intended not as personal representations, warranties and agreements by said financial institution, or for the purpose or with the intention of binding said financial institution personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Agreement is executed and delivered by the said financial institution solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the said financial institution or the Owner on account of any representation, warranty or agreement herein of the Trustee or the Owner either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under the Vendor, making claim hereunder, may look to said Trust Estate for the satisfaction of the same.

12. This Assignment may be executed in any number of counterparts, but the counterpart delivered to the Vendor shall be deemed to be the original counterpart. Although for convenience this Assignment is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

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

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity, but solely as Trustee,

by

_____
Authorized Officer

[Corporate Seal]

Attest:

_____
Authorized Officer

MANUFACTURERS HANOVER TRUST COMPANY,
not in its individual capacity,
but solely as Agent,

by

_____
Assistant Vice President

[Corporate Seal]

Attest:

_____
Assistant Trust Officer

STATE OF CONNECTICUT,)
) ss.:
CITY OF HARTFORD,)

On this day of January 1982, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

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

On this day of January 1982, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Assistant Vice President of MANUFACTURERS HANOVER TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said company and that said instrument was signed and sealed on behalf of said company by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

Notary Public

[Notarial Seal]

My Commission expires

CONSENT AND AGREEMENT

THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY ("Lessee"), the lessee named in the Lease ("Lease") referred to in the foregoing Assignment of Lease and Agreement ("Lease Assignment"), hereby (a) acknowledges receipt of a copy of the Lease Assignment and (b) consents to all the terms and conditions of the Lease Assignment and agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities (except any indemnities payable to the Trustee in its individual or fiduciary capacity pursuant to §§ 6 and 12 of the Lease) and other moneys provided for in the Lease (which moneys are hereinafter called "Payments") due and to become due under the Lease directly to Manufacturers Hanover Trust Company, as Agent ("Vendor"), the assignee named in the Lease Assignment, at 40 Wall Street, New York, New York 10015, attention of Corporate Trust Department (or at such other address as may be furnished in writing to the Lessee by the Vendor);

(2) the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Vendor were named therein as the Trustee;

(3) the Vendor shall not, by virtue of the Lease Assignment, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) the Lease shall not, without the prior written consent of the Vendor, be terminated or modified, nor shall any action be taken or omitted by the Lessee the taking or omission of which might result in an alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement, when accepted by the Vendor by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the Commonwealth of Pennsylvania and, for all purposes, shall be construed in

accordance with the laws of said Commonwealth.

THE PITTSBURGH AND LAKE ERIE
RAILROAD COMPANY,

by

_____
President

[Corporate Seal]

Attest:

_____
Assistant Secretary

The foregoing Consent and Agreement is hereby accepted as of January 1, 1982.

MANUFACTURERS HANOVER TRUST
COMPANY, not in its individual
capacity, but solely as Agent,

by

_____
Assistant Vice President

[CS&M Ref. 2483-140]

CONDITIONAL SALE AGREEMENT

Dated as of January 1, 1982

among

THE CONNECTICUT BANK AND TRUST COMPANY,
not in its individual capacity but
solely as Trustee,

GREENVILLE STEEL CAR COMPANY

and

THE MAXSON CORPORATION

CONDITIONAL SALE AGREEMENT

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CONDITIONAL SALE AGREEMENT dated as of January 1, 1982, among each of GREENVILLE STEEL CAR COMPANY, a Pennsylvania corporation, THE MAXSON CORPORATION , a Minnesota corporation (collectively "Builders" or severally "Builder" or collectively or severally "Vendor" as the context may require, all as more particularly set forth in Article 1 hereof), and THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut banking corporation, acting not in its individual capacity but solely as Trustee ("Trustee") under a Trust Agreement dated as of the date hereof ("Trust Agreement") with GENERAL ELECTRIC CREDIT CORPORATION ("Owner").

The Builders severally agree to construct, sell and deliver to the Trustee, and the Trustee agrees to purchase, subject to the terms and conditions hereof, the equipment described in Annex B hereto ("Equipment").

The Trustee is entering into a lease with THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY, a Delaware corporation ("Lessee") in substantially the form annexed hereto as Annex C ("Lease").

MANUFACTURERS HANOVER TRUST COMPANY ("Assignee"), is acting as agent for an institutional investor (together with any assignees, "Investors") pursuant to a Participation Agreement dated as of the date hereof ("Participation Agreement") among the Lessee, the Assignee, the Trustee, the Owner and such investor.

NOW, THEREFORE, in consideration of the mutual promises and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. ASSIGNMENT; DEFINITIONS

1.1. Contemplated Sources of Purchase Price; Assignment. The parties hereto contemplate that the Trustee will furnish 40% of the Purchase Price (as defined in paragraph 4.1 hereof) of the Equipment and that an amount

equal to the balance of such Purchase Price shall be paid to the appropriate Builder by the Assignee pursuant to an Agreement and Assignment dated as of the date hereof ("CSA Assignment") among the Builders and the Assignee.

1.2. Lease Assignment. The Trustee will assign to the Vendor, as security for the payment and performance of all the Trustee's obligations hereunder, all right, title, and interest of the Trustee in and to the Lease, pursuant to an Assignment of Lease and Agreement in substantially the form of Annex D hereto ("Lease Assignment"), and the Lessee shall acknowledge and consent thereto pursuant to a Consent and Agreement substantially in the form attached to the Lease Assignment ("Consent").

1.3. Meaning of "Builder" and "Vendor". The term "Builder", whenever used in this Agreement, means, both before and after any assignment of its rights hereunder, the party hereto which has manufactured the Equipment to be constructed and sold hereunder and any successor or successors for the time being to its manufacturing properties and business. The term "Vendor", whenever used in this Agreement, means, before any such assignment, the Builder or Builders, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights, as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment. Any reference herein to this Agreement or any other agreement shall mean said agreement and all amendments and supplements hereto or thereto then in effect.

The rights and obligations of the Builders under this Agreement are several in accordance with their interests and not joint. Accordingly, whenever this Agreement, by the use of such designation as "the Vendor", "such Builder" or other similar term, confers a right or imposes an obligation upon a corporation manufacturing and selling equipment hereunder, such right or obligation shall be construed to accrue to or to be enforceable against only the specific corporation furnishing the units of Equipment giving rise to such right or obligation and its successors as herein provided.

ARTICLE 2. CONSTRUCTION AND SALE

Pursuant to this Agreement, each Builder shall construct its Equipment at its plant described in Annex B hereto, and will conditionally sell and deliver its Equipment to the Trustee, and the Trustee will purchase from such Builder and accept delivery of and pay for such Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Annex B hereto and in accordance with such modifications thereof as may be agreed upon in writing between the Builder, the Trustee and the Lessee (which specifications and modifications, if any, are hereinafter called "Specifications"). Each Builder represents and warrants that (i) the design, quality and component parts of each unit of its Equipment to be delivered by such Builder under this Agreement shall conform, on the date of delivery and acceptance thereof, to all Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards, if any, recommended by the Association of American Railroads reasonably interpreted as being applicable to railroad equipment of the character of such unit and (ii) each such unit will be new railroad equipment.

ARTICLE 3. INSPECTION AND DELIVERY

3.1. Place of Delivery. Each Builder will deliver its Equipment to the Trustee at the place or places specified in Annex B hereto (or if Annex B does not specify a place or places, at the place or places designated from time to time by the Trustee), freight charges and storage charges, if any, prepaid, in accordance with the delivery schedule set forth in Annex B hereto; provided, however, that no delivery of any unit of Equipment shall be made until this Agreement and the Lease have been filed pursuant to 49 U.S.C. § 11303 and that no Builder shall have any obligation to deliver any unit of Equipment hereunder subsequent to the commencement of any proceedings specified in clauses (c) or (d) of paragraph 16.1 hereof; subsequent to the occurrence of any event of default (as described in paragraph 16.1 hereof), or event which, with the lapse of time and/or demand, could constitute such an event of default. Each Builder agrees not to deliver any unit of its Equipment hereunder following receipt of written notice from the Trustee or the Assignee of the commencement of any such proceedings or the occurrence of any such event, as aforesaid until such time as such written notice may be canceled by a further written notice.

3.2. Force Majeure. Each Builder's obligation as to time of delivery is subject, however, to delays resulting from causes beyond such Builder's reasonable control, including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors.

3.3. Exclusion of Equipment. Any Equipment not delivered pursuant to paragraph 3.1 hereof and any Equipment not delivered and accepted hereunder on or before June 1, 1982, shall be excluded from this Agreement, and the Trustee shall be relieved of its obligation to purchase and pay for such Equipment. If any Equipment shall be excluded herefrom pursuant to the preceding sentence, the affected parties hereto shall execute an agreement supplemental hereto limiting this Agreement to the Equipment not so excluded herefrom. In the event of any such exclusion of any unit of Equipment herefrom pursuant to the foregoing provisions of this paragraph 3.3 or pursuant to paragraph 4.1 hereof, or in the event the Trustee is relieved of its obligation hereunder to accept or pay for any or all units of Equipment in accordance with the terms and conditions hereof for any reason whatsoever, the Lessee will be obligated pursuant to Paragraph 1 of the Participation Agreement to accept all such units completed and delivered by the Builder of such units and to pay the full purchase price therefor when due, all in accordance with the terms of its prior contractual arrangements with such Builder relating to the Equipment ("Purchase Order"), the Trustee will reassign, transfer and set over to such Builder all the right, title and interest of the Trustee in and to the units so excluded and the Purchase Order to the extent relating thereto, and the Trustee shall have no further obligation or liability in respect of units so excluded.

3.4. Inspection. During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Trustee (who may be employees of the Lessee), and each Builder shall grant to such authorized inspectors reasonable access to its plant. Each Builder agrees to inspect the materials used in the construction of

the Equipment in accordance with the standard quality control practices of such Builder. Upon or after completion of each unit or of a number of units of the Equipment, such unit or units shall be presented to an inspector of the Trustee for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the Specifications and requirements and standards applicable thereto, such inspector or an authorized representative of the Trustee (who may be an employee of the Lessee) shall execute and deliver to the Builder of such units a certificate of acceptance ("Certificate of Acceptance") stating that such unit or units have been inspected and accepted on behalf of the Trustee and are marked in accordance with paragraph 10.1 hereof; provided, however, that the Builder of such units shall not thereby be relieved of its warranty referred to in paragraph 14.4 hereof. By § 2 of the Lease, the Trustee is appointing the Lessee its agent to inspect and accept delivery of the Equipment. Acceptance of any unit of Equipment by the Lessee (or its employees or agents, as aforesaid) pursuant to § 2 of the Lease shall be deemed to be acceptance of such unit by the Trustee.

3.5. Builder's Responsibilities After Delivery. On delivery by a Builder hereunder of units of Equipment and acceptance of each such unit hereunder at the place specified for delivery, such Builder shall have no further responsibility for, nor bear any risk of, any damage to or the destruction or loss of such unit; provided, however, that such Builder shall not thereby be relieved of its warranty referred to in paragaph 14.4 hereof.

ARTICLE 4. PURCHASE PRICE AND PAYMENT

4.1. Meaning of "Purchase Price"; Exclusion of Units. The base price or prices per unit of the Equipment are set forth in Annex B hereto. Such base price or prices are subject to such increase or decrease as may be agreed to by the Builder thereof, the Trustee and the Lessee. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased as set forth in the invoice of the Builder thereof delivered to the Trustee and, if the Purchase Price is other than the base price or prices set forth in said Annex B, the invoice or invoices shall be accompanied by, or have endorsed thereon, the agreement or approval of the Lessee and the Trustee (such invoice or invoices being hereinafter called "Invoices"). If on any

Closing Date the aggregate Purchase Price of Equipment for which settlement has theretofore been and is then being made would, but for the provisions of this sentence, exceed the Maximum Purchase Price specified in Item 5 of Annex A hereto, the Builder thereof (and any assignee of such Builder) will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for and specified by the Trustee and the Lessee, as will, after giving effect to such exclusion, reduce such aggregate Purchase Price to not more than said Maximum Purchase Price and the Trustee shall have no further obligation or liability in respect of the units so excluded.

4.2. Designation of Equipment; Settlement and Closing Dates. The Equipment shall be settled for in such number of Groups of Equipment as is provided for in Item 2 of Annex A hereto. The term "Closing Date" with respect to any Group shall be such date as is specified by the Lessee by six days' notice thereof with the concurrence of the Lessee, the Assignee and the Builder of such Group, but in no event shall such date be later than June 1, 1982. Such notice shall specify the aggregate Purchase Price of such Group and a copy thereof shall be sent by the Lessee to the Builder of such Group, the Assignee, the Trustee and the Owner. The term "Group", as used herein, shall mean the group of units of Equipment being settled for on any Closing Date. The place of each closing shall be determined by mutual agreement among the parties hereto. At least five business days prior to the Closing Date with respect to a Group of Equipment, the Builder of such Group shall present to the Trustee, the Lessee and the Owner the Invoices for the Equipment to be settled for. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in Pittsburgh, Pennsylvania, Hartford, Connecticut, or New York, New York, are authorized or obligated to remain closed.

4.3. Indebtedness of Trustee to Vendor. Subject to the terms of this Agreement, the Trustee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay in immediately available funds to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

(a) on the Closing Date with respect to each Group an amount equal to 40% of the aggregate Purchase Price of the units of Equipment in such Group; and

(b) in 30 semiannual installments, as hereinafter provided, an amount equal to the aggregate Purchase Price of the units of Equipment for which settlement is then being made, less the aggregate amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph (the portion of the Purchase Price payable under this subparagraph (b) being hereinafter called "CSA Indebtedness").

4.4. CSA Indebtedness; Payment Dates; Interest. (1) The installments of the CSA Indebtedness shall be payable semiannually on June 1 and December 1 in each year, commencing December 1, 1982, to and including June 1, 1997, each such date being hereinafter called a "Payment Date". The unpaid balance of the CSA Indebtedness shall bear interest from the Closing Date in respect of which such Indebtedness was incurred at the rate of 15-7/8% per annum. Interest on the unpaid balance of the CSA Indebtedness shall be payable to the extent accrued on June 1, 1982, and on each Payment Date thereafter. The amounts of CSA Indebtedness payable on each Payment Date shall be calculated so that the amount and allocation of principal and interest payable on each Payment Date shall be substantially in proportion to the amount and allocation of principal and interest on such Payment Date set forth in Schedule I hereto (subject to the provisions of Article 7 hereof) and the aggregate of such installments of principal shall completely amortize the CSA Indebtedness at maturity. The Trustee will furnish to the Vendor and the Lessee promptly after the last Closing Date a schedule, in such number of counterparts as shall be requested by the Vendor, showing the respective amounts of principal and interest payable on each Payment Date.

(2) If any of the dates for payment of principal or interest is not a business day, such payment shall be payable on the next business day.

4.5. Calculation of Interest. Interest under this Agreement shall be calculated on the basis of a 360-day year of 12 30-day months except that interest payable on June 1, 1982, shall be computed on an actual elapsed day, 365-day year, basis.

4.6. Penalty Interest. The Trustee will pay interest, to the extent legally enforceable, at the rate of 16-7/8% per annum ("Penalty Rate") upon all amounts remaining unpaid after the same shall have become due and

payable pursuant to the terms hereof or such lesser amount as shall be legally enforceable, anything herein to the contrary notwithstanding.

4.7. Currency of Payment. All payments provided for in this Agreement shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Except as provided in Article 7, the Trustee shall not have the privilege of prepaying any portion of the CSA Indebtedness prior to the date it becomes due.

4.8. Liability of Trustee Limited to "Income and Proceeds from Equipment". Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 6, 16 and 17 hereof, except as set forth in this paragraph 4.8), but not limiting the effect of Article 22 hereof, the liability of the Trustee or any assignee of the Trustee for all payments to be made by it under this Agreement, with the exception only of the interest payment due on June 1, 1982, the payments to be made pursuant to paragraph 4.3(a) hereof and payments to be made pursuant to the proviso to paragraph 13.3 hereof, shall not exceed an amount equal to, and shall be payable only out of, the "income and proceeds from the Equipment", and such payments shall be made by the Trustee only to the extent that the Trustee or any assignee of the Trustee shall have actually received sufficient "income and proceeds from the Equipment" to make such payments. Except as provided in the preceding sentence, the Trustee shall not have any liability to make any payments under this Agreement whatsoever except from the "income and proceeds from the Equipment" to the extent actually received by the Trustee or any assignee of the Trustee. In addition, the Vendor agrees that the Trustee

(i) makes no representation or warranty as to, and is not responsible for, the due execution, validity, sufficiency or enforceability of the Lease, insofar as it relates to the Lessee (or any document relative thereto) or of any of the Lessee's obligations thereunder, and

(ii) shall not be responsible for the performance or observance by the Lessee of any of its agreements, representations, indemnities, obligations or other undertakings under the Lease; it being agreed that as

to all such matters the Vendor will look solely to the Vendor's rights under this Agreement against the Equipment and to the Vendor's rights under the Lease and the Lease Assignment against the Lessee and the Equipment.

As used herein the term "income and proceeds from the Equipment" shall mean

(i) if one of the events of default specified in paragraph 16.1 hereof shall have occurred and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Trustee or any assignee of the Trustee at any time after any such event and during the continuance thereof: (a) all amounts of rental and amounts in respect of a Casualty Occurrence (as defined in § 7 of the Lease) paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under § 13 or any other provision of the Lease (except any amounts payable to the Owners or to the Trustee in its individual or fiduciary capacity pursuant to §§ 6 and 12 of the Lease) and (b) any and all payments or proceeds received for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition, and

(ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) (not including amounts paid by the Lessee to the Trustee as reimbursement of sums paid by the Trustee on account of prior defaults under § 13.1(A) of the Lease) as are indefeasibly received by the Trustee or any assignee of the Trustee and as shall equal the portion of the CSA Indebtedness (including prepayments thereof required in respect of a Casualty Occurrence) and/or interest thereon due and payable on the date such amounts were required to be paid pursuant to the Lease or as shall equal any other payments then due and payable under this Agreement;

it being understood that "income and proceeds from the Equipment" shall in no event include amounts referred to in the foregoing clauses (a) and (b) which were received by the Trustee or any assignee of the Trustee prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the CSA Indebtedness

(including prepayments thereof required in respect of a Casualty Occurrence) and/or interest thereon due and payable on the date on which amounts with respect thereto received by the Trustee or any assignee of the Trustee were required to be paid to it pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were payable under the Lease. Nothing contained herein limiting the liability of the Trustee shall derogate from the right of the Vendor to proceed against the Equipment as provided for herein for the full unpaid Purchase Price of the Equipment and interest thereon and all other payments and obligations hereunder. Notwithstanding anything to the contrary contained in Article 16 or 17 hereof, the Vendor agrees that in the event it shall obtain a judgment against the Trustee for an amount in excess of the amounts payable by the Trustee pursuant to the limitations set forth in this paragraph, it will, accordingly, limit its execution of such judgment to amounts payable pursuant to the limitations set forth in this paragraph and cause such judgment to be marked satisfied as to all amounts in excess of such limitations.

ARTICLE 5. SECURITY INTEREST IN THE EQUIPMENT

5.1. Vendor To Retain Security Interest; Accessions Are Part of Equipment. The Vendor shall and hereby does retain a security interest in the Equipment until the Trustee shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding any provision of this Agreement limiting the liability of the Trustee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Trustee and the Lessee as provided in this Agreement and the Lease. Such retention of security interest is solely to secure performance by the Trustee of its obligations under this Agreement (without regard to any provision of this Agreement limiting the liability of the Trustee), and, subject thereto, ownership of the Equipment shall be and remain in the Trustee subject to such performance. Any and all parts installed on and additions and replacements made to any unit of the Equipment (i) which are not readily removable without causing material damage to such unit, (ii) the cost of which is included in the Purchase Price of such unit or (iii) which are required for the operation or use of such unit by the Association of American Railroads and/or the Interstate Commerce Commission, the United States Department of Transportation or any other applicable regulatory body,

shall constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

5.2. Obligations Upon Payment of CSA Indebtedness. Except as otherwise specifically provided in Article 7 hereof, when and only when the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment, together with interest and all other payments as herein provided, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Trustee without further transfer or action on the part of the Vendor or the Trustee. However, the Vendor, if so requested by the Trustee at that time, will (a) execute an instrument releasing its security interest in the Equipment and transferring such interest to the Trustee or upon its order, free of all liens, security interests and other encumbrances created or retained hereby and deliver such instrument to the Trustee at its address referred to in Article 21 hereof, (b) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Trustee to the Equipment and (c) pay to the Trustee any money paid to the Vendor pursuant to Article 7 hereof and not theretofore applied as therein provided. The Trustee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time after written demand by the Trustee.

ARTICLE 6. TAXES

6.1. General Tax Indemnification. Whether or not any of the transactions contemplated hereby are consummated, the Trustee agrees to pay, and to indemnify and hold the Vendor harmless from, all Taxes (as defined in § 6 of the Lease); excluding, however: (i) Taxes of the United States or any state or political subdivision thereof and (if and to the extent that any person indemnified hereunder is entitled to a credit therefor against its United States

Federal income taxes) of any foreign country or subdivision thereof, imposed on or measured solely by the net income or excess profits of the Vendor, or franchise taxes to the extent measured by gross receipts or net income based on gross receipts of the Vendor, or gross receipts taxes other than gross receipts taxes in the nature of sales or use taxes, and other than Taxes arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Agreement, provided that such Taxes of any foreign country or subdivision thereof incurred as a result of the indemnified party being taxed by such foreign country or subdivision on its worldwide income without regard to the transactions contemplated by this Agreement shall be excluded whether or not the indemnified party is entitled to a credit against its United States Federal income taxes; (ii) any Taxes imposed on or measured by any fees or compensation received by the Vendor; and (iii) Taxes which are imposed on or measured solely by the net income of the Vendor if and to the extent that such Taxes are in substitution for or reduce the Taxes payable by any other person which the Trustee has not agreed to pay or indemnify against pursuant to this Article 6; provided, however, that the Trustee shall not be required to pay any Taxes during the period the Trustee (or the Lessee on behalf of the Trustee) may be contesting the same in the manner provided in paragraph 6.2 hereof.

6.2. Claims; Contests; Refunds. If claim is made against the Vendor for any Taxes indemnified against under this Article 6, the Vendor shall promptly notify the Trustee. If reasonably requested by the Trustee in writing, the Vendor shall, upon receipt of any indemnity satisfactory to it for all costs, expenses, losses, legal and accountants' fees and disbursements, penalties, fines, additions to tax and interest, and at the expense of the Trustee, contest in good faith the validity, applicability or amount of such Taxes by (a) resisting payment thereof if possible, (b) not paying the same except under protest, if protest is necessary and proper, and (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both. The Trustee may also contest, at its own expense, the validity, applicability or amount of such Taxes in the name of the Vendor; provided that no proceeding or action relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of the Vendor in any such proceeding or action) without the prior written consent of the Vendor. If the Vendor shall obtain a refund of all or

any part of such Taxes previously reimbursed by the Trustee in connection with any such contest or an amount representing interest thereon, the Vendor shall pay the Trustee the amount of such refund or interest net of expenses; provided, however, that no event of default set forth in paragraph 16.1 hereof and no event which with notice or lapse of time or both would constitute such an event of default shall have occurred and be continuing.

6.3. Reports or Returns. In case any report or return is required to be made with respect to any obligation of the Trustee under or arising out of this Article 6, the Trustee shall either make such report or return in such manner as will show the interests of the Vendor in the Equipment or shall promptly notify the Vendor of such requirement and shall make such report or return in such manner as shall be satisfactory to the Vendor. All costs and expenses (including legal and accountants' fees) of preparing any such return or report shall be borne by the Trustee.

6.4. Survival. All of the obligations of the Trustee under this Article 6 shall survive and continue, notwithstanding payment in full of all other amounts due under this Agreement.

ARTICLE 7. MAINTENANCE AND CASUALTY OCCURRENCES

7.1. Maintenance. The Trustee shall, at its own cost and expense, maintain and keep each unit of the Equipment as set forth in § 11.1 of the Lease.

7.2. Casualty Occurrences. In the event that any unit of Equipment shall suffer a Casualty Occurrence (as defined in § 7 of the Lease), the Trustee shall, promptly after it shall have received notice from the Lessee or has otherwise been informed that such unit has suffered a Casualty Occurrence, cause the Vendor to be fully informed in regard thereto. On the next succeeding Casualty Payment Date (as defined in § 7 of the Lease) after such notice from the Lessee has been received, the Trustee shall, subject to the limitations contained in paragraph 4.8 hereof, pay to the Vendor a sum equal to the Casualty Value (as defined in paragraph 7.3 hereof) of such unit suffering a Casualty Occurrence as of such Casualty Payment Date, together with an amount equal to accrued interest thereon. The Trustee shall

file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of such unit. Any money paid to the Vendor pursuant to this paragraph shall be applied on such Casualty Payment Date to prepay, without penalty or premium, ratably in accordance with the unpaid balance of each installment, the CSA Indebtedness, together with all interest accrued on the portion of the CSA Indebtedness being prepaid. The Trustee shall promptly cause to be furnished to the Vendor and the Lessee a revised schedule of payments of principal and interest thereafter to be made, in such number of counterparts as the Vendor and the Lessee may request, calculated as provided in paragraph 4.4 hereof.

7.3. Casualty Value. The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original Purchase Price thereof referred to in paragraph 4.3(b) hereof remaining unpaid on the date as of which such Casualty Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other unit). For the purpose of this paragraph, each payment of the Purchase Price made pursuant to Article 4 hereof shall be deemed to be a payment with respect to each unit of Equipment in like proportion as the original Purchase Price of such unit bears to the aggregate original Purchase Price of all the Equipment.

7.4. Obligations upon Payment. Upon payment by the Trustee to the Vendor of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence, absolute right to the possession of, title to and property in such unit shall pass to and vest in the Trustee, without further transfer or action on the part of the Vendor or the Trustee, and the provisions of the second and third sentences of paragraph 5.2 hereof shall apply.

ARTICLE 8. INSURANCE PROCEEDS AND CONDEMNATION PAYMENTS

The Trustee will cause the Equipment to be insured to the extent required by § 7.7 of the Lease. If the Vendor shall receive any insurance proceeds or condemnation payments in respect of any units suffering a Casualty Occurrence, the Vendor shall promptly pay such insurance proceeds or condemnation payments to the Trustee; provided, however, that no event of default shall have occurred and be continuing hereunder and the Trustee shall have made payment of the

Casualty Value of such units, together with accrued interest thereon, to the Vendor. All insurance proceeds received by the Vendor in respect of any unit of Equipment not suffering a Casualty Occurrence shall be paid to the Trustee upon proof satisfactory to the Vendor that any damage to such unit in respect of which such proceeds were paid has been fully repaired; provided, however, that no event of default shall have occurred and be continuing hereunder.

ARTICLE 9. REPORTS AND INSPECTIONS

On or before March 31 in each year, commencing with the year 1983, the Trustee shall, subject to the provisions of Article 22 hereof, cause to be furnished to the Vendor an accurate statement to the effect set forth in § 8 of the Lease. The Vendor shall have the right, by its agents, to inspect the Equipment and the Trustee's and the Lessee's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement.

ARTICLE 10. MARKING OF EQUIPMENT

10.1. Marking of Equipment. The Trustee will cause each unit of the Equipment to be kept numbered and marked as provided in § 5 of the Lease. The Trustee will not permit the identifying number of any unit of the Equipment to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor and filed, recorded and deposited by or on behalf of the Trustee in all public offices where this Agreement shall have been filed, recorded and deposited.

10.2. No Designations of Ownership. Except as provided in paragraph 10.1 hereof, the Trustee will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Equipment may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates.

ARTICLE 11. COMPLIANCE WITH LAWS AND RULES

During the term of this Agreement, the Trustee will comply, and will cause every lessee or user of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all Applicable Laws (as defined in § 10 of the Lease), and in the event that such Applicable Laws require any alteration, replacement or addition of or to any part on any unit of the Equipment, the Trustee will or will cause the Lessee to conform therewith at no expense to the Vendor; provided, however, that the Trustee or the Lessee may, in good faith, contest the validity or application of any such Applicable Laws in any reasonable manner which does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 12. POSSESSION AND USE

12.1. Possession and Use of Equipment by Trustee. The Trustee, so long as an event of default shall not have occurred and be continuing under this Agreement, shall be entitled, from and after delivery of the Equipment by a Builder to the Trustee, to the possession of the Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement.

12.2. Lease Permitted; Lease Subordinate; No Amendment or Termination. The Trustee simultaneously with the execution hereof is leasing the Equipment to the Lessee as provided in the Lease, and the rights of the Lessee and its permitted assigns under the Lease shall, except as provided in § 15.2(2) of the Lease, be subordinated and junior in rank to the rights, and shall be subject to the remedies, of the Vendor under this Agreement. The Lease shall not be amended in any material respect or terminated (except in accordance with § 4 thereof) without the prior written consent of the Vendor.

ARTICLE 13. PROHIBITION AGAINST LIENS

13.1. Trustee To Discharge Liens. The Trustee will pay or discharge any and all sums claimed by any party from, through or under the Trustee or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment, or

any unit thereof or the interest of the Vendor therein or the Vendee's interest in the Lease or the payments thereunder, and will promptly discharge any such lien, charge or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

13.2. No Breach for Certain Liens. This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

13.3. Article 13 Subject to Article 22 Except in Certain Instances. The obligations of the Trustee under this Article 13 are subject to the limitations contained in Article 22 hereof; provided, however, that the Trustee will pay or discharge any and all claims, liens, charges or security interests claimed by any party from, through or under the Trustee, and to the extent it has in the Trust Estate or receives funds sufficient for such purpose from the Owner, from, through or under the Owner, not arising out of the transactions contemplated hereby or in other documents mentioned herein (but including tax liens arising out of the receipt of rentals and other payments under the Lease and other proceeds from the Equipment), but the Trustee shall not be required to pay or discharge any such claim, lien, charge or security interest so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement.

ARTICLE 14. INDEMNITIES AND WARRANTIES

14.1. Indemnification. The Trustee shall pay, and shall protect, indemnify and hold the Vendor and any assignee hereof, and their respective successors, assigns, agents and

servants ("Indemnified Persons"), harmless from and against any and all Indemnified Matters (as defined in § 12 of the Lease); except that the Trustee shall not be liable to any Builder in respect of any of the foregoing matters to the extent liability in respect thereof arises from an act or omission of such Builder or is covered by such Builder's patent indemnification referred to in paragraph 14.4 hereof. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any Indemnified Matter, the Trustee may and, upon such Indemnified Person's request, will at the Trustee's expense resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Trustee and approved by such Indemnified Person and, in the event of any failure by the Trustee to do so, the Trustee shall pay all costs and expenses (including without limitation reasonable attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Trustee is required to make any payment under this Article 14, the Trustee shall pay such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as determined in the sole discretion of the Indemnified Person), shall be equal to the amount of such payment. The Vendor and the Trustee agree to give each other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities as contained in this Article 14 by the Trustee, and provided that no event of default set forth in paragraph 16.1 hereof (or other event which with lapse of time or notice or both would constitute such an event of default) shall have occurred and be continuing, it shall be subrogated to any right of such Indemnified Person in respect of such Indemnified Matter. Any payments received by such Indemnified Person from any person (other than the Trustee) as a result of any Indemnified Matter with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to the Lease shall be paid over to the Trustee to the extent necessary to reimburse the Trustee for indemnification payments previously made in respect of such Indemnified Matter.

14.2. Survival; No Subrogation. The indemnities contained in this Article 14 shall survive the expiration or termination of this Agreement with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by, any Indemnified Person. None of the indemnities in this Article 14 shall be deemed to create any rights of subrogation in any insurer or third party against the Trustee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

14.3. Trustee Not Released If Equipment Damaged or Lost. The Trustee will bear the responsibility for, and risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of any unit of or all the Equipment.

14.4. Warranties of Each Builder; Patent Indemnities. The agreement of the parties relating to each Builder's warranties of material and workmanship and the agreement of the parties relating to patent indemnification are set forth in Items 3 and 4 of Annex A hereto. Each Builder represents and warrants that, at the time of delivery and acceptance of each unit of its Equipment under this Agreement, such Builder will have good and marketable title to such Unit, free and clear of all claims, liens, security interests and other encumbrances of any nature except only the rights created by this Agreement, the CSA Assignment and the Lease.

ARTICLE 15. ASSIGNMENTS

15.1. Assignment by Trustee. Except as provided in Article VII of the Trust Agreement, the Trustee will not (a) except as provided in Article 12 hereof, transfer the right to possession of any unit of the Equipment or (b) sell, assign ~~(other than to assign warranties in respect to the Equipment to the Lessee)~~, transfer or otherwise dispose of its rights under this Agreement.

15.2. Assignment by Vendor. Any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Trustee, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve

any Builder from, any of the obligations of such Builder to construct and deliver the Equipment in accordance herewith or to respond to its warranties and indemnities referred to in Article 14 hereof, or relieve the Trustee of its obligations to such Builder contained in Articles 2, 3, 4, 6 and 14 hereof, Annex A hereto and this Article 15, or any other obligation which, according to its terms or context, is intended to survive an assignment.

15.3. Notice of Assignment by Vendor. Upon any such assignment, either the assignor or the assignee shall give written notice to the Trustee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Trustee of the notification of any such assignment, all payments thereafter to be made by the Trustee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

15.4. No Setoff Against Indebtedness. The Trustee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder, and for the purpose of inducing such acquisition, that the rights of the assignee to the entire unpaid Purchase Price of the Equipment or such part thereof as may be assigned together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever by the Trustee arising out of any breach of any obligation of any Builder with respect to the Equipment or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Trustee by the Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Trustee against and only against the Builders.

ARTICLE 16. DEFAULTS

16.1. Events of Default; Termination of Lease; Declaration of Default; Acceleration. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Trustee shall fail to pay or cause to be paid in full any sum payable by the Trustee when payment thereof shall be due hereunder (irrespective of the provisions of Article 4 or 22 hereof or any other provision of this Agreement limiting the liability of the Trustee) and such default shall continue for seven days after the date such payment is due and payable; or

(b) the Trustee or the Lessee shall, for more than 30 days after the earlier of the date on which the Vendor shall have demanded in writing performance thereof or the Trustee or the Lessee shall have received actual knowledge (which, in the case of the Trustee shall mean actual knowledge of an officer or an employee in the Trustee's Corporate Trust Department) of such default, fail or refuse to comply with any other provision of this Agreement (irrespective of the provisions of Article 4 or 22 hereof or any other provision of this Agreement limiting the liability of the Trustee), the Lease Assignment, the Consent or any provision of the Participation Agreement made expressly for the benefit of the Vendor, on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance; or

(c) a petition for reorganization under Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under the Lease and the Consent shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within 60 days after such

petition shall have been filed and otherwise in accordance with the provisions of 11 U.S.C. § 1168, or any successor provision, as the same may hereinafter be amended;

(d) any proceeding other than referred to in (c) above shall be commenced by or against the Trustee or the Lessee for any relief which includes, or might result in, any modification of the obligations of the Trustee hereunder or the Lessee under the Lease or the Consent under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of the Trustee under this Agreement or the Lessee under the Lease), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Trustee under this Agreement or the Lessee under the Lease or the Consent shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Trustee or the Lessee, as the case may be, or for their respective property in connection with any such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced; or

(e) any Event of Default (as defined in the Lease) shall have occurred and be continuing under the Lease unless the Trustee shall have cured the corresponding event of default hereunder within five days after written notice to the Trustee of such event of default; provided, however, that if more than four Events of Default, or more than two consecutive Events of Default, shall have occurred under clause A of § 13.1 of the Lease, any such Event of Default shall be an event of default hereunder whether or not the corresponding event of default hereunder is cured;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Trustee, the Owner and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, declare ("Declaration of Default") the entire unpaid CSA Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of the CSA Indebtedness and interest shall bear interest from the date of such Declaration of Default at the Penalty Rate to the extent legally enforceable. In addition, if the Trustee does not pay the entire unpaid CSA Indebtedness, together with the interest thereon accrued and unpaid to the date of payment within30 days of such notice of Declaration of Default, the Vendor may cause the term of the Lease immediately upon such notice to terminate; provided, however, that such termination shall not be in derogation of or impair the rights of the Trustee or the Agent (under the assignment thereof), as the case may be, to enforce compliance by the Lessee with any of its covenants and agreements under the Lease or to enforce any of its rights and remedies under § 13 of the Lease (subject to the Agent's rights to repossess and sell the Equipment as provided in this Agreement), including the rights of the Trustee or the Agent (under the assignment thereof), as the case may be, to sue for and recover damages provided for in § 13 of the Lease upon the occurrence of an Event of Default under the Lease. Upon a Declaration of Default, subject to Article 4 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the CSA Indebtedness so payable, with interest as aforesaid, and to collect such judgment out of any property of the Trustee, subject to the provisions of Articles 4 and 22 hereof, wherever situated.

16.2. Waiver of Defaults. The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Trustee and the Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default or notice of termination of the Lease had been made or given. It is agreed that time is of the essence of this Agreement and no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 17. REMEDIES

17.1. Vendor May Take Possession of Equipment. Subject to the provisions of paragraph 16.1 hereof and the Lessee's rights of possession, use and assignment under §§ 4 and 15 of the Lease, at any time during the continuance of a Declaration of Default, the Vendor may, and upon such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Trustee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 17 expressly provided, and may remove the same from possession and use of the Trustee, the Lessee or any other person and for such purpose may enter upon the premises of the Trustee or the Lessee or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Trustee or the Lessee, subject to all mandatory requirements of due process of law.

17.2. Assembling of Equipment for Vendor. In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Vendor, the Trustee shall, at its own expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any unit or units have been interchanged or which may have possession thereof to return the unit or units) and at the usual speed place such units upon such storage tracks of the Lessee as the Vendor reasonably may designate;

(b) cause such units to be stored on such tracks without charge for insurance, rent or storage until all such units of Equipment have been sold, leased or otherwise disposed of by the Vendor; and

(c) transport the same to any place on the lines of railroad operated by the Lessee or any of its affiliates or to any connecting carrier for shipment, all as directed by the Vendor.

During any storage period, the Lessee has agreed pursuant to § 14.1 of the Lease, at its own cost and expense, to insure, maintain and keep each such unit in good order and repair and to permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and the Trustee acknowledges that upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled under the Lease as assignee of the rights of the Trustee thereunder to a decree against the Lessee requiring specific performance hereof. The Trustee hereby waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

17.3. Vendor May Dispose of or Retain Equipment. At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore provided) may, at its election, retain the Equipment in satisfaction of the entire CSA Indebtedness and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Trustee, the Owner and the Lessee by telegram or registered mail, addressed as provided in § 21 of the Lease, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor should elect to retain the Equipment and no objection is made thereto within the 30-day period described in the second proviso below, all the Trustee's rights in the Equipment shall thereupon terminate and all payments made by the Trustee may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Trustee, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the CSA Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of removing and retaking possession of the Equipment, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Trustee; provided, further, that if the Trustee, the Lessee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment,

but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 17.

17.4. Vendor May Sell Equipment; Trustee's Right of Redemption. Subject to the provisions of paragraph 16.1 hereof and the Lessee's rights of possession, use and assignment under §§ 4 and 15 of the Lease, at any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon reasonable notice to the Trustee, the Owner, the Lessee and any other persons to whom the law may require notice of the time and place, may sell the Equipment, or one or more of the units thereof, free from any and all claims of the Trustee, the Lessee or any other party claiming from, through or under the Trustee or the Lessee, at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Trustee should tender full payment of the total unpaid balance of the CSA Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then upon receipt of such payment, expenses and fees by the Vendor, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Trustee. The proceeds of such sale or other disposition, less any reasonable attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

17.5. Sale of Equipment by Vendor. Any sale hereunder may be held or conducted at New York, New York, at such time or times as the Vendor may specify (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in

such manner as the Vendor may determine, so long as such sale shall be in a commercially reasonable manner. The Vendor, the Trustee or the Lessee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Trustee, the Owner and the Lessee shall be given written notice of such sale not less than 10 days prior thereto, by telegram or registered mail addressed as provided in § 21 of the Lease. In addition, if such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the rights of the Lessee and the Trustee to purchase or provide a purchaser, within 10 days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Trustee (except to the extent of surplus money received as hereinafter provided in this Article 17), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of sums due to the Vendor hereunder.

17.6. Effect of Remedies and Powers and Exercise Thereof. Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity not inconsistent herewith, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Trustee shall not otherwise alter or affect the Vendor's rights or the Trustee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Trustee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

17.7. Deficiencies. If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Trustee shall, subject to the limitations of paragraph 4.8 and Article 22 hereof, pay the amount of such deficiency to the Vendor upon demand, together with interest thereon from the date of such demand to the date of payment at the Penalty Rate, and, if the Trustee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations of paragraph 4.8 and Article 22 hereof, be entitled to recover a judgment therefor against the Trustee. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Trustee.

17.8. Expenses. The Trustee will pay all reasonable fees, costs and expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment.

17.9. Remedies Subject to Legal Requirements. The foregoing provisions of this Article 17 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 18. APPLICABLE STATE LAWS

18.1. Conflicts with State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Trustee to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

18.2. Waiver of Notices. Except as otherwise provided in this Agreement, the Trustee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights and any and all rights of redemption.

ARTICLE 19. RECORDING

The Trustee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. 11303(a) and deposited with the Registrar General of Canada (notice of such deposit to be forthwith thereafter given in The Canadian Gazette) pursuant to Section 86 of the Railway Act of Canada; and the Trustee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its title to the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Trustee will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 20. HEADINGS; EFFECT AND MODIFICATION OF AGREEMENT

20.1. Article and Paragraph Headings for Convenience Only. All article and paragraph headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

20.2. Effect and Modification of Agreement. Except for the Participation Agreement, this Agreement, including the Annexes hereto, exclusively and completely states the rights of the Vendor and the Trustee with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of

this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor and the Trustee.

ARTICLE 21. NOTICE

Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it by first class mail, postage prepaid, at its chief place of business at the following specified addresses:

(a) to the Trustee, at One Constitution Plaza, Hartford, Connecticut 06115, attention of Corporate Trust Department, with ~~a copy~~ / copies to the Owner at its address set forth in Paragraph 13 of the Participation Agreement,

(b) to each Builder, at the address specified in Item 1 of Annex A hereto,

(c) to any assignee of the Vendor, or of the Trustee, at such address as may have been furnished in writing to the Trustee, or the Vendor, as the case may be, by such assignee,

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE 22. IMMUNITIES; SATISFACTION OF UNDERTAKINGS

22.1. No Recourse Against Certain Persons. No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto or the Owner, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Agreement.

22.2. Satisfaction of Certain Covenants. The obligations of the Trustee under paragraphs 7.1, 17.2, 17.7 and 17.8 and under Articles 6, 8, 9, 10, 11, 13, 14 and 19 hereof shall be deemed satisfied in full in all respects (except, in the case of Article 13 hereof, as set forth in paragraph 13.3 thereof) by the Lessee's execution and delivery of the Lease. The Trustee shall not have any responsibility for the Lessee's failure to perform such obligations; but if the same shall not be performed, they shall constitute the basis for an event of default hereunder pursuant to Article 16 hereof. No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor; provided, however, that the Vendor shall consent to any agreement in writing between the Lessee and the Trustee increasing or decreasing the rentals or casualty values payable pursuant to §§ 3 and 7 of the Lease so long as the amounts payable thereunder are not reduced below those necessary to satisfy the obligations of the Trustee hereunder, such consent to be given by the Vendor within 30 days of delivery of a copy of any such agreement to the Vendor.

22.3. No Personal Liability of Trustee. Anything herein to the contrary notwithstanding, each and all of the representations and agreements herein made on the part of the financial institution acting as Trustee are each and every one of them made not as personal representations and agreements by said financial institution or for the purpose of binding said financial institution personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Agreement is executed and delivered by said financial institution solely in the exercise of the powers conferred upon said financial institution as trustee under the Trust Agreement; and no personal liability or responsibility is assumed by or shall at any time be asserted or enforceable against said financial institution hereunder (except as provided in paragraph 13.3 hereof) on account of any representation or agreement of the Trustee hereunder (except as provided in paragraph 13.3 hereof), either expressed or implied, all such personal liability, if any, being waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under any of them, making claim hereunder, may look to said Trust Estate for satisfaction of the same. Nothing contained in this paragraph 22.3 shall

limit or impair the rights of the Vendor to take all actions to enforce the rights and remedies provided for herein and to bring suit and obtain a judgment against the Trustee (provided that the Trustee in its fiduciary or individual capacity shall not have any personal liability on any such judgment and the satisfaction thereof shall be limited to the Trust Estate, including any interest therein of the Trustee or the Owner) or to foreclose the lien and security interest created by this Agreement or otherwise realize upon the Trust Estate, including the right to proceed against the Equipment or the Lessee under the Lease.

The Trustee agrees not to enter into any supplement or amendment of the Trust Agreement except as provided in Section 8.01 thereof as in effect on the date of execution and delivery hereof.

ARTICLE 23. LAW GOVERNING

This Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Connecticut; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. 11303, such additional rights, if any, arising out of the filing, recording or deposit hereof and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited or in which any unit of Equipment shall be located, and such rights, if any, arising out of the marking of Equipment.

ARTICLE 24. EXECUTION

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. It shall not be necessary that any counterpart be signed by all the parties so long as any counterpart be signed by the Trustee and one or more Builders. Each Builder and the Trustee shall be bound hereunder notwithstanding the failure of any other Builder to execute and deliver this Agreement or to perform its obligations hereunder. Although this Agreement is dated, for convenience, as of the date first set forth above, the actual

date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed. The rights and obligations under this Agreement of each Builder are several in accordance with its interest and not joint. Accordingly, whenever in this Agreement a right is conferred or an obligation is imposed on a Builder, such right shall be construed to accrue to or to be enforceable against only the specific Builder furnishing the units of Equipment giving rise to such right or obligation and its successors and assigns. This Agreement shall be effective when executed counterparts hereof have been delivered to Cravath, Swaine & Moore at their offices in New York, New York.

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

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity, but solely as Trustee,

[Seal]

by

Authorized Officer

Attest:

Authorized Officer

GREENVILLE STEEL CAR COMPANY,

[Corporate Seal]

by

Vice President

Attest:

Title:

THE MAXSON CORPORATION,

by R. L. Ford
Vice President

[Corporate Seal]

Attest:

Title:

STATE OF CONNECTICUT,)
) ss.:
CITY OF HARTFORD,)

On this day of January 1982, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

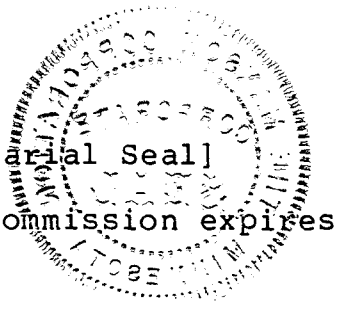
Notary Public

[Notarial Seal]

My Commission expires

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF MERCER,)

On this day of January 1982, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of GREENVILLE STEEL CAR CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



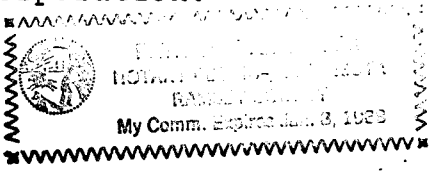
Notary Public

[Notarial Seal]

My Commission expires

STATE OF MINNESOTA,)
) ss.:
COUNTY OF RAMSEY,)

On this 19th day of January 1982, before me personally appeared R. L. Nord, to me personally known, who, being by me duly sworn, says that he is a Vice President of THE MAXSON CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Patricia L. Samuelak
Notary Public

[Notarial Seal]

My Commission expires 1-8-88

SCHEDULE I

Allocation Schedule of Each $1,000,000 of CSA Indebtedness Payable in (i) One Payment of Interest Only on June 1, 1982, and (ii) 30 Semiannual Installments of Principal, and Interest Commencing December 1, 1982

Payment Number	Date Due	Interest Payment	Principal Payment	Total Payment	Principal Balance
	June 1, 1982	*	-0-	*	$1,000,000.0
1	December 1, 1982	$ 79,375.00	$ 8,929.16	$ 88,304.16	991,070.8
2	June 1, 1983	78,666.25	9,637.91	88,304.16	981,432.9
3	December 1, 1983	77,901.24	10,402.92	88.304.16	971,030.0
4	June 1, 1984	77,075.51	11,228.65	88,304.16	959,801.3
5	December 1, 1984	76,184.23	12,119.93	88,304.16	947,681.4
6	June 1, 1985	75,222.21	13,081.95	88,304.16	934,599.4
7	December 1, 1985	74,183.83	14,120.33	88,304.16	920,479.1
8	June 1, 1986	73,063.03	15,241.13	88,304.16	905,238.0
9	December 1, 1986	71,853.27	16,450.89	88,304.16	888,787.1
10	June 1, 1987	70,547.48	17,756.68	88,304.16	871,030.4
11	December 1, 1987	69,138.04	19,166.12	88,304.16	851,864.3
12	June 1, 1988	67,616.73	20,687.43	88,304.16	831,176.9
13	December 1, 1988	65,974.67	22,329.49	88,304.16	808,847.4
14	June 1, 1989	64,202.26	24,101.90	88,304.16	784,745.5
15	December 1, 1989	62,289.17	26,014.99	88,304.16	758,730.5
16	June 1, 1990	60,224.24	28,079.92	88,304.16	730,650.6
17	December 1, 1990	57,995.39	30,308.77	88,304.16	700,341.8
18	June 1, 1991	55,589.63	32,714.53	88,304.16	667,627.3
19	December 1, 1991	52,992.92	35,311.24	88,304.16	632,316.(
20	June 1, 1992	50,190.09	38,114.07	88,304.16	594,201.9
21	December 1, 1992	47,164.78	41,139.38	88,304.16	553,062.(
22	June 1, 1993	43,899.34	44,404.82	88,304.16	508,657.7
23	December 1, 1993	40,374.71	47,929.45	88,304.16	460,728.3
24	June 1, 1994	36,570.31	51,733.85	88,304.16	408,994.4
25	December 1, 1994	32,463.94	55,840.22	88,304.16	353,154.2
26	June 1, 1995	28,031.62	60,272.54	88,304.16	292,881.7
27	December 1, 1995	23,247.49	65,056.67	88,304.16	227,825.0
28	June 1, 1996	18,083.61	70,220.55	88,304.16	157,604.5
29	December 1, 1996	12,509.86	75,794.30	88,304.16	81,810.1
30	June 1, 1997	6,493.69	81,810.21	88,303.90	-0-
	TOTAL	$1,649,124.54	$1,000,000.00		

* Interest only.

Annex A
to
Conditional Sale Agreement

Item 1: (a) Greenville Steel Car Company, a Pennsylvania corporation, Union Street, Greenville, Pennsylvania 16125.

(b) The Maxson Corporation, a Minnesota corporation, 500 Como Avenue, St. Paul, Minnesota 55103.

Item 2: The Equipment shall be settled for in not more than two Groups on January 21, 1982, and February 11, 1982, unless the parties agree otherwise.

Item 3: (a) Greenville Steel Car Company ("Greenville") warrants that its Equipment will be built in accordance with the Specifications and the standards and requirements set forth or referred to in Article 2 of this Agreement and warrants the Equipment will be free from defects in material (except as to specialties incorporated therein specified by the Lessee and not manufactured by Greenville) and workmanship and design (except as to designs specified by the Lessee and not developed by Greenville) under normal use and service, Greenville's obligation under this Item 3(a) being limited to making good at its plant any part or parts of any unit of Equipment which shall, within two years or 50,000 miles, whichever occurs first, after the delivery of such units of Equipment to the Lessee, be returned to Greenville with transportation charges prepaid and which examination by Greenville shall disclose to its satisfaction to have been thus defective. In no event shall Greenville be liable to anyone for any incidental, special or consequential damages of any kind. The foregoing warranty is expressly in lieu of all other warranties, expressed or implied, including any implied warranty of merchantibility or fitness for a particular purpose, except for its obligations or liabilities under Articles 2, 3, 4 and 14 of this Agreement, and Item 4 below, and Greenville neither assumes nor authorizes any person to assume for it any other liability in connection with the construction and delivery of the Equipment.

Greenville further agrees with the Trustee and the Lessee that neither the inspection as provided in Article 3 of this Agreement, nor any examination,

nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Trustee or the Lessee of any of their respective rights under this Item 3(a).

(b) The Maxson Corporation ("Maxson") warrants that its Equipment will be built in accordance with the Specifications and the standards and requirements set forth or referred to in Article 2 of this Agreement and warrants the Equipment will be free from defects in material (except as to specialties incorporated therein specified by the Lessee and not manufactured by Maxson) and workmanship and design (except as to designs specified by the Lessee and not developed by Maxson) under normal use and service, Maxson's obligation under this Item 3(b) being limited to making good at its plant any part or parts of any unit of Equipment which shall, within one year after the delivery of such units of Equipment to the Lessee, be returned to Maxson with transportation charges prepaid and which examination by Maxson shall disclose to its satisfaction to have been thus defective. In no event shall Maxson be liable to anyone for any incidental, special or consequential damages of any kind. The foregoing warranty is expressly in lieu of all other warranties, expressed or implied, including any implied warranty of merchantibility or fitness for a particular purpose, except for its obligations or liabilities under Articles 2, 3, 4 and 14 of this Agreement, and Item 4 below, and Maxson neither assumes nor authorizes any person to assume for it any other liability in connection with the construction and delivery of the Equipment.

Maxson further agrees with the Trustee and the Lessee that neither the inspection as provided in Article 3 of this Agreement, nor any examination, nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Trustee or the Lessee of any of their respective rights under this Item 3(b).

Item 4: Each Builder shall indemnify the Trustee, the Lessee and the Assignee against any judgment for damages and costs which may be rendered against the Trustee, Lessee or Assignee in any suit brought on account of

the alleged infringement of any United States patent by any Equipment supplied by such Builder hereunder, unless made in accordance with materials, designs or specifications furnished or designated by the Lessee, in which case the Lessee shall indemnify such Builder against any judgment for damages and costs which may be rendered against such Builder in any suit brought on account of the alleged infringement of any United States patent by such Equipment or by such materials, designs or specifications; provided that prompt written notice be given to the party from whom indemnity is sought of the bringing of the suit and that an opportunity be given such party to settle or defend it as that party may see fit and that every reasonable assistance in settling or defending it shall be rendered. Neither the Builders, the Trustee nor the Lessee shall in any event be liable to each other for special, direct, indirect, incidental or consequential damages arising out of or resulting from infringement of patents.

Item 5: The Maximum Purchase Price referred to in Article 4 of the Conditional Sale Agreement to which this Annex A is attached is $14,999,784.

Annex B
to
Conditional Sale Agreement

Type	Builder's Specifications	AAR Designation	Builder's Plant	Quantity	Lessee's Identification Numbers (Both Inclusive)	Estimated Unit Base Price	Estimated Total Base Price	Estimated Time and Place of Delivery
Greenville 100-Ton 52 foot fixed end gondola cars	6B-5075-B	GBS	Greenville, Pa.	275	47100 47103 47105 47106 47113-47116 47120 47131-47133 47137-47399	$ 46,125.36	$12,684,475	January 15, 1982, at Childs, Pa. and/or Greenville, Pa.
Maxson 100-ton depressed center flat car	45539 9/4/81	FD	St. Paul, Minn.	3	960-962	104,000	312,000	February 1982, at Builder's Plant
200-ton depressed center flat cars	45540 9/4/81	FD	St. Paul, Minn.	3	978-980	224,000	672,000	February 1982, at Builder's Plant
							$13,668,475	

ANNEX C
to Conditional
Sale Agreement

[CS&M Ref. 2483-140]

LEASE OF RAILROAD EQUIPMENT

Dated as of January 1, 1982

Between

THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY,

Lessee,

and

THE CONNECTICUT BANK AND TRUST COMPANY,
not in its individual capacity, but
solely as Trustee,

Lessor.

The rights and interests of the Lessor under this Lease are subject to a security interest in favor of Manufacturers Hanover Trust Company, as agent for a certain investor. The original of this Lease is held by said agent.

LEASE OF RAILROAD EQUIPMENT

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LEASE OF RAILROAD EQUIPMENT dated as of January 1, 1982, between THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY, a Delaware corporation ("Lessee"), and THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut banking corporation, acting not in its individual capacity but solely as Trustee ("Trustee") under a Trust Agreement dated as of the date hereof ("Trust Agreement") with GENERAL ELECTRIC CREDIT CORPORATION ("Owner").

The Trustee is entering into a Conditional Sale Agreement dated as of the date hereof ("CSA") among each of GREENVILLE STEEL CAR COMPANY and THE MAXSON CORPORATION (collectively "Builders" or severally "Builder"), wherein the Builders have severally agreed to manufacture, sell and deliver to the Trustee the units of railroad equipment described in Appendix A hereto.

Each Builder is assigning its interests in the CSA pursuant to an Agreement and Assignment dated the date hereof ("CSA Assignment") to MANUFACTURERS HANOVER TRUST COMPANY, acting as agent for an institutional investor ("Investor") under a Participation Agreement dated as of the date hereof ("Participation Agreement") among said agent, the Lessee, the Trustee, the Owner and the Investor (said agent as so acting being hereinafter, together with its successors and assigns, called "Vendor").

The Lessee desires to lease such number of units of the railroad equipment as are delivered and accepted under the CSA ("Units") at the rentals and for the terms and upon the conditions hereinafter provided.

The Trustee will assign this Lease for security to the Vendor pursuant to an Assignment of Lease and Agreement ("Lease Assignment") dated as of the date hereof, and the Lessee will consent to the Lease Assignment pursuant to a Consent and Agreement ("Consent").

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Trustee hereby leases the Units to the Lessee upon the following

terms and conditions:

§ 1. NET LEASE

This Lease is a net lease. The Lessee's obligation to pay all rentals and other amounts hereunder shall be absolute and unconditional and, except as herein specifically provided, the Lessee shall not be entitled to any abatement of rent or such other amounts, reduction thereof or setoff against rent or such other amounts, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Trustee or the Owner under this Lease or the CSA including the Lessee's rights by subrogation thereunder to any Builder or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Trustee or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final, and the Lessee shall not seek to recover all or any part of such payment from the Trustee, the Owner or the Vendor for any reason whatsoever.

§ 2. DELIVERY

The Trustee hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the CSA. Each delivery of a Unit to the Trustee under the CSA shall be deemed to be a delivery hereunder to the Lessee at the point or points within the United States of America at which such Unit is so delivered to the Trustee. Upon such delivery, the Lessee will cause an employee of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit on behalf of the Trustee under the CSA and on behalf of itself hereunder and execute and deliver to the Trustee a certificate of acceptance ("Certificate of Acceptance") in accordance with the provisions of Article 3 of the CSA, stating that such Unit has been inspected and accepted on behalf of the Lessee and the Trustee on the date of such Certificate of Acceptance and is marked in accordance with § 5.1 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The Lessee represents and warrants that, at the time of delivery of each Unit to the Lessee, such Unit will not have been used by the Lessee and no amortization or depreciation will have been claimed by the Lessee with respect thereto.

§ 3. RENTALS

3.1. Amount and Date of Payment. The Lessee agrees to pay to the Trustee, as rental for each Unit subject to this Lease, 30 consecutive semiannual payments payable, in arrears, on June 1 and December 1 in each year, commencing December 1, 1982, to and including June 1, 1997. The 30 semiannual rental payments shall each be in an amount equal to 5.8274% of the Purchase Price of each such Unit. Notwithstanding anything to the contrary set forth herein, the rental payable on each such date shall in no event be less than the payments due on each such date pursuant to Article 4 of the CSA.

3.2. Payments on Nonbusiness Days. If any of the semiannual rental payment dates referred to in § 3.1 is not a business day the semiannual rental payment otherwise payable on such date shall be payable on the next business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which

banking institutions in Pittsburgh, Pennsylvania, Hartford, Connecticut or New York, New York, are authorized or obligated to remain closed.

3.3. Instructions To Pay Vendor and Trustee. Upon execution and delivery of the Lease Assignment and until the Vendor shall have advised the Lessee in writing that all sums due from the Trustee under the CSA have been fully satisfied and discharged, the Trustee irrevocably instructs the Lessee to make all the payments provided for in this Lease, except any amounts of indemnity payable to the Trustee in its individual or fiduciary capacity, to the Vendor, for the account of the Trustee, in care of the Vendor, with instructions to the Vendor (a) first to apply such payments to satisfy the obligations of the Trustee under the CSA known to the Vendor to be due and payable on the date such payments are due and payable hereunder and (b) second, so long as no event of default, or any event which with the giving of notice or passage of time or both would constitute an event of default, under the CSA shall have occurred and be continuing, to pay any balance promptly to the Trustee or to the order of the Trustee at such place as the Trustee shall specify in writing. If the Lease Assignment is not executed and delivered, or if the Lessee shall have been advised by the Vendor in writing that all sums due from the Trustee under the CSA have been fully discharged and satisfied, the semiannual installments of rental due hereunder and any payments thereafter due pursuant to § 7 hereof shall be made to the Trustee in the manner provided in § 3.4 hereof.

3.4. Payment in Immediately Available Funds. The Lessee agrees to make each payment provided for herein as contemplated by § 3.1 in immediately available funds at or prior to 10:00 a.m. in the city where such payment is to be made.

§ 4. TERM OF LEASE

4.1. Beginning and Termination; Survival. The term of this Lease as to each Unit shall begin on the date of delivery of such Unit under the CSA and, subject to the provisions of §§ 7, 13 and 16 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due pursuant to § 3.1 hereof. The obligations of the Lessee hereunder (including, but not limited to, the obligations under §§ 6, 7, 10, 11, 12 and 17 hereof) shall survive the expiration of the term of this Lease.

4.2. Rights and Obligations of Lessee Subject to CSA. Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Vendor under the CSA. If an event of default should occur under the CSA, the Vendor may terminate this Lease (or rescind its termination) without affecting the indemnities which by the provisions of this Lease survive the termination of its term, all as provided herein; provided, however, that so long as (i) no Event of Default exists hereunder, (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled to apply the Payments as defined in the Lease Assignment in accordance with the Lease Assignment, this Lease may not be terminated and the Lessee shall be entitled to the rights of possession, use and assignment provided under § 15 hereof.

§ 5. IDENTIFICATION MARKS

5.1. Identifying Numbers; Legend; Changes. The Lessee will cause each Unit to be kept numbered with the identification number set forth in Appendix A hereto, or in the case of any Unit not there listed such identification number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words designated by the Trustee, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Trustee's and Vendor's title to and property in such Unit and the rights of the Trustee under this Lease and of the rights of the Vendor under the CSA. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, defaced, obliterated or destroyed. The Lessee will not change the identification number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Trustee and filed, recorded and deposited by the Lessee in all public offices where this Lease and the CSA shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Trustee an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect the Vendor's and the Trustee's

interests in such Units and no filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Vendor and the Trustee in such Units. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates.

5.2. Insignia of Lessee. Except as provided in § 5.1, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership.

§ 6. GENERAL TAX INDEMNIFICATION

Whether or not any of the transactions contemplated hereby are consummated, the Lessee assumes responsibility for and agrees to pay, and agrees to protect, save, keep harmless and indemnify on an after-tax basis the Trustee in both its individual and fiduciary capacities and the Vendor and their successors and assigns ("Indemnified Persons") against, all taxes, assessments, fees, withholdings and other governmental charges of any nature whatsoever, including without limitation penalties and interest (all such taxes, assessments, fees, withholdings, governmental charges, penalties and interest being hereinafter called "Taxes"), imposed on, incurred by or asserted against any Indemnified Person or any Unit in whole or in part on account of, or with respect to, this Lease or the CSA or any document referred to herein or therein or any of the transactions contemplated hereby or thereby or the manufacture, purchase, acceptance or rejection of the Units or any portion thereof or the ownership, delivery, nondelivery, leasing, re-leasing, subleasing, possession, use, transfer of title, operation, maintenance, repair, condition, sale, return, or other disposition of the Units or any portion thereof or any indebtedness with respect thereto or the rentals, receipts, earnings or gains arising therefrom; provided, however, that there shall be no indemnification hereunder for any Taxes imposed on or measured by any fees or compensation received by the Trustee or the Vendor. The Lessee shall pay all Taxes for which it assumes liability hereunder when such Taxes are due and will indemnify each Indemnified Person to the extent required by this § 6 within 10 days after receipt of a written request by such Indemnified Person for indemnification specifying the amount to be paid, the basis on which such amount was determined and the nature of the Taxes in question; provided, however, that if any Taxes are being contested in accordance with the sixth paragraph of this § 6, any payment shall be made at the time therein provided.

In the event that the Trustee shall become obligated to make any payment to a Builder or the Vendor or otherwise pursuant to any corresponding provision of the CSA not covered by the foregoing paragraph of this § 6, the Lessee shall pay such additional amounts (which shall also be deemed Taxes hereunder) to the Trustee (other than sums required to discharge liens of parties claiming by, through or under the Trustee or the Owner not arising out of the transactions contemplated hereby) as will enable the Trustee to fulfill completely its obligations pursuant to said provision.

In the event any returns, statements or reports with respect to Taxes are required to be made, the Lessee will make such returns, statements and reports in such manner as to show the interest of the Trustee and the Vendor in such Units; provided, however, that the Trustee shall, with respect to any state or political subdivision thereof of the United States of America, file such returns, statements, and reports relating to sales or use taxes, and taxes, fees, and charges on or measured by the Trustee's earnings or gross receipts arising from the Units, or the value added by the Trustee thereto, as the Lessee shall determine are required to be filed, and as shall be prepared by the Lessee, and shall remit the amount thereof upon payment by the Lessee to the Trustee (such payment to be made promptly upon demand by the Trustee therefor) of such taxes, fees and charges except as provided above. To the extent that the Trustee has information necessary to the preparation of such returns, statements and reports, it will furnish such information to the Lessee.

To the extent that the Lessee may be prohibited by law from performing in its own name the duties required by this § 6, the Trustee hereby authorizes the Lessee to act in the name of the Trustee and on its behalf; provided, however, that the Lessee shall indemnify and hold the Trustee harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action by the Lessee pursuant to this authorization.

The Lessee shall, whenever reasonably requested by the Trustee, submit to the Trustee copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Trustee of the Lessee's performance of its duties under this § 6. The Lessee shall also furnish promptly upon request such data as the Trustee reasonably may require to permit its compliance with the requirements of taxing jurisdictions.

If any taxing authority shall assert liability for any Taxes or propose an increase in the liability of any

Indemnified Person for any such Taxes (such assertion or such proposed increase being hereinafter called a "Claim"), indemnification for which would be required under this § 6, the Indemnified Person will notify the Lessee within a reasonable time of such Claim in writing. If the Lessee delivers to such Indemnified Person written notice of its desire to contest such Claim within 30 days after receipt of notice from such Indemnified Person, such Claim will be contested in accordance with this paragraph, except to the extent such Claim represents amounts payable to the Vendor under Article 6 of the CSA. The Trustee will permit the Lessee to contest such Claims under Article 6 of the CSA in accordance with the rights of the Trustee thereunder. The Indemnified Person shall have the exclusive right to conduct the contest unless such is waived in writing, in which event the contest and all preparations therefor shall be the sole responsibility of the Lessee and, in either case, shall be conducted entirely at its expense. Such Indemnified Person will cooperate with any reasonable request made by the Lessee in connection therewith; provided, however, that such Indemnified Person may in its sole discretion determine in what court or other forum such contest will be conducted and whether such contest will proceed by payment of the Taxes in contemplation of a suit for refund, and such Indemnified Person shall not be required to take any action pursuant to this paragraph unless and until the Lessee shall have agreed to indemnify such Indemnified Person in a manner satisfactory to such Indemnified Person for any liability or loss which such Indemnified Person may incur as a result of contesting the validity of any Claim and shall have agreed to pay such Indemnified Person on demand all costs and expenses which such Indemnified Person may incur in connection with contesting such Claim (including fees and disbursements of counsel). If in any such contest the decision is made to pay the Taxes and sue for a refund, the Lessee will advance to such Indemnified Person on an interest-free basis sufficient funds to pay the Taxes which are to be contested. Upon receipt by any Indemnified Person of a refund of any Taxes paid by the Lessee pursuant to this paragraph, the amount of such refund and any interest paid to such Indemnified Person with respect thereto shall be paid to the Lessee forthwith upon receipt by such Indemnified Person.

The Lessee agrees to pay all amounts due under this § 6 free of any Taxes and to indemnify each Indemnified Person against any Taxes imposed by reason of any payment made by the Lessee so that the Indemnified Person to whom or for whose benefit the payment is made shall receive an amount which, net of any Taxes or other charges required to be paid

by such Indemnified Person in respect thereof, shall be equal to the amount of payment otherwise required hereunder.

All of the obligations of the Lessee under this § 6 shall survive and continue notwithstanding the expiration of this Lease.

§ 7. PAYMENT FOR CASUALTY OCCURRENCES; INSURANCE

7.1. Definitions of Casualty Occurrence; Payments. In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever during the term of this Lease or any renewal term hereof or until such Unit is returned pursuant to §§ 14 or 17 hereof, or the Purchase Price of any Unit shall have been refunded by the Builder of such Unit pursuant to the terms of its patent indemnity therefor or any Unit shall be taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of this Lease (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully notify the Trustee and the Vendor with respect thereto. On the next succeeding semiannual rental payment date (each such date being hereinafter called a "Casualty Payment Date"), the Lessee shall pay to the Trustee a sum equal to the Casualty Value (as defined in § 7.5 hereof) of any such Unit as of such Casualty Payment Date, plus the semiannual rental in respect of such Unit accrued as of such Casualty Payment Date; provided, however, that in the event of a Casualty Occurrence during the period any Unit is being returned pursuant to §§ 14 and 17 hereof, the Lessee shall make such payment to the Trustee on a date 30 days after such Casualty Occurrence. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft, complete destruction or return to the Builder of such Unit) the Trustee shall be entitled to recover possession of such Unit.

In addition to the occurrences constituting a Casualty Occurrence under the preceding paragraph, if any Unit shall have been taken or requisitioned by the United States Government or any other governmental entity and such taking or requisition shall not theretofore constitute a

Casualty Occurrence as aforesaid, such taking or requisition shall be deemed a Casualty Occurrence if the same shall be continuing at the end of the term of this Lease, in which event the Lessee shall promptly and fully notify the Trustee with respect thereto and pay the Trustee, as the Casualty Value therefor, an amount equal to 34% of the Purchase Price of such Unit. Following such payment, the Lessee shall be entitled to receive condemnation payments in respect of such Unit up to an amount equal to such Casualty Value and any balance of such payments shall be the property of the Trustee. In the event such Unit shall be returned by the governmental entity prior to the time the Lessee shall have been reimbursed by such application of condemnation payments in an amount equal to such Casualty Value, then the Lessee shall dispose of such Unit as agent for the Trustee, and shall retain the net proceeds of such disposition to the extent that the aggregate of the amounts so retained and the condemnation payments theretofore received by the Lessee shall equal such Casualty Value, and any balance of such proceeds shall be promptly paid to the Trustee. In the event such Unit shall be returned by the governmental entity following the time the Lessee shall have been reimbursed by such application of condemnation payments in an amount equal to such Casualty Value, such Unit shall be returned by the Lessee to the Trustee in the manner provided in § 17 hereof.

7.2. Requisition by United States Government. In the event of the requisition for use by the United States Government of any Unit for a period which does not exceed the term of this Lease or for an indefinite period (except where deemed a Casualty Occurrence pursuant to the last paragraph of § 7.1 hereof), all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred. All payments received by the Trustee or the Lessee from the United States Government for the use of such Unit during the term of this Lease shall be paid over to, or retained by, the Lessee provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing.

7.3. Lessee Agent for Disposal. The Trustee hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof before and after expiration of the Lease, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Trustee

the Lessee shall be entitled to the net proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Trustee.

7.4. Payments After Expiration of Lease. If the Casualty Payment Date shall be after the term of this Lease or any renewal term thereof in respect of such Unit has expired, no rental for such Unit shall accrue after the end of such term.

7.5. Amount of Casualty Value for Units. The Casualty Value of each Unit as of the Casualty Payment Date shall be an amount equal to that percentage of the Purchase Price of such Unit as is set forth in Annex B hereto opposite the rental payment date next succeeding the actual date of such Casualty Occurrence, or if there is no such rental payment date, the last rental payment date; but in no event shall such amount be less than the Casualty Value (as defined in paragraph 7.3 of the CSA) as of such rental payment date.

7.6. No Release. Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

7.7. Insurance To Be Maintained. (1) The Lessee will, at all times prior to the return of the Units to the Trustee at its own expense, cause to be carried and maintained (i) property insurance in respect of the Units at the time subject hereto; provided, however, that the Lessee may self-insure such Units to the extent it self-insures equipment similar to the Units and to the extent such self-insurance is consistent with prudent industry practice, and (ii) public liability insurance with respect to third-party personal and property damage and the Lessee will continue to carry such insurance in such amounts and for such risks and with such insurance companies as is consistent with prudent industry practice but in any event at least comparable in amounts and against risks customarily insured against by the Lessee in respect of equipment owned or leased by it similar

in nature to the Units, in each case satisfactory to the Owner. The proceeds thereof shall be payable to the Vendor, the Trustee and the Lessee, as their interests may appear, so long as the indebtedness, if any, evidenced by the CSA shall not have been paid in full, and thereafter to the Trustee and the Lessee as their interests may appear. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days' prior notice of cancelation or material change in coverage to the Owner and the Vendor and (ii) name the Trustee, the Owner and the Vendor as additional named insureds as their respective interests may appear and, in the event such policies shall contain breach of warranty provisions, such policies shall provide that in respect of the interests of the Trustee and the Vendor in such policies the insurance shall not be invalidated by any action or inaction of the Lessee or any other person (other than the Trustee in the case of the Trustee or the Vendor in the case of the Vendor) and shall insure the Trustee and the Vendor regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Lessee or by any other person (other than the Trustee in the case of the Trustee or the Vendor in the case of the Vendor). Prior to the first date of delivery of any Unit pursuant to the CSA, and thereafter not less than 15 days prior to the expiration dates of the expiring policies theretofore delivered pursuant to this § 7, the Lessee shall deliver to the Owner duplicate originals of all policies (or in the case of blanket policies, certificates thereof issued by the insurers thereunder) for the insurance maintained pursuant to this § 7; provided, however, that if the delivery of a formal policy or certificate, as the case may be, is delayed, the Lessee shall deliver an executed binder with respect thereto and shall deliver the formal policy or certificate, as the case may be, upon receipt thereof.

(2) In the event that the Lessee shall fail to maintain insurance as herein provided, the Owner may at its option provide such insurance (giving the Lessee prompt written notice thereof) and, in such event, the Lessee shall, upon demand from time to time, reimburse the Owner for the cost thereof together with interest, on the amount of the cost to the Owner of such insurance which the Lessee shall have failed to maintain, at the rate per annum specified in § 19 hereof.

7.8. Insurance Proceeds and Condemnation Payments. If the Trustee shall receive (directly or from the Vendor) any insurance proceeds or condemnation payments in respect of such Units suffering a Casualty Occurrence, the Trustee shall pay such proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value with respect to any Unit theretofore paid by the Lessee and any balance of such proceeds or condemnation payments shall remain the property of the Trustee; provided, however, that no Event of Default shall have occurred and be continuing and the Lessee shall have made payment of the Casualty Value thereof, and accrued rentals in respect of such Units, to the Trustee. All insurance proceeds received by the Trustee (directly or from the Vendor) in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Trustee that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

§ 8. REPORTS

On or before March 31 in each year, commencing with the calendar year 1983, the Lessee will furnish to the Trustee and the Vendor an accurate statement (a) setting forth as at the preceding December 31 the total number, description and identification numbers of all Units then leased hereunder and covered by the CSA, the total number, description and identification numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year or are then undergoing repairs (other than running repairs) or then withdrawn from use pending repair (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Units as the Trustee or the Vendor may reasonably request, (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by § 5.1 hereof and by the CSA have been preserved or replaced and (c) further stating that the Lessee is in compliance under the Lease and has performed or has caused to be performed the required maintenance of the Units and that no event has occurred which with the lapse of time or notice or both would constitute an Event of Default. The Trustee, the Vendor and the Owner shall each have the right by its agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Trustee, the Vendor or the Owner may request during the continuance of this Lease.

§ 9. DISCLAIMER OF WARRANTIES

THE TRUSTEE DOES NOT MAKE, HAS NOT MADE AND SHALL NOT BE DEEMED TO MAKE OR HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE TRUSTEE DOES NOT MAKE ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE NOR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Trustee and the Lessee, are to be borne by the Lessee; but the Trustee hereby irrevocably appoints the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Trustee and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Trustee may have against any Builder under the provisions of Items 3 and 4 of Annex A of the CSA; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Trustee may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Trustee shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Trustee that the Units described therein are in all respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Trustee or the Vendor based on any of the foregoing matters.

§ 10. LAWS AND RULES

10.1. Compliance. The Lessee agrees, for the benefit of the Trustee and the Vendor, to comply in all respects (including without limitation with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of

American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units (all such laws and rules to such extent being hereinafter called "Applicable Laws"), and in the event that Applicable Laws require any alteration, replacement or addition of or to any part on any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense, in good faith, contest the validity or application of any Applicable Laws in any reasonable manner which does not, in the opinion of the Trustee or the Vendor, adversely affect the property or rights of the Trustee or the Vendor under this Lease or under the CSA.

10.2. Reports by Trustee. The Lessee agrees to prepare and deliver to the Trustee and the Vendor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Trustee and the Vendor) any and all reports (other than income tax returns, except as provided in § 6 hereof) to be filed by the Trustee with any Federal, state or other regulatory authority by reason of the ownership by the Trustee or the Vendor of the Units or the leasing thereof to the Lessee.

§ 11. MAINTENANCE

11.1. Units in Good Operating Order. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit) which is subject to this Lease in good operating order, repair and condition, ordinary wear and tear excepted, and in the same condition as other similar Equipment owned or leased by the Lessee. Without limiting the foregoing, the Lessee agrees to maintain each Unit so that such Unit will remain (i) in compliance with any and all rules of the Association of American Railroads, (ii) desirable to and suitable for immediate purchase or lease and use by a Class I line-haul railroad (not then or prospectively a debtor in any insolvency or reorganization proceedings) in the event of resale or re-lease upon an Event of Default hereunder and (iii) eligible for the Builder's warranty coverage during the applicable warranty period as specified in Annex A of the CSA.

11.2. Additions and Accessions. (1) Except as set forth in §§ 10.1 and 11.1 hereof, the Lessee, at its own cost and expense, may from time to time make such other additions, modifications and improvements to the Units during the term of this Lease as are readily removable without causing material damage to the Units and do not adversely and materially affect the value of the Units. The additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee, except to the extent such additions, modifications or improvements are made in order to comply with the second paragraph hereof.

(2) Any and all parts installed on and additions and replacements made to any Unit (i) which are not readily removable without causing material damage to such Unit and were installed or were added to such Unit in contravention of the Lessee's agreements contained in § 11.2(1) hereof, (ii) the cost of which is included in the Purchase Price of such Unit, (iii) in the course of ordinary maintenance of the Units or (iv) which are required for the operation or use of such Unit by the regulations of the Interstate Commerce Commission, the Department of Transportation or any other applicable regulatory body, shall constitute accessions to such Unit and full ownership thereof free from any lien, charge, security interest or encumbrance (except for those created by the CSA) shall immediately be vested in the Trustee and the Vendor as their respective interests may appear in the Unit itself.

§ 12. INDEMNIFICATION

12.1. Indemnified Persons. The Lessee shall pay, and shall protect, indemnify and hold the Trustee (in both its individual and fiduciary capacities), the Vendor and any assignee thereof, and their respective successors, assigns, agents and servants ("Indemnified Persons"), harmless from and against any and all causes of action, suits, penalties, claims, demands or judgments of any nature whatsoever which may be imposed on, incurred by or asserted against any Indemnified Person (including any or all liabilities, obligations, damages, costs, disbursements, expenses (including without limitation reasonable attorneys' fees and expenses of any Indemnified Person) relating thereto) in any way relating to or arising, or alleged to arise out of this Lease, the CSA or the Units, including without limitation those in any way relating to or arising or alleged to arise

out of (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, possession, use, operation, condition, sale, return or other disposition of any Unit or portion thereof, (ii) any latent and other defects whether or not discoverable by the Trustee, the Vendor or the Lessee, (iii) any claim for patent, trademark or copyright infringement, (iv) any claims based on strict liability in tort, (v) any injury to or the death of any person or any damage to or loss of property on or near the Units or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of the Units or of any other equipment in connection with the Units (whether owned or under the control of the Trustee, the Lessee or any other person) or resulting or alleged to result from the condition of any thereof; (vi) any violation, or alleged violation, of any provision of this Lease or of any agreement, law, rule, regulation, ordinance or restriction, affecting or applicable to the Units or the leasing, ownership, use, replacement, adaptation or maintenance thereof, except to the extent any such violation arises from the gross negligence or willful misconduct of the Trustee; or (vii) any claim arising out of any of the Trustee's obligations under the Lease Assignment or the Vendor's retention of a security interest under the CSA or the Lease Assignment or the Participation Agreement, except to the extent such claim arises from the gross negligence or wilful misconduct of the Trustee (all of which matters hereinabove set forth in this Article 12 being hereinafter called the "Indemnified Matters"). The Lessee shall be obligated under this § 12.1, irrespective of whether any Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person seeking to enforce the indemnification may proceed directly against the Lessee under this § 12.1 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any Indemnified Matters, the Lessee may and, upon such Indemnified Person's request, will at the Lessee's expense resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessee and approved by such Indemnified Person and, in the event of any failure by the Lessee to do so, the Lessee shall pay all costs and expenses (including without limitation reasonable attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Lessee is

required to make any indemnification payment under this § 12, the Lessee shall pay such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as determined in the sole discretion of the Indemnified Person), shall be equal to the amount of such payment. The Lessee and the Trustee each agrees to give each other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities as contained in this § 12 by the Lessee, and provided that no Event of Default (or other event which with lapse of time or notice or both would constitute an Event of Default) shall have occurred and be continuing, the Lessee shall be subrogated to any right of such Indemnified Person (except against another Indemnified Person) in respect of Indemnified Matters against which indemnity has been given. Any payments received by such Indemnified Person from any person (except the Lessee) as a result of any Indemnified Matters with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to this § 12.1 shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made. Nothing in this § 12.1 shall constitute a guarantee by the Lessee of the CSA Indebtedness of the Trustee under the CSA or a guarantee of the residual value of any Unit.

12.2. Indemnification of Builder. The Lessee agrees to indemnify, protect and hold harmless each Builder as a third-party beneficiary hereof from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against such Builder because of the use in or about the construction or operation of any Unit of any article or material specified by the Lessee and not manufactured by such Builder or of any design, system, process, formula or combination specified by the Lessee and not developed or purported to be developed by such Builder which infringes or is claimed to infringe on any patent or other right. The Lessee will give notice to such Builder of any claim known to the Lessee from which liability may be charged against such Builder hereunder.

12.3. Survival. The indemnities contained in this

§ 12 shall survive the expiration or termination of this Lease with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are made for the benefit of, and shall be enforceable by, any Indemnified Person. None of the indemnities in this § 12 shall be deemed to create any rights of subrogation in any insurer or third party against the Lessee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

§ 13. DEFAULT

13.1. Events of Default; Remedies. If, during the continuance of this Lease or any extension or renewal thereof, one or more of the following events (each such event being herein sometimes called an "Event of Default") shall occur:

A. default shall be made in payment of any amount provided for in § 3, 7 or 16 hereof, and such default shall continue for five days;

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or of the right to possession of the Units, or any thereof;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein, in the Consent, the Participation Agreement or the Indemnity Agreement (as defined in the Participation Agreement) and such default shall continue for 25 days after written notice from the Trustee or the Vendor to the Lessee specifying the default and demanding that the same be remedied;

D. any representation or warranty made by the Lessee herein, in the Participation Agreement, the Indemnity Agreement or in any certificate or statement furnished to the Trustee or the Owner pursuant to or in connection with any such agreements proves untrue in any material respect as of the date of issuance or making thereof;

E. a petition for reorganization under Title 11

of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease and the Consent shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed and otherwise in accordance with the provisions of 11 U.S.C. § 1168, or any successor provision, as the same may hereinafter be amended;

F. any other proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease and the Consent shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

G. an event of default set forth in Article 16 of the CSA shall have occurred arising out of any default

by the Lessee in performing any of its obligations hereunder or under the Consent and shall not have been cured;

then, in any such case, the Trustee, at its option, may:

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Trustee may by its agents enter upon the premises of the Lessee or other premises, insofar as the Lessee may be lawfully authorized to so permit, where any of the Units may be located, without judicial process if this can be done without breach of the peace and in accordance with due process of law, and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever; but the Trustee shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty whichever of the following amounts that the Trustee in its sole discretion shall specify, (i) a sum, with respect to each Unit, which represents (x) the excess of the present value, at the time of such termination, of the entire unpaid balance of all rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit, such present value to be computed on the basis of a 7-1/2% per annum discount, compounded semiannually from the respective dates upon which rental would have been payable hereunder had this

Lease not been terminated over the then present value of the rental which the Trustee reasonably estimates to be obtainable for each Unit during such period, such present value to be computed on the basis of a 7-1/2% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated or, if such Unit is sold, the net proceeds of the sale plus (y) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Trustee shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of rental or (ii) an amount equal to the excess, if any, of the Casualty Value as of the Casualty Payment Date on or next preceding the date of termination over the amount the Trustee reasonably estimates to be the sales value of such Unit at such time; provided, however, that in the event the Trustee shall have sold any unit, the Trustee, in lieu of collecting any amounts payable by the Lessee pursuant to the preceding clause (ii) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Trustee and the Lessee shall pay to the Trustee on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit as of the Casualty Payment Date on or next preceding the date of termination over the net proceeds of such sale.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Trustee's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

13.2. Remedies Not Exclusive; Waiver. The remedies in this Lease provided in favor of the Trustee shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law.

The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

13.3. Failure To Exercise Rights Is Not Waiver. The failure of the Trustee to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

§ 14. RETURN OF UNITS UPON DEFAULT

14.1. Return of Units. If this Lease shall terminate pursuant to § 13 hereof or Article 16 of the CSA, the Lessee shall forthwith deliver possession of the Units to the Trustee. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and shall have attached or affixed thereto any special device considered an accession thereto as provided in § 11 and shall have removed therefrom at the Lessee's expense any addition, modification or improvement which, as provided in § 11, is owned by the Lessee. For the purpose of delivering possession of any Unit or Units as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged or which may have possession thereof to return the Unit or Units) and at the usual speed place such Units upon such storage tracks of the Lessee as the Trustee reasonably may designate;

(b) cause such Units to be stored on such tracks at the risk of the Lessee without charge for insurance, rent or storage until all such Units have been sold, leased or otherwise disposed of by the Trustee; and

(c) transport the same to any place on the lines of railroad operated by the Lessee or any of its affiliates or to any connecting carrier for shipment, all as directed by the Trustee.

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Trustee shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Equipment in good order and repair and will permit the Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of any such Unit, to inspect the same. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Trustee and, if received by the Lessee, shall be promptly turned over to the Trustee. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall in addition, pay to the Trustee for each day thereafter an amount equal to the amount, if any, by which that percentage of the Purchase Price of such Unit for each such day obtained by dividing the basic lease rate as set forth in § 3.1 hereof for each semiannual payment for such Unit by 180 exceeds the actual earnings received by the Trustee on such Unit for each such day.

14.2. Trustee Appointed Agent of Lessee. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 14, the Lessee hereby irrevocably appoints the Trustee as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Trustee, to demand and take possession of such Unit in the name and on behalf of the Lessee from whosoever shall be in possession of such Unit at the time.

§ 15. ASSIGNMENT, POSSESSION AND USE

15.1. Assignment; Consent. This Lease shall be assignable in whole or in part by the Trustee without the consent of the Lessee, but the Lessee shall not be under any obligation to any assignee of the Trustee other than the Vendor except upon written notice of such assignment from the Trustee. The Lessee hereby acknowledges the assignment of this Lease pursuant to the Lease Assignment.

15.2. Lessee's Rights To Use the Units, To Permit Use Thereof by Others and To Sublease the Units. (1) So long as (i) no Event of Default exists hereunder, (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled to apply the Payments as defined in the Lease Assignment in accordance with the Lease Assignment, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease and the CSA. Without the prior written consent of the Trustee and the Vendor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them; and the Lessee shall not, without the prior written consent of the Trustee and the Vendor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of paragraph (2) of this § 15.2. The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Trustee or the Vendor or resulting from claims against the Trustee or the Vendor not related to the ownership of the Units or any encumbrance on the leasehold estate of the Lessee which is subject and subordinate to the interests of the Trustee and the Vendor) upon or with respect to any Unit, including any accession thereto, or the interest of the Trustee, the Vendor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises.

(2) So long as no Event of Default exists hereunder and no event of default exists under the CSA, the Lessee shall be entitled to the possession and use of the Units by it or any affiliate upon lines of railroad owned or operated by it or any such affiliate or upon lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract and shall be entitled to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements and to sublease the Units, but only upon and subject to all the terms and conditions of this Lease and the CSA; provided, however, that the Lessee shall not sublease or use or permit the sublease or use of any Unit outside the United States except on a temporary basis for a maximum of 90 days in any taxable year of the Owner in Canada and/or Mexico, nor shall the Lessee sublease to, or permit the sublease or use of the Units by, any person in whose hands such Units would not qualify as "section 38 property" within the meaning of the Internal Revenue Code of 1954, as

amended, to the date hereof. Without in any way limiting the foregoing, the Lessee shall not sublease or use or permit the sublease or use of Units at any one time having a Casualty Value in excess of 15% of the aggregate Casualty Value of the Units then subject to the Lease in Canada and/or Mexico. The Lessee may receive and retain compensation for the use of any of the Units from railroads or other entities so using such Units. Any sublease permitted by this paragraph may provide that the sublessee, so long as it shall not be in default under such sublease, shall be entitled to the possession of the Units included in such sublease and the use thereof; provided, however, that every such sublease shall be subject and subordinate to the rights and remedies of the Vendor under the CSA and the Trustee under this Lease in respect of the Units covered by such sublease.

15.3. Transfers by Lessee Through Merger, Acquisition or Consolidation. Nothing in this § 15 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, provided that (a) such successor will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease, (b) after the effectiveness of such merger, consolidation or acquisition, such successor shall have a positive net worth at least equal to that of the Lessee prior thereto and such successor, shall be a "railroad" within the meaning of 11 U.S.C. § 101(33) and shall have assumed all the obligations of the Lessee under this Lease, the Consent, the Participation Agreement and the Indemnity Agreement and (c) such successor furnishes a written consent and all statements and reports at the time and in the manner provided in Section 5c.168(f)(8)-2(a)(5) of the Temporary Regulations (or any comparable successor regulation) under Section 168(f)(8) of the Internal Revenue Code.

§ 16. PURCHASE OPTION: DUTY OF FIRST OFFER

16.1. Purchase Option. If this Lease shall not have been earlier terminated and the Lessee shall not be in default hereunder, the Lessee may, by written notice delivered to the Trustee not less than one (1) year prior to the end of the term of this Lease, elect to purchase all but not less than all the Units then covered by this Lease for an amount

equal to 50% of the aggregate Purchase Price (as defined in the CSA) of such Units, which amount shall be payable in immediately available funds to the Trustee on the last day of the term of this Lease at such place and in such manner as the Trustee shall direct (such right to elect to purchase, the "Purchase Option"). Any such purchase shall be free and clear of all the Trustee's rights to such Units, but otherwise shall be made without warranties other than against the Trustee's acts.

16.2 Duty of First Offer. If this Lease shall not have been earlier terminated and the Lessee shall not be in default hereunder, and if the Lessee does not elect to exercise the Purchase Option, then the Lessee, not later than six (6) months prior to the end of the term of this Lease, by written notice furnished to the Trustee, shall inform the Trustee as to whether it desires that there should be a duty of first offer to the Lessee with respect to the sale of the Units then covered by this Lease, at the end of the term of this Lease or at any time during the first year thereafter. If the Lessee does so notify the Trustee of its desire that there should be a duty of first offer to sell those Units to the Lessee, in the event that there is an election to sell those Units or any of them (the "Subject Units") to third parties effective upon the expiration of the term of this Lease or not later than one (1) year thereafter the Trustee shall give written notice of such election to the Lessee, and the Trustee and the Lessee shall determine the Fair Market Value of the Subject Units as provided in § 16.3 hereof, and the Trustee, at its sole option, may solicit in a commercially reasonable manner offers to buy the Subject Units (excepting additions, modifications and improvements which may be removed by the Lessee as provided herein). The purchase price for the Subject Units shall be the higher of the Fair Market Value of those Units or the sale price set forth in the highest bona fide offer for the Subject Units actually recived by the Trustee. The Lessee shall accept the offer, if at all, by written notice delivered to the Trustee not later than thirty (30) days after the Fair Market Value of the Subject Units has been determined and it has received true and correct copies of any offer for the Subject Units received by the Trustee. If the Lessee shall fail to give notice of its desire that there should be a duty of first offer or of its acceptance of the offer within the time periods and as otherwise provided herein, there shall be no further duty of first offer to the Lessee with respect to the Subject Units. If the Lessee accepts the offer, the purchase price for Units shall be paid to the Trustee by the

equal to 50% of the aggregate Purchase Price (as definded in the CSA) of such Units, which amount shall be payable in immediately available funds to the Trustee on the last day of the terms of this Lease at such place and in such manner as the Trustee shall direct (such right to elect to purchase, the "Purchase Option"). Any such purchase shall be free and clear of all the Trustee's rights to such Units, but otherwise shall be made without warranties other than against the Trustee's acts.

16.2. Duty of First Offer. If this Lease shall not have been earlier terminated and the Lessee shall not be in default hereunder, and if the Lessee does not elect to exercise the Purchase Option, then the Lessee, not later than six (6) months prior to the end of the term of this Lease, by written notice furnished to the Trustee, shall inform the Trustee as to whether it desires that there should be a duty of first offer to the Lessee with respect to the sale of any Units then covered by this Lease (the "Subject Units") at the end of the term of this Lease or at any time during the first year thereafter. If the Lessee does so notify the Trustee of its desire that there should be a duty of first offer to sell those Units to the Lessee, in the event that there is an election to sell those Units to third parties effective upon the expiration of the term of this Lease or not less than one (1) year thereafter the prospective seller (the "offeror") shall give written notice of such election to the Lessee, and the offeror and the Lessee shall determine the Fair Market Value of those Units as provided in § 16.3 hereof, and the offeror, at its sole option, may solicit in a commercially reasonable manner offers to buy the Subject Units (excepting additions, modifications and improvements which may be removed by the Lessee as provided herein). The purchase price for the Subject Units shall be the higher of the Fair Market Value of those Units or the sale price set forth in the highest bona fide offer for those Units actually received by the offeror. The Lessee shall accept the offer, it at all, by written notice delivered to the offeror not later than thirty (30) days after the Fair Market Value of the Subject Units has been determined and it has received true and correct copies of any offer for those Units received by the offeror. If the Lessee shall fail to give notice of its desire that there should be a duty of first offer or of its acceptance of the offer within the time periods and as otherwise provided herein, there shall be no further duty of first offer to the Lessee with respect to the Subject Units. If the Lessee accepts the offer, the purchase price for those Units shall be paid to

the offeror by the Lessee not later than sixty (60) days after the determination of the Fair Market Value of those Units, at which time the offeror will execute and deliver to the Lessee a bill of sale such as will transfer title to those Units free of claims, liens and encumbrances created or arising through the offeror other than those which the Lessee is obligated to discharge pursuant to the terms of this Lease.

16.3. Fair Market Value. The Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the purchase price (as of such date as the context herein requires), which would obtain in an arm's-length transaction between an informed and willing purchaser, and an informed and willing seller, under no compulsion to sell. In making such determination, costs of removal from the location of current use shall not be deducted from such purchase price, and it shall be assumed that the Subject Units have been collected in one place on the lines of the Lessee within the continental United States as directed by the seller. If, after 20 days from the giving of notice by the Lessee, as provided in § 16.2 of its election to accept the offer to sell the Subject Units, or exercise its right to extend the Lease, the offeror and the Lessee are unable to agree upon a determination of the Fair Market Value of those Units, such purchase price shall be deterined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such purchase price by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 15 business days after such notice is given, each party shall appoint an independent appraiser within 20 business days after such notice is given, and the two appraisers so appointed shall within 25 business days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 25 business days after such notice is given, either party may request the American Arbitration Association to make such appointment, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Value, as the case may be, of the Subject Units, within 30 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the deter-

Lessee in immediately available funds not later than sixty (60) days after the determination of the Fair Market Value of the Subject Units, at which time the Trustee will execute and deliver to the Lessee a bill of sale such as will transfer title to the Subject Units free of claims, liens and encumbrances created or arising through the Trustee other than those which the Lessee is obligated to discharge pursuant to the terms of this Lease.

16.3. Fair Market Value. The Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the purchase price (as of such date as the context herein requires), which would obtain in an arm's-length transaction between an informed and willing purchaser, and an informed and willing seller, under no complusion to sell. In making such determination, costs of removal from the location of current use shall not be deducted from such purchase price, and it shall be assumed that the Subject Units have been collected in one place on the lines of the Lessee within the continental United States as directed by the seller. If, after 20 days from the giving of notice to the Lessee, as provided in § 16.2 of the Trustee's election to sell the Subject Units, and the Trustee and the Lessee are unable to agree upon a determination of the Fair Market Value of the Subject Units, such purchase price shall be determined in accordance with the foregoing definition by the following procedure. If either party to such determination shall have given written notice to the other requesting determination of such purchase price by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 15 business days after such notice is given, each party shall appoint an independent appraiser within 20 business days after such notice is given, and the two appraisers so appointed shall within 25 business days after such notice is given appoint a third independent appraiser. If no such third appriaser is appointed within 25 business days after such notice is given, either party may request the American Arbitration Association to make such appointment, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Value, as the case may be, of the Subject Units, within 30 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the deter-

mination of Fair Market Value of the single appraiser shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from that of the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the Fair Market Value. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Value, and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. Except as otherwise provided herein, the Lessee and the ~~offeror~~ Trustee shall equally share all appraisal procedure expenses.

§ 17. RETURN OF UNITS UPON EXPIRATION OF TERM

As soon as practicable on or after the expiration of this Lease with respect to any Unit, and in any event not later than 90 days thereafter, the Lessee will, at its own cost and expense, at the request of the Trustee, deliver possession of such Unit to the Trustee upon such storage tracks of the Lessee as the Trustee may reasonably designate, or, in the absence of such designation, as the Lessee may select, and permit the Trustee to store such Unit on such tracks for a period not exceeding 180 days from the date of which at least 90% of the Units then subject to this Lease are first placed in storage, and transport the same upon disposition of the Units, at any time within such 180-day period, to any interchange point on the Lessee's lines, all as directed by the Trustee, the movement and storage of such Units to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Trustee or any prospective purchaser, the rights of inspection granted under this sentence. Each Unit returned to the Trustee pursuant to this § 17 shall (i) be in the same operating order, repair and condition as when

originally delivered to the Lessee, reasonable wear and tear excepted, (ii) meet the standards then in effect under the applicable rules of any governmental agency or other organization with jurisdiction and (iii) have attached or affixed thereto any special device considered an accession thereto as provided in § 11 hereof and have removed therefrom any such device not so considered an accession. During any such storage period the Lessee shall maintain the Units in such manner as the Lessee normally maintains similar units of railroad equipment owned or leased by it in similar storage circumstances. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Trustee shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units.

§ 18. RECORDING

The Lessee, at its own expense, will cause this Lease, the CSA, the CSA Assignment and the Lease Assignment (a) to be duly deposited in the office of the Registrar General of Canada and will cause the required notice of such deposit forthwith thereafter to be published in The Canada Gazette in accordance with Section 86 of the Railway Act of Canada and (b) to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303(a). The Lessee will undertake the filing, registering, deposit, and recording required of the Trustee under the CSA. The Lessee in addition will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Trustee or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Trustee's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the CSA, the CSA Assignment and the Lease Assignment; and the Lessee will promptly furnish to the Vendor and the Trustee evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Trustee. This Lease, the CSA, the CSA Assignment and the Lease Assignment shall be filed with the Interstate Commerce Commission and deposited in the office of the Registrar General prior to the delivery and acceptance hereunder of any Unit.

§ 19. INTEREST ON OVERDUE RENTALS

Any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, an amount equal to interest at 16-7/8% per annum of the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

§ 20. TRUSTEE'S RIGHT TO PERFORM FOR THE LESSEE

If the Lessee fails to perform or comply with any of its agreements contained herein, the Trustee may (but shall have no obligation to do so) upon notice to the Lessee perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Trustee (including reasonable counsel fees, if any) incurred in connection with such performance or compliance, together with interest on such amount at 16-7/8% per annum, shall be payable by the Lessee upon demand except as otherwise provided in this Lease. No such performance or compliance by the Trustee shall be deemed a waiver of the rights and remedies of the Trustee or any assignee of the Trustee against the Lessee hereunder or be deemed to cure the default of the Lessee hereunder (it being understood between the Trustee and the Vendor that the Trustee shall have the cure rights provided in paragraph 16.1(e) of the CSA).

§ 21. NOTICES

Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when mailed, first class, postage prepaid, addressed as follows:

(a) if to the Trustee, at One Constitution Plaza, Hartford, Connecticut 06115, Attention of Corporate Trust Department with ~~a copy~~ copies to the Owner at its address set forth in Paragraph 13 of the Participation Agreement; and

(b) if to the Lessee, at 406 P&LE Terminal Building, Pittsburgh, Pennsylvania 15219, Attention of Hugh P. Nesbitt, Vice President-Finance and Treasurer,

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

§ 22. SEVERABILITY

Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

§ 23. EFFECT AND MODIFICATION OF LEASE

Except for the Participation Agreement and the exhibits thereto, this Lease exclusively and completely states the rights of the Trustee and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Trustee and the Lessee.

§ 24. THIRD-PARTY BENEFICIARIES

Nothing in this Lease shall be deemed to create any right in any person not a party hereto (other than the Owner, the Vendor, the Investors, the Builders and the permitted successors and assigns of a party) and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of a third party except as aforesaid.

§ 25. EXECUTION

This lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor pursuant to the Lease Assignment shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 26. LAW GOVERNING

The terms of this Lease and all rights and obliga-

tions hereunder shall be governed by the laws of the Commonwealth of Pennsylvania; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

§ 27. IMMUNITIES; NO RECOURSE

(1) No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto or the Owner, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Lease.

(2) Anything herein to the contrary notwithstanding, each and all of the representations, undertakings and agreements herein made on the part of the financial institution acting as Trustee are each and every one of them made not as personal representations and agreements by said financial institution, including its successors and assigns, or for the purpose of binding said financial institution personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Lease is executed and delivered by the Trustee solely in the exercise of the powers conferred upon the Trustee as trustee under the Trust Agreement; and no personal liability is assumed by or shall at any time be asserted or enforceable against the Trustee or the Owner on account of any representation or agreement herein of the Trustee, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee.

§ 28. AGREEMENTS FOR BENEFIT OF OWNER AND TRUSTEE'S ASSIGNS

All rights of the Trustee hereunder (including, but not limited to, its rights under §§ 6, 7, 9, 12, 13, 14 and 17 and the right to receive the rentals payable under this

Lease) shall inure to the benefit of the Owner and any of its assigns under the Trust Agreement and the Trustee's assigns (including the Vendor).

§ 29. TERM TRUSTEE

Whenever the term Trustee is used in this Lease it shall apply and refer to the Trustee and any assignee of the Trustee (including, so long as any indebtedness under the CSA or interest thereon shall remain unpaid or any other obligation thereunder be continuing, the Vendor).

§ 30. APPLICATION OF SECTION 168(f)(8) OF THE CODE

The Lessee and the Lessor hereby characterize this Lease as a lease pursuant to which the Lessor is the lessor and owner of the Equipment and the Lessee is the lessee of the Equipment and hereby elect to have the provisions of Section 168(f)(8) of the Internal Revenue Code ("Code") apply with respect to this Lease. Each party agrees to elect, pursuant to Section 168(f)(8)(A) of the Code, to have Section 168(f)(8) of the Code apply with respect to this Lease. The Lessor and the Lessee, or if necessary the common parent of the Lessee's affiliated group, have signed concurrently herewith duplicate copies of Internal Revenue Service Form 6793 and will jointly file such Form on or before 30 days after this Lease is first executed, and each hereby agrees to attach and file with its income tax return for the year in which this Lease begins a copy of such Form.

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

THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY,

by

_____
President

[Corporate Seal]

Attest:

_____
Assistant Secretary

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Trustee,

by

_____
Authorized Officer

[Corporate Seal]

Attest:

_____
Authorized Officer

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF ALLEGHENY,)

On this day of January 1982 before me personally appeared , to me personally known, who, being by me duly sworn, says that he is the President of THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

[Notarial Seal] Notary Public

My Commission expires

STATE OF CONNECTICUT,)
) ss.:
CITY OF HARTFORD,)

On this day of January 1982 before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

[Notarial Seal] Notary Public

My Commission expires

APPENDIX A TO LEASE

Type	Builder's Specifications	Builder's Plant	Quantity	Lessee's Identification Numbers (Both Inclusive)	Estimated Unit Base Price	Estimated Total Base Price	Estimated Place of Delivery
Greenville							
100-ton 52 foot fixed end gondola cars AAR Des: GBS	6B-5075-B	Greenville, Pa.	275	47100 47103 47105 47106 47113-47116 47120 47131-47133 47137-47399	$ 46,125.36	$ 12,684,475	January 15, 1982, at Childs, Pa., and/or Greenville, Pa.
Maxson							
100-ton depressed center flat cars AAR Des: FD	45539 9/4/81	St. Paul, Minn.	3	960-962	104,000	312,000	February 1982, at Builder's Plant
200-ton depressed center flat cars AAR Des: FD	45540 9/4/81	St. Paul, Minn.	3	978-980	224,000	672,000	February 1982, at Builder's Plant
						$13,668,475	

APPENDIX B TO LEASE

Casualty Values

Casualty Payment Dates	Percentage of Purchase Price*
Interim Period to December 1, 1982	95.11
June 1, 1983	96.76
December 1, 1983	97.96
June 1, 1984	98.71
December 1, 1984	98.99
June 1, 1985	98.80
December 1, 1985	98.09
June 1, 1986	96.86
December 1, 1986	95.21
June 1, 1987	93.48
December 1, 1987	91.67
June 1, 1988	89.76
December 1, 1988	87.76
June 1, 1989	85.65
December 1, 1989	83.43
June 1, 1990	81.08
December 1, 1990	78.60
June 1, 1991	75.97
December 1, 1991	73.19
June 1, 1992	70.24
December 1, 1992	67.13
June 1, 1993	63.89
December 1, 1993	60.54
June 1, 1994	57.08
December 1, 1994	53.51
June 1, 1995	49.83
December 1, 1995	46.04
June 1, 1996	42.14
December 1, 1996	38.12
June 1, 1997	34.00

If the period of time from the delivery date for any particular Unit to the date upon which the Casualty Occurrence for such Unit occurs is less than five years, the Casualty

---

* As defined in the CSA

Value set forth in the above schedule will be increased by a percentage of the Purchase Price for such Unit as follows:

Period from Delivery Date to Event of Loss	Increase in Casualty Value
Less than 1 year	19.23%
1 year or more but less than 2 years	15.38%
2 years or more but less than 3 years	11.54%
3 years or more but less than 4 years	7.69%
4 years or more but less than 5 years	3.85%

[CS&M Ref. 2483-140]

ANNEX D
to
Conditional Sale Agreement

ASSIGNMENT OF LEASE AND AGREEMENT dated as of January 1, 1982 ("Assignment"), by and between THE CONNECTICUT BANK AND TRUST COMPANY, not individually but solely in its capacity as Trustee ("Trustee") under a Trust Agreement dated as of the date hereof with the parties named therein ("Trust Agreement"), and MANUFACTURER HANOVER TRUST COMPANY, not in its individual capacity, but solely as Agent ("Vendor") under a Participation Agreement dated as of the date hereof.

The Trustee is entering into a Conditional Sale Agreement dated as of the date hereof ("CSA") with each of GREENVILLE STEEL CAR COMPANY and THE MAXSON CORPORATION (collectively "Builders" and severally "Builder") providing for the sale to the Trustee of such units of railroad equipment ("Units") described in Annex B thereto as are delivered to and accepted by the Trustee thereunder.

The Trustee and THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY ("Lessee") have entered into a Lease of Railroad Equipment dated as of the date hereof ("Lease") providing for the leasing of the Units by the Trustee to the Lessee.

In order to provide security for the obligations of the Trustee under the CSA and as an inducement to the Vendor to invest in the CSA Indebtedness (as defined in paragraph 4.3(b) of the CSA), the Trustee agrees to assign for security purposes its rights in, to and under the Lease to the Vendor.

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Trustee hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Trustee under the CSA, all the Trustee's right, title and interest, powers, privileges and other benefits under the Lease including those inuring to the benefit of the Owner (other than the Trustee's

and the Owner's rights under §§ 6, 7.7(2), 12, 16 and 20 of the Lease), including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Trustee from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Trustee is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Trustee hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Trustee or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Trustee is or may become entitled under the Lease and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Trustee pursuant to the Lease. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Trustee under the CSA, and, so long as no event of default or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default thereunder, shall have occurred and be continuing, any balance shall be paid to the Owner on the same date such Payment is applied to satisfy such obligations of the Owner, by check mailed to the Owner on such date or, upon written request of the Owner, by bank wire to the Owner at such address as may be specified to the Vendor in writing, and such balance shall be retained by the Trustee. If the Vendor shall not receive any rental payment under § 3.1 of the Lease when due, the Vendor shall notify the Trustee and the Owner at the address set forth in the Lease; provided, however, that the failure of the Vendor to so notify the Trustee and the Owner shall not affect the obligations of the Trustee hereunder or under the CSA, except that the Vendor may not terminate the Lease or make a Declaration of Default under paragraph 16.1 of Article 16 of the CSA due to an event of default arising by reason of the failure of the Lessee to make any such rental payment which, pursuant to paragraph (e) of said paragraph 16.1, would not constitute an event of default thereunder if the Trustee complies with the provisions thereof, unless such event of default is not remedied within five days after notification as aforesaid is given.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify the liability of the Trustee under the Lease, it being understood and agreed that, notwithstanding this Assignment or any subsequent assignment, all obligations of the Trustee to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Trustee or persons other than the Vendor.

3. The Trustee will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides is to be performed by the Trustee; without the written consent of the Vendor, the Trustee will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Trustee agrees that any amendment, modification or termination thereof without such consent shall be void.

4. The Trustee does hereby constitute the Vendor the Trustee's true and lawful attorney, irrevocably, with full power (in the name of the Trustee, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Trustee is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Vendor may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all sums due from the Trustee under the CSA, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Trustee. Promptly following such full discharge and satisfaction, the Vendor agrees that it will advise the Lessee in writing that all sums due from the Trustee under the CSA have been fully discharged and satisfied and instruct the Lessee that no

further payments under the Lease are to be made to the Vendor.

6. The Trustee will, from time to time, execute, acknowledge and deliver any and all further instruments reasonably requested by the Vendor in order to confirm or further assure the interest of the Vendor hereunder.

7. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

8. This Assignment shall be governed by the laws of the State of Connecticut, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

9. The Trustee shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor.

10. The Vendor hereby agrees with the Trustee that the Vendor will not, so long as no event of default under the CSA has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Trustee to the Vendor by this Assignment, except the right to collect and apply the Payments as provided in Paragraph 1 hereof, and that, subject to the terms of the Lease and the CSA, the Trustee may, so long as the Vendor is not seeking to receive and collect such Payments and so long as no event of default under the CSA has occurred and is then continuing, exercise or enforce, or seek to exercise or enforce, its rights, powers, privileges and remedies arising out of § 13.1(a) of the Lease; provided, however, that the Trustee shall not, without the prior written consent of the Vendor, terminate the Lease or otherwise exercise or enforce, or seek to exercise or enforce, any rights, powers, privileges and remedies arising out of § 13.1(b) of the Lease.

11. It is expressly understood and agreed by and between the parties hereto, anything in this Agreement to the contrary notwithstanding, that each and all of the representations, warranties and agreements in this Agreement made on the part of the financial institution acting as Trustee

hereunder are each and every one of them made and intended not as personal representations, warranties and agreements by said financial institution, or for the purpose or with the intention of binding said financial institution personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Agreement is executed and delivered by the said financial institution solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the said financial institution or the Owner on account of any representation, warranty or agreement herein of the Trustee or the Owner either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under the Vendor, making claim hereunder, may look to said Trust Estate for the satisfaction of the same.

12. This Assignment may be executed in any number of counterparts, but the counterpart delivered to the Vendor shall be deemed to be the original counterpart. Although for convenience this Assignment is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

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

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity, but solely as Trustee,

by

_____
Authorized Officer

[Corporate Seal]

Attest:

_____
Authorized Officer

MANUFACTURERS HANOVER TRUST COMPANY,
not in its individual capacity,
but solely as Agent,

by _____
Assistant Vice President

[Corporate Seal]

Attest:

_____
Assistant Trust Officer

STATE OF CONNECTICUT,)
) ss.:
CITY OF HARTFORD,)

On this day of January 1982, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

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

On this day of January 1982, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Assistant Vice President of MANUFACTURERS HANOVER TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said company and that said instrument was signed and sealed on behalf of said company by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

Notary Public

[Notarial Seal]

My Commission expires

CONSENT AND AGREEMENT

THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY ("Lessee"), the lessee named in the Lease ("Lease") referred to in the foregoing Assignment of Lease and Agreement ("Lease Assignment"), hereby (a) acknowledges receipt of a copy of the Lease Assignment and (b) consents to all the terms and conditions of the Lease Assignment and agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities (except any indemnities payable to the Trustee in its individual or fiduciary capacity pursuant to §§ 6 and 12 of the Lease) and other moneys provided for in the Lease (which moneys are hereinafter called "Payments") due and to become due under the Lease directly to Manufacturers Hanover Trust Company, as Agent ("Vendor"), the assignee named in the Lease Assignment, at 40 Wall Street, New York, New York 10015, attention of Corporate Trust Department (or at such other address as may be furnished in writing to the Lessee by the Vendor);

(2) the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Vendor were named therein as the Trustee;

(3) the Vendor shall not, by virtue of the Lease Assignment, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) the Lease shall not, without the prior written consent of the Vendor, be terminated or modified, nor shall any action be taken or omitted by the Lessee the taking or omission of which might result in an alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement, when accepted by the Vendor by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the Commonwealth of Pennsylvania and, for all purposes, shall be construed in

accordance with the laws of said Commonwealth.

THE PITTSBURGH AND LAKE ERIE
RAILROAD COMPANY,

by

_____
President

[Corporate Seal]

Attest:

_____
Assistant Secretary

The foregoing Consent and Agreement is hereby accepted as of January 1, 1982.

MANUFACTURERS HANOVER TRUST
COMPANY, not in its individual
capacity, but solely as Agent,

by

_____
Assistant Vice President

[CS&M Ref. 2483-140]

CONDITIONAL SALE AGREEMENT

Dated as of January 1, 1982

among

THE CONNECTICUT BANK AND TRUST COMPANY,
not in its individual capacity but
solely as Trustee,

GREENVILLE STEEL CAR COMPANY

and

THE MAXSON CORPORATION

CONDITIONAL SALE AGREEMENT

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CONDITIONAL SALE AGREEMENT dated as of January 1, 1982, among each of GREENVILLE STEEL CAR COMPANY, a Pennsylvania corporation, THE MAXSON CORPORATION , a Minnesota corporation (collectively "Builders" or severally "Builder" or collectively or severally "Vendor" as the context may require, all as more particularly set forth in Article 1 hereof), and THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut banking corporation, acting not in its individual capacity but solely as Trustee ("Trustee") under a Trust Agreement dated as of the date hereof ("Trust Agreement") with GENERAL ELECTRIC CREDIT CORPORATION ("Owner").

The Builders severally agree to construct, sell and deliver to the Trustee, and the Trustee agrees to purchase, subject to the terms and conditions hereof, the equipment described in Annex B hereto ("Equipment").

The Trustee is entering into a lease with THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY, a Delaware corporation ("Lessee") in substantially the form annexed hereto as Annex C ("Lease").

MANUFACTURERS HANOVER TRUST COMPANY ("Assignee"), is acting as agent for an institutional investor (together with any assignees, "Investors") pursuant to a Participation Agreement dated as of the date hereof ("Participation Agreement") among the Lessee, the Assignee, the Trustee, the Owner and such investor.

NOW, THEREFORE, in consideration of the mutual promises and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. ASSIGNMENT; DEFINITIONS

1.1. Contemplated Sources of Purchase Price; Assignment. The parties hereto contemplate that the Trustee will furnish 40% of the Purchase Price (as defined in paragraph 4.1 hereof) of the Equipment and that an amount

equal to the balance of such Purchase Price shall be paid to the appropriate Builder by the Assignee pursuant to an Agreement and Assignment dated as of the date hereof ("CSA Assignment") among the Builders and the Assignee.

1.2. Lease Assignment. The Trustee will assign to the Vendor, as security for the payment and performance of all the Trustee's obligations hereunder, all right, title, and interest of the Trustee in and to the Lease, pursuant to an Assignment of Lease and Agreement in substantially the form of Annex D hereto ("Lease Assignment"), and the Lessee shall acknowledge and consent thereto pursuant to a Consent and Agreement substantially in the form attached to the Lease Assignment ("Consent").

1.3. Meaning of "Builder" and "Vendor". The term "Builder", whenever used in this Agreement, means, both before and after any assignment of its rights hereunder, the party hereto which has manufactured the Equipment to be constructed and sold hereunder and any successor or successors for the time being to its manufacturing properties and business. The term "Vendor", whenever used in this Agreement, means, before any such assignment, the Builder or Builders, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights, as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment. Any reference herein to this Agreement or any other agreement shall mean said agreement and all amendments and supplements hereto or thereto then in effect.

The rights and obligations of the Builders under this Agreement are several in accordance with their interests and not joint. Accordingly, whenever this Agreement, by the use of such designation as "the Vendor", "such Builder" or other similar term, confers a right or imposes an obligation upon a corporation manufacturing and selling equipment hereunder, such right or obligation shall be construed to accrue to or to be enforceable against only the specific corporation furnishing the units of Equipment giving rise to such right or obligation and its successors as herein provided.

ARTICLE 2. CONSTRUCTION AND SALE

Pursuant to this Agreement, each Builder shall construct its Equipment at its plant described in Annex B hereto, and will conditionally sell and deliver its Equipment to the Trustee, and the Trustee will purchase from such Builder and accept delivery of and pay for such Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Annex B hereto and in accordance with such modifications thereof as may be agreed upon in writing between the Builder, the Trustee and the Lessee (which specifications and modifications, if any, are hereinafter called "Specifications"). Each Builder represents and warrants that (i) the design, quality and component parts of each unit of its Equipment to be delivered by such Builder under this Agreement shall conform, on the date of delivery and acceptance thereof, to all Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards, if any, recommended by the Association of American Railroads reasonably interpreted as being applicable to railroad equipment of the character of such unit and (ii) each such unit will be new railroad equipment.

ARTICLE 3. INSPECTION AND DELIVERY

3.1. Place of Delivery. Each Builder will deliver its Equipment to the Trustee at the place or places specified in Annex B hereto (or if Annex B does not specify a place or places, at the place or places designated from time to time by the Trustee), freight charges and storage charges, if any, prepaid, in accordance with the delivery schedule set forth in Annex B hereto; provided, however, that no delivery of any unit of Equipment shall be made until this Agreement and the Lease have been filed pursuant to 49 U.S.C. § 11303 and that no Builder shall have any obligation to deliver any unit of Equipment hereunder subsequent to the commencement of any proceedings specified in clauses (c) or (d) of paragraph 16.1 hereof; subsequent to the occurrence of any event of default (as described in paragraph 16.1 hereof), or event which, with the lapse of time and/or demand, could constitute such an event of default. Each Builder agrees not to deliver any unit of its Equipment hereunder following receipt of written notice from the Trustee or the Assignee of the commencement of any such proceedings or the occurrence of any such event, as aforesaid until such time as such written notice may be canceled by a further written notice.

3.2. Force Majeure. Each Builder's obligation as to time of delivery is subject, however, to delays resulting from causes beyond such Builder's reasonable control, including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors.

3.3. Exclusion of Equipment. Any Equipment not delivered pursuant to paragraph 3.1 hereof and any Equipment not delivered and accepted hereunder on or before June 1, 1982, shall be excluded from this Agreement, and the Trustee shall be relieved of its obligation to purchase and pay for such Equipment. If any Equipment shall be excluded herefrom pursuant to the preceding sentence, the affected parties hereto shall execute an agreement supplemental hereto limiting this Agreement to the Equipment not so excluded herefrom. In the event of any such exclusion of any unit of Equipment herefrom pursuant to the foregoing provisions of this paragraph 3.3 or pursuant to paragraph 4.1 hereof, or in the event the Trustee is relieved of its obligation hereunder to accept or pay for any or all units of Equipment in accordance with the terms and conditions hereof for any reason whatsoever, the Lessee will be obligated pursuant to Paragraph 1 of the Participation Agreement to accept all such units completed and delivered by the Builder of such units and to pay the full purchase price therefor when due, all in accordance with the terms of its prior contractual arrangements with such Builder relating to the Equipment ("Purchase Order"), the Trustee will reassign, transfer and set over to such Builder all the right, title and interest of the Trustee in and to the units so excluded and the Purchase Order to the extent relating thereto, and the Trustee shall have no further obligation or liability in respect of units so excluded.

3.4. Inspection. During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Trustee (who may be employees of the Lessee), and each Builder shall grant to such authorized inspectors reasonable access to its plant. Each Builder agrees to inspect the materials used in the construction of

the Equipment in accordance with the standard quality control practices of such Builder. Upon or after completion of each unit or of a number of units of the Equipment, such unit or units shall be presented to an inspector of the Trustee for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the Specifications and requirements and standards applicable thereto, such inspector or an authorized representative of the Trustee (who may be an employee of the Lessee) shall execute and deliver to the Builder of such units a certificate of acceptance ("Certificate of Acceptance") stating that such unit or units have been inspected and accepted on behalf of the Trustee and are marked in accordance with paragraph 10.1 hereof; provided, however, that the Builder of such units shall not thereby be relieved of its warranty referred to in paragraph 14.4 hereof. By § 2 of the Lease, the Trustee is appointing the Lessee its agent to inspect and accept delivery of the Equipment. Acceptance of any unit of Equipment by the Lessee (or its employees or agents, as aforesaid) pursuant to § 2 of the Lease shall be deemed to be acceptance of such unit by the Trustee.

3.5. Builder's Responsibilities After Delivery. On delivery by a Builder hereunder of units of Equipment and acceptance of each such unit hereunder at the place specified for delivery, such Builder shall have no further responsibility for, nor bear any risk of, any damage to or the destruction or loss of such unit; provided, however, that such Builder shall not thereby be relieved of its warranty referred to in paragaph 14.4 hereof.

ARTICLE 4. PURCHASE PRICE AND PAYMENT

4.1. Meaning of "Purchase Price"; Exclusion of Units. The base price or prices per unit of the Equipment are set forth in Annex B hereto. Such base price or prices are subject to such increase or decrease as may be agreed to by the Builder thereof, the Trustee and the Lessee. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased as set forth in the invoice of the Builder thereof delivered to the Trustee and, if the Purchase Price is other than the base price or prices set forth in said Annex B, the invoice or invoices shall be accompanied by, or have endorsed thereon, the agreement or approval of the Lessee and the Trustee (such invoice or invoices being hereinafter called "Invoices"). If on any

Closing Date the aggregate Purchase Price of Equipment for which settlement has theretofore been and is then being made would, but for the provisions of this sentence, exceed the Maximum Purchase Price specified in Item 5 of Annex A hereto, the Builder thereof (and any assignee of such Builder) will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for and specified by the Trustee and the Lessee, as will, after giving effect to such exclusion, reduce such aggregate Purchase Price to not more than said Maximum Purchase Price and the Trustee shall have no further obligation or liability in respect of the units so excluded.

4.2. Designation of Equipment; Settlement and Closing Dates. The Equipment shall be settled for in such number of Groups of Equipment as is provided for in Item 2 of Annex A hereto. The term "Closing Date" with respect to any Group shall be such date as is specified by the Lessee by six days' notice thereof with the concurrence of the Lessee, the Assignee and the Builder of such Group, but in no event shall such date be later than June 1, 1982. Such notice shall specify the aggregate Purchase Price of such Group and a copy thereof shall be sent by the Lessee to the Builder of such Group, the Assignee, the Trustee and the Owner. The term "Group", as used herein, shall mean the group of units of Equipment being settled for on any Closing Date. The place of each closing shall be determined by mutual agreement among the parties hereto. At least five business days prior to the Closing Date with respect to a Group of Equipment, the Builder of such Group shall present to the Trustee, the Lessee and the Owner the Invoices for the Equipment to be settled for. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in Pittsburgh, Pennsylvania, Hartford, Connecticut, or New York, New York, are authorized or obligated to remain closed.

4.3. Indebtedness of Trustee to Vendor. Subject to the terms of this Agreement, the Trustee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay in immediately available funds to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

(a) on the Closing Date with respect to each Group an amount equal to 40% of the aggregate Purchase Price of the units of Equipment in such Group; and

(b) in 30 semiannual installments, as hereinafter provided, an amount equal to the aggregate Purchase Price of the units of Equipment for which settlement is then being made, less the aggregate amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph (the portion of the Purchase Price payable under this subparagraph (b) being hereinafter called "CSA Indebtedness").

4.4. CSA Indebtedness; Payment Dates; Interest. (1) The installments of the CSA Indebtedness shall be payable semiannually on June 1 and December 1 in each year, commencing December 1, 1982, to and including June 1, 1997, each such date being hereinafter called a "Payment Date". The unpaid balance of the CSA Indebtedness shall bear interest from the Closing Date in respect of which such Indebtedness was incurred at the rate of 15-7/8% per annum. Interest on the unpaid balance of the CSA Indebtedness shall be payable to the extent accrued on June 1, 1982, and on each Payment Date thereafter. The amounts of CSA Indebtedness payable on each Payment Date shall be calculated so that the amount and allocation of principal and interest payable on each Payment Date shall be substantially in proportion to the amount and allocation of principal and interest on such Payment Date set forth in Schedule I hereto (subject to the provisions of Article 7 hereof) and the aggregate of such installments of principal shall completely amortize the CSA Indebtedness at maturity. The Trustee will furnish to the Vendor and the Lessee promptly after the last Closing Date a schedule, in such number of counterparts as shall be requested by the Vendor, showing the respective amounts of principal and interest payable on each Payment Date.

(2) If any of the dates for payment of principal or interest is not a business day, such payment shall be payable on the next business day.

4.5. Calculation of Interest. Interest under this Agreement shall be calculated on the basis of a 360-day year of 12 30-day months except that interest payable on June 1, 1982, shall be computed on an actual elapsed day, 365-day year, basis.

4.6. Penalty Interest. The Trustee will pay interest, to the extent legally enforceable, at the rate of 16-7/8% per annum ("Penalty Rate") upon all amounts remaining unpaid after the same shall have become due and

payable pursuant to the terms hereof or such lesser amount as shall be legally enforceable, anything herein to the contrary notwithstanding.

4.7. Currency of Payment. All payments provided for in this Agreement shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Except as provided in Article 7, the Trustee shall not have the privilege of prepaying any portion of the CSA Indebtedness prior to the date it becomes due.

4.8. Liability of Trustee Limited to "Income and Proceeds from Equipment". Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 6, 16 and 17 hereof, except as set forth in this paragraph 4.8), but not limiting the effect of Article 22 hereof, the liability of the Trustee or any assignee of the Trustee for all payments to be made by it under this Agreement, with the exception only of the interest payment due on June 1, 1982, the payments to be made pursuant to paragraph 4.3(a) hereof and payments to be made pursuant to the proviso to paragraph 13.3 hereof, shall not exceed an amount equal to, and shall be payable only out of, the "income and proceeds from the Equipment", and such payments shall be made by the Trustee only to the extent that the Trustee or any assignee of the Trustee shall have actually received sufficient "income and proceeds from the Equipment" to make such payments. Except as provided in the preceding sentence, the Trustee shall not have any liability to make any payments under this Agreement whatsoever except from the "income and proceeds from the Equipment" to the extent actually received by the Trustee or any assignee of the Trustee. In addition, the Vendor agrees that the Trustee

(i) makes no representation or warranty as to, and is not responsible for, the due execution, validity, sufficiency or enforceability of the Lease, insofar as it relates to the Lessee (or any document relative thereto) or of any of the Lessee's obligations thereunder, and

(ii) shall not be responsible for the performance or observance by the Lessee of any of its agreements, representations, indemnities, obligations or other undertakings under the Lease; it being agreed that as

to all such matters the Vendor will look solely to the Vendor's rights under this Agreement against the Equipment and to the Vendor's rights under the Lease and the Lease Assignment against the Lessee and the Equipment.

As used herein the term "income and proceeds from the Equipment" shall mean

(i) if one of the events of default specified in paragraph 16.1 hereof shall have occurred and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Trustee or any assignee of the Trustee at any time after any such event and during the continuance thereof: (a) all amounts of rental and amounts in respect of a Casualty Occurrence (as defined in § 7 of the Lease) paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under § 13 or any other provision of the Lease (except any amounts payable to the Owners or to the Trustee in its individual or fiduciary capacity pursuant to §§ 6 and 12 of the Lease) and (b) any and all payments or proceeds received for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition, and

(ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) (not including amounts paid by the Lessee to the Trustee as reimbursement of sums paid by the Trustee on account of prior defaults under § 13.1(A) of the Lease) as are indefeasibly received by the Trustee or any assignee of the Trustee and as shall equal the portion of the CSA Indebtedness (including prepayments thereof required in respect of a Casualty Occurrence) and/or interest thereon due and payable on the date such amounts were required to be paid pursuant to the Lease or as shall equal any other payments then due and payable under this Agreement;

it being understood that "income and proceeds from the Equipment" shall in no event include amounts referred to in the foregoing clauses (a) and (b) which were received by the Trustee or any assignee of the Trustee prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the CSA Indebtedness

(including prepayments thereof required in respect of a Casualty Occurrence) and/or interest thereon due and payable on the date on which amounts with respect thereto received by the Trustee or any assignee of the Trustee were required to be paid to it pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were payable under the Lease. Nothing contained herein limiting the liability of the Trustee shall derogate from the right of the Vendor to proceed against the Equipment as provided for herein for the full unpaid Purchase Price of the Equipment and interest thereon and all other payments and obligations hereunder. Notwithstanding anything to the contrary contained in Article 16 or 17 hereof, the Vendor agrees that in the event it shall obtain a judgment against the Trustee for an amount in excess of the amounts payable by the Trustee pursuant to the limitations set forth in this paragraph, it will, accordingly, limit its execution of such judgment to amounts payable pursuant to the limitations set forth in this paragraph and cause such judgment to be marked satisfied as to all amounts in excess of such limitations.

ARTICLE 5. SECURITY INTEREST IN THE EQUIPMENT

5.1. Vendor To Retain Security Interest; Accessions Are Part of Equipment. The Vendor shall and hereby does retain a security interest in the Equipment until the Trustee shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding any provision of this Agreement limiting the liability of the Trustee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Trustee and the Lessee as provided in this Agreement and the Lease. Such retention of security interest is solely to secure performance by the Trustee of its obligations under this Agreement (without regard to any provision of this Agreement limiting the liability of the Trustee), and, subject thereto, ownership of the Equipment shall be and remain in the Trustee subject to such performance. Any and all parts installed on and additions and replacements made to any unit of the Equipment (i) which are not readily removable without causing material damage to such unit, (ii) the cost of which is included in the Purchase Price of such unit or (iii) which are required for the operation or use of such unit by the Association of American Railroads and/or the Interstate Commerce Commission, the United States Department of Transportation or any other applicable regulatory body,

shall constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

5.2. Obligations Upon Payment of CSA Indebtedness. Except as otherwise specifically provided in Article 7 hereof, when and only when the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment, together with interest and all other payments as herein provided, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Trustee without further transfer or action on the part of the Vendor or the Trustee. However, the Vendor, if so requested by the Trustee at that time, will (a) execute an instrument releasing its security interest in the Equipment and transferring such interest to the Trustee or upon its order, free of all liens, security interests and other encumbrances created or retained hereby and deliver such instrument to the Trustee at its address referred to in Article 21 hereof, (b) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Trustee to the Equipment and (c) pay to the Trustee any money paid to the Vendor pursuant to Article 7 hereof and not theretofore applied as therein provided. The Trustee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time after written demand by the Trustee.

ARTICLE 6. TAXES

6.1. General Tax Indemnification. Whether or not any of the transactions contemplated hereby are consummated, the Trustee agrees to pay, and to indemnify and hold the Vendor harmless from, all Taxes (as defined in § 6 of the Lease); excluding, however: (i) Taxes of the United States or any state or political subdivision thereof and (if and to the extent that any person indemnified hereunder is entitled to a credit therefor against its United States

Federal income taxes) of any foreign country or subdivision thereof, imposed on or measured solely by the net income or excess profits of the Vendor, or franchise taxes to the extent measured by gross receipts or net income based on gross receipts of the Vendor, or gross receipts taxes other than gross receipts taxes in the nature of sales or use taxes, and other than Taxes arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Agreement, provided that such Taxes of any foreign country or subdivision thereof incurred as a result of the indemnified party being taxed by such foreign country or subdivision on its worldwide income without regard to the transactions contemplated by this Agreement shall be excluded whether or not the indemnified party is entitled to a credit against its United States Federal income taxes; (ii) any Taxes imposed on or measured by any fees or compensation received by the Vendor; and (iii) Taxes which are imposed on or measured solely by the net income of the Vendor if and to the extent that such Taxes are in substitution for or reduce the Taxes payable by any other person which the Trustee has not agreed to pay or indemnify against pursuant to this Article 6; provided, however, that the Trustee shall not be required to pay any Taxes during the period the Trustee (or the Lessee on behalf of the Trustee) may be contesting the same in the manner provided in paragraph 6.2 hereof.

6.2. Claims; Contests; Refunds. If claim is made against the Vendor for any Taxes indemnified against under this Article 6, the Vendor shall promptly notify the Trustee. If reasonably requested by the Trustee in writing, the Vendor shall, upon receipt of any indemnity satisfactory to it for all costs, expenses, losses, legal and accountants' fees and disbursements, penalties, fines, additions to tax and interest, and at the expense of the Trustee, contest in good faith the validity, applicability or amount of such Taxes by (a) resisting payment thereof if possible, (b) not paying the same except under protest, if protest is necessary and proper, and (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both. The Trustee may also contest, at its own expense, the validity, applicability or amount of such Taxes in the name of the Vendor; provided that no proceeding or action relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of the Vendor in any such proceeding or action) without the prior written consent of the Vendor. If the Vendor shall obtain a refund of all or

any part of such Taxes previously reimbursed by the Trustee in connection with any such contest or an amount representing interest thereon, the Vendor shall pay the Trustee the amount of such refund or interest net of expenses; provided, however, that no event of default set forth in paragraph 16.1 hereof and no event which with notice or lapse of time or both would constitute such an event of default shall have occurred and be continuing.

6.3. Reports or Returns. In case any report or return is required to be made with respect to any obligation of the Trustee under or arising out of this Article 6, the Trustee shall either make such report or return in such manner as will show the interests of the Vendor in the Equipment or shall promptly notify the Vendor of such requirement and shall make such report or return in such manner as shall be satisfactory to the Vendor. All costs and expenses (including legal and accountants' fees) of preparing any such return or report shall be borne by the Trustee.

6.4. Survival. All of the obligations of the Trustee under this Article 6 shall survive and continue, notwithstanding payment in full of all other amounts due under this Agreement.

ARTICLE 7. MAINTENANCE AND CASUALTY OCCURRENCES

7.1. Maintenance. The Trustee shall, at its own cost and expense, maintain and keep each unit of the Equipment as set forth in § 11.1 of the Lease.

7.2. Casualty Occurrences. In the event that any unit of Equipment shall suffer a Casualty Occurrence (as defined in § 7 of the Lease), the Trustee shall, promptly after it shall have received notice from the Lessee or has otherwise been informed that such unit has suffered a Casualty Occurrence, cause the Vendor to be fully informed in regard thereto. On the next succeeding Casualty Payment Date (as defined in § 7 of the Lease) after such notice from the Lessee has been received, the Trustee shall, subject to the limitations contained in paragraph 4.8 hereof, pay to the Vendor a sum equal to the Casualty Value (as defined in paragraph 7.3 hereof) of such unit suffering a Casualty Occurrence as of such Casuaity Payment Date, together with an amount equal to accrued interest thereon. The Trustee shall

file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of such unit. Any money paid to the Vendor pursuant to this paragraph shall be applied on such Casualty Payment Date to prepay, without penalty or premium, ratably in accordance with the unpaid balance of each installment, the CSA Indebtedness, together with all interest accrued on the portion of the CSA Indebtedness being prepaid. The Trustee shall promptly cause to be furnished to the Vendor and the Lessee a revised schedule of payments of principal and interest thereafter to be made, in such number of counterparts as the Vendor and the Lessee may request, calculated as provided in paragraph 4.4 hereof.

7.3. Casualty Value. The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original Purchase Price thereof referred to in paragraph 4.3(b) hereof remaining unpaid on the date as of which such Casualty Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other unit). For the purpose of this paragraph, each payment of the Purchase Price made pursuant to Article 4 hereof shall be deemed to be a payment with respect to each unit of Equipment in like proportion as the original Purchase Price of such unit bears to the aggregate original Purchase Price of all the Equipment.

7.4. Obligations upon Payment. Upon payment by the Trustee to the Vendor of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence, absolute right to the possession of, title to and property in such unit shall pass to and vest in the Trustee, without further transfer or action on the part of the Vendor or the Trustee, and the provisions of the second and third sentences of paragraph 5.2 hereof shall apply.

ARTICLE 8. INSURANCE PROCEEDS AND CONDEMNATION PAYMENTS

The Trustee will cause the Equipment to be insured to the extent required by § 7.7 of the Lease. If the Vendor shall receive any insurance proceeds or condemnation payments in respect of any units suffering a Casualty Occurrence, the Vendor shall promptly pay such insurance proceeds or condemnation payments to the Trustee; provided, however, that no event of default shall have occurred and be continuing hereunder and the Trustee shall have made payment of the

Casualty Value of such units, together with accrued interest thereon, to the Vendor. All insurance proceeds received by the Vendor in respect of any unit of Equipment not suffering a Casualty Occurrence shall be paid to the Trustee upon proof satisfactory to the Vendor that any damage to such unit in respect of which such proceeds were paid has been fully repaired; provided, however, that no event of default shall have occurred and be continuing hereunder.

ARTICLE 9. REPORTS AND INSPECTIONS

On or before March 31 in each year, commencing with the year 1983, the Trustee shall, subject to the provisions of Article 22 hereof, cause to be furnished to the Vendor an accurate statement to the effect set forth in § 8 of the Lease. The Vendor shall have the right, by its agents, to inspect the Equipment and the Trustee's and the Lessee's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement.

ARTICLE 10. MARKING OF EQUIPMENT

10.1. Marking of Equipment. The Trustee will cause each unit of the Equipment to be kept numbered and marked as provided in § 5 of the Lease. The Trustee will not permit the identifying number of any unit of the Equipment to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor and filed, recorded and deposited by or on behalf of the Trustee in all public offices where this Agreement shall have been filed, recorded and deposited.

10.2. No Designations of Ownership. Except as provided in paragraph 10.1 hereof, the Trustee will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Equipment may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates.

ARTICLE 11. COMPLIANCE WITH LAWS AND RULES

During the term of this Agreement, the Trustee will comply, and will cause every lessee or user of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all Applicable Laws (as defined in § 10 of the Lease), and in the event that such Applicable Laws require any alteration, replacement or addition of or to any part on any unit of the Equipment, the Trustee will or will cause the Lessee to conform therewith at no expense to the Vendor; provided, however, that the Trustee or the Lessee may, in good faith, contest the validity or application of any such Applicable Laws in any reasonable manner which does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 12. POSSESSION AND USE

12.1. Possession and Use of Equipment by Trustee. The Trustee, so long as an event of default shall not have occurred and be continuing under this Agreement, shall be entitled, from and after delivery of the Equipment by a Builder to the Trustee, to the possession of the Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement.

12.2. Lease Permitted; Lease Subordinate; No Amendment or Termination. The Trustee simultaneously with the execution hereof is leasing the Equipment to the Lessee as provided in the Lease, and the rights of the Lessee and its permitted assigns under the Lease shall, except as provided in the first sentence of § 15.2(2) of the Lease, be subordinated and junior in rank to the rights, and shall be subject to the remedies, of the Vendor under this Agreement. The Lease shall not be amended in any material respect or terminated (except in accordance with § 4 thereof) without the prior written consent of the Vendor.

ARTICLE 13. PROHIBITION AGAINST LIENS

13.1. Trustee To Discharge Liens. The Trustee will pay or discharge any and all sums claimed by any party from, through or under the Trustee or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment, or

any unit thereof or the interest of the Vendor therein or the Vendee's interest in the Lease or the payments thereunder, and will promptly discharge any such lien, charge or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

13.2. No Breach for Certain Liens. This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

13.3. Article 13 Subject to Article 22 Except in Certain Instances. The obligations of the Trustee under this Article 13 are subject to the limitations contained in Article 22 hereof; provided, however, that the Trustee will pay or discharge any and all claims, liens, charges or security interests claimed by any party from, through or under the Trustee, and to the extent it has in the Trust Estate or receives funds sufficient for such purpose from the Owner, from, through or under the Owner, not arising out of the transactions contemplated hereby or in other documents mentioned herein (but including tax liens arising out of the receipt of rentals and other payments under the Lease and other proceeds from the Equipment), but the Trustee shall not be required to pay or discharge any such claim, lien, charge or security interest so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement.

ARTICLE 14. INDEMNITIES AND WARRANTIES

14.1. Indemnification. The Trustee shall pay, and shall protect, indemnify and hold the Vendor and any assignee hereof, and their respective successors, assigns, agents and

servants ("Indemnified Persons"), harmless from and against any and all Indemnified Matters (as defined in § 12 of the Lease); except that the Trustee shall not be liable to any Builder in respect of any of the foregoing matters to the extent liability in respect thereof arises from an act or omission of such Builder or is covered by such Builder's patent indemnification referred to in paragraph 14.4 hereof. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any Indemnified Matter, the Trustee may and, upon such Indemnified Person's request, will at the Trustee's expense resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Trustee and approved by such Indemnified Person and, in the event of any failure by the Trustee to do so, the Trustee shall pay all costs and reasonable expenses (including without limitation attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Trustee is required to make any payment under this Article 14, the Trustee shall pay such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as determined in the sole discretion of the Indemnified Person), shall be equal to the amount of such payment. The Vendor and the Trustee agree to give each other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities as contained in this Article 14 by the Trustee, and provided that no event of default set forth in paragraph 16.1 hereof (or other event which with lapse of time or notice or both would constitute such an event of default) shall have occurred and be continuing, it shall be subrogated to any right of such Indemnified Person in respect of such Indemnified Matter. Any payments received by such Indemnified Person from any person (other than the Trustee) as a result of any Indemnified Matter with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to the Lease shall be paid over to the Trustee to the extent necessary to reimburse the Trustee for indemnification payments previously made in respect of such Indemnified Matter.

14.2. Survival; No Subrogation. The indemnities contained in this Article 14 shall survive the expiration or termination of this Agreement with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by, any Indemnified Person. None of the indemnities in this Article 14 shall be deemed to create any rights of subrogation in any insurer or third party against the Trustee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

14.3. Trustee Not Released If Equipment Damaged or Lost. The Trustee will bear the responsibility for, and risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of any unit of or all the Equipment.

14.4. Warranties of Each Builder; Patent Indemnities. The agreement of the parties relating to each Builder's warranties of material and workmanship and the agreement of the parties relating to patent indemnification are set forth in Items 3 and 4 of Annex A hereto. Each Builder represents and warrants that, at the time of delivery and acceptance of each unit of its Equipment under this Agreement, such Builder will have good and marketable title to such Unit, free and clear of all claims, liens, security interests and other encumbrances of any nature except only the rights created by this Agreement, the CSA Assignment and the Lease.

ARTICLE 15. ASSIGNMENTS

15.1. Assignment by Trustee. Except as provided in Article VII of the Trust Agreement, the Trustee will not (a) except as provided in Article 12 hereof, transfer the right to possession of any unit of the Equipment or (b) sell, assign ~~(other than to assign warranties in respect to the Equipment to the Lessee)~~, transfer or otherwise dispose of its rights under this Agreement.

15.2. Assignment by Vendor. Any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Trustee, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve

any Builder from, any of the obligations of such Builder to construct and deliver the Equipment in accordance herewith or to respond to its warranties and indemnities referred to in Article 14 hereof, or relieve the Trustee of its obligations to such Builder contained in Articles 2, 3, 4, 6 and 14 hereof, Annex A hereto and this Article 15, or any other obligation which, according to its terms or context, is intended to survive an assignment.

15.3. Notice of Assignment by Vendor. Upon any such assignment, either the assignor or the assignee shall give written notice to the Trustee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Trustee of the notification of any such assignment, all payments thereafter to be made by the Trustee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

15.4. No Setoff Against Indebtedness. The Trustee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder, and for the purpose of inducing such acquisition, that the rights of the assignee to the entire unpaid Purchase Price of the Equipment or such part thereof as may be assigned together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever by the Trustee arising out of any breach of any obligation of any Builder with respect to the Equipment or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Trustee by the Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Trustee against and only against the Builders.

ARTICLE 16. DEFAULTS

16.1. Events of Default; Termination of Lease; Declaration of Default; Acceleration. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Trustee shall fail to pay or cause to be paid in full any sum payable by the Trustee when payment thereof shall be due hereunder (irrespective of the provisions of Article 4 or 22 hereof or any other provision of this Agreement limiting the liability of the Trustee) and such default shall continue for seven days after the date such payment is due and payable; or

(b) the Trustee or the Lessee shall, for more than 30 days after the earlier of the date on which the Vendor shall have demanded in writing performance thereof or the Trustee or the Lessee shall have received actual knowledge (which, in the case of the Trustee shall mean actual knowledge of an officer or an employee in the Trustee's Corporate Trust Department) of such default, fail or refuse to comply with any other provision of this Agreement (irrespective of the provisions of Article 4 or 22 hereof or any other provision of this Agreement limiting the liability of the Trustee), the Lease Assignment, the Consent or any provision of the Participation Agreement made expressly for the benefit of the Vendor, on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance; or

(c) a petition for reorganization under Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under the Lease and the Consent shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within 60 days after such

petition shall have been filed and otherwise in accordance with the provisions of 11 U.S.C. § 1168, or any successor provision, as the same may hereinafter be amended;

(d) any proceeding other than referred to in (c) above shall be commenced by or against the Trustee or the Lessee for any relief which includes, or might result in, any modification of the obligations of the Trustee hereunder or the Lessee under the Lease or the Consent under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of the Trustee under this Agreement or the Lessee under the Lease), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Trustee under this Agreement or the Lessee under the Lease or the Consent shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Trustee or the Lessee, as the case may be, or for their respective property in connection with any such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced; or

(e) any Event of Default (as defined in the Lease) shall have occurred and be continuing under the Lease unless the Trustee shall have cured the corresponding event of default hereunder within five days after written notice to the Trustee of such event of default; provided, however, that if more than four Events of Default, or more than two consecutive Events of Default, shall have occurred under clause A of § 13.1 of the Lease, any such Event of Default shall be an event of default hereunder whether or not the corresponding event of default hereunder is cured;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Trustee, the Owner and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, declare ("Declaration of Default") the entire unpaid CSA Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of the CSA Indebtedness and interest shall bear interest from the date of such Declaration of Default at the Penalty Rate to the extent legally enforceable. In addition, if the Trustee does not pay the entire unpaid CSA Indebtedness, together with the interest thereon accrued and unpaid to the date of payment within30 days of such notice of Declaration of Default, the Vendor may cause the term of the Lease immediately upon such notice to terminate; provided, however, that such termination shall not be in derogation of or impair the rights of the Trustee or the Agent (under the assignment thereof), as the case may be, to enforce compliance by the Lessee with any of its covenants and agreements under the Lease or to enforce any of its rights and remedies under § 13 of the Lease (subject to the Agent's rights to repossess and sell the Equipment as provided in this Agreement), including the rights of the Trustee or the Agent (under the assignment thereof), as the case may be, to sue for and recover damages provided for in § 13 of the Lease upon the occurrence of an Event of Default under the Lease. Upon a Declaration of Default, subject to Article 4 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the CSA Indebtedness so payable, with interest as aforesaid, and to collect such judgment out of any property of the Trustee, subject to the provisions of Articles 4 and 22 hereof, wherever situated.

16.2. Waiver of Defaults. The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Trustee and the Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default or notice of termination of the Lease had been made or given. It is agreed that time is of the essence of this Agreement and no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 17. REMEDIES

17.1. Vendor May Take Possession of Equipment. Subject to the provisions of paragraph 16.1 hereof and the Lessee's rights of possession, use and assignment under §§ 4 and 15 of the Lease, at any time during the continuance of a Declaration of Default, the Vendor may, and upon such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Trustee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 17 expressly provided, and may remove the same from possession and use of the Trustee, the Lessee or any other person and for such purpose may enter upon the premises of the Trustee or the Lessee or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Trustee or the Lessee, subject to all mandatory requirements of due process of law.

17.2. Assembling of Equipment for Vendor. In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Vendor, the Trustee shall, at its own expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any unit or units have been interchanged or which may have possession thereof to return the unit or units) and at the usual speed place such units upon such storage tracks of the Lessee as the Vendor reasonably may designate;

(b) cause such units to be stored on such tracks without charge for insurance, rent or storage until all such units of Equipment have been sold, leased or otherwise disposed of by the Vendor; and

(c) transport the same to any place on the lines of railroad operated by the Lessee or any of its affiliates or to any connecting carrier for shipment, all as directed by the Vendor.

During any storage period, the Lessee has agreed pursuant to § 14.1 of the Lease, at its own cost and expense, to insure, maintain and keep each such unit in good order and repair and to permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and the Trustee acknowledges that upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled under the Lease as assignee of the rights of the Trustee thereunder to a decree against the Lessee requiring specific performance hereof. The Trustee hereby waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

17.3. Vendor May Dispose of or Retain Equipment. At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore provided) may, at its election, retain the Equipment in satisfaction of the entire CSA Indebtedness and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Trustee, the Owner and the Lessee by telegram or registered mail, addressed as provided in § 21 of the Lease, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor should elect to retain the Equipment and no objection is made thereto within the 30-day period described in the second proviso below, all the Trustee's rights in the Equipment shall thereupon terminate and all payments made by the Trustee may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Trustee, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the CSA Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of removing and retaking possession of the Equipment, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Trustee; provided, further, that if the Trustee, the Lessee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment,

but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 17.

17.4. Vendor May Sell Equipment; Trustee's Right of Redemption. Subject to the provisions of paragraph 16.1 hereof and the Lessee's rights of possession, use and assignment under §§ 4 and 15 of the Lease, at any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon reasonable notice to the Trustee, the Owner, the Lessee and any other persons to whom the law may require notice of the time and place, may sell the Equipment, or one or more of the units thereof, free from any and all claims of the Trustee, the Lessee or any other party claiming from, through or under the Trustee or the Lessee, at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Trustee should tender full payment of the total unpaid balance of the CSA Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then upon receipt of such payment, expenses and fees by the Vendor, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Trustee. The proceeds of such sale or other disposition, less any reasonable attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

17.5. Sale of Equipment by Vendor. Any sale hereunder may be held or conducted at New York, New York, at such time or times as the Vendor may specify (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in

such manner as the Vendor may determine, so long as such sale shall be in a commercially reasonable manner. The Vendor, the Trustee or the Lessee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Trustee, the Owner and the Lessee shall be given written notice of such sale not less than 10 days prior thereto, by telegram or registered mail addressed as provided in § 21 of the Lease. In addition, if such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the rights of the Lessee and the Trustee to purchase or provide a purchaser, within 10 days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Trustee (except to the extent of surplus money received as hereinafter provided in this Article 17), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of sums due to the Vendor hereunder.

17.6. Effect of Remedies and Powers and Exercise Thereof. Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity not inconsistent herewith, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Trustee shall not otherwise alter or affect the Vendor's rights or the Trustee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Trustee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

17.7. Deficiencies. If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Trustee shall, subject to the limitations of paragraph 4.8 and Article 22 hereof, pay the amount of such deficiency to the Vendor upon demand, together with interest thereon from the date of such demand to the date of payment at the Penalty Rate, and, if the Trustee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations of paragraph 4.8 and Article 22 hereof, be entitled to recover a judgment therefor against the Trustee. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Trustee.

17.8. Expenses. The Trustee will pay all reasonable fees, costs and expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment.

17.9. Remedies Subject to Legal Requirements. The foregoing provisions of this Article 17 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 18. APPLICABLE STATE LAWS

18.1. Conflicts with State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Trustee to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

18.2. Waiver of Notices. Except as otherwise provided in this Agreement, the Trustee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights and any and all rights of redemption.

ARTICLE 19. RECORDING

The Trustee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. 11303(a) and deposited with the Registrar General of Canada (notice of such deposit to be forthwith thereafter given in The Canadian Gazette) pursuant to Section 86 of the Railway Act of Canada; and the Trustee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its title to the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Trustee will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 20. HEADINGS; EFFECT AND MODIFICATION OF AGREEMENT

20.1. Article and Paragraph Headings for Convenience Only. All article and paragraph headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

20.2. Effect and Modification of Agreement. Except for the Participation Agreement, this Agreement, including the Annexes hereto, exclusively and completely states the rights of the Vendor and the Trustee with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of

this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor and the Trustee.

ARTICLE 21. NOTICE

Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it by first class mail, postage prepaid, at its chief place of business at the following specified addresses:

(a) to the Trustee, at One Constitution Plaza, Hartford, Connecticut 06115, attention of Corporate Trust Department, with ~~a copy~~ copies to the Owner at its address set forth in Paragraph 13 of the Participation Agreement,

(b) to each Builder, at the address specified in Item 1 of Annex A hereto,

(c) to any assignee of the Vendor, or of the Trustee, at such address as may have been furnished in writing to the Trustee, or the Vendor, as the case may be, by such assignee,

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE 22. IMMUNITIES; SATISFACTION OF UNDERTAKINGS

22.1. No Recourse Against Certain Persons. No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto or the Owner, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Agreement.

22.2. Satisfaction of Certain Covenants. The obligations of the Trustee under paragraphs 7.1, 17.2, 17.7 and 17.8 and under Articles 6, 8, 9, 10, 11, 13, 14 and 19 hereof shall be deemed satisfied in full in all respects (except, in the case of Article 13 hereof, as set forth in paragraph 13.3 thereof) by the Lessee's execution and delivery of the Lease. The Trustee shall not have any responsibility for the Lessee's failure to perform such obligations; but if the same shall not be performed, they shall constitute the basis for an event of default hereunder pursuant to Article 16 hereof. No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor; provided, however, that the Vendor shall consent to any agreement in writing between the Lessee and the Trustee increasing or decreasing the rentals or casualty values payable pursuant to §§ 3 and 7 of the Lease so long as the amounts payable thereunder are not reduced below those necessary to satisfy the obligations of the Trustee hereunder, such consent to be given by the Vendor within 30 days of delivery of a copy of any such agreement to the Vendor.

22.3. No Personal Liability of Trustee. Anything herein to the contrary notwithstanding, each and all of the representations and agreements herein made on the part of the financial institution acting as Trustee are each and every one of them made not as personal representations and agreements by said financial institution or for the purpose of binding said financial institution personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Agreement is executed and delivered by said financial institution solely in the exercise of the powers conferred upon said financial institution as trustee under the Trust Agreement; and no personal liability or responsibility is assumed by or shall at any time be asserted or enforceable against said financial institution hereunder (except as provided in paragraph 13.3 hereof) on account of any representation or agreement of the Trustee hereunder (except as provided in paragraph 13.3 hereof), either expressed or implied, all such personal liability, if any, being waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under any of them, making claim hereunder, may look to said Trust Estate for satisfaction of the same. Nothing contained in this paragraph 22.3 shall

limit or impair the rights of the Vendor to take all actions to enforce the rights and remedies provided for herein and to bring suit and obtain a judgment against the Trustee (provided that the Trustee in its fiduciary or individual capacity shall not have any personal liability on any such judgment and the satisfaction thereof shall be limited to the Trust Estate, including any interest therein of the Trustee or the Owner) or to foreclose the lien and security interest created by this Agreement or otherwise realize upon the Trust Estate, including the right to proceed against the Equipment or the Lessee under the Lease.

The Trustee agrees not to enter into any supplement or amendment of the Trust Agreement except as provided in Section 8.01 thereof as in effect on the date of execution and delivery hereof.

ARTICLE 23. LAW GOVERNING

This Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Connecticut; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. 11303, such additional rights, if any, arising out of the filing, recording or deposit hereof and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited or in which any unit of Equipment shall be located, and such rights, if any, arising out of the marking of Equipment.

ARTICLE 24. EXECUTION

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. It shall not be necessary that any counterpart be signed by all the parties so long as any counterpart be signed by the Trustee and one or more Builders. Each Builder and the Trustee shall be bound hereunder notwithstanding the failure of any other Builder to execute and deliver this Agreement or to perform its obligations hereunder. Although this Agreement is dated, for convenience, as of the date first set forth above, the actual

date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed. The rights and obligations under this Agreement of each Builder are several in accordance with its interest and not joint. Accordingly, whenever in this Agreement a right is conferred or an obligation is imposed on a Builder, such right shall be construed to accrue to or to be enforceable against only the specific Builder furnishing the units of Equipment giving rise to such right or obligation and its successors and assigns. This Agreement shall be effective when executed counterparts hereof have been delivered to Cravath, Swaine & Moore at their offices in New York, New York.

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

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity, but solely as Trustee,

[Seal]

by _____
Authorized Officer

Attest:

_____
Authorized Officer

GREENVILLE STEEL CAR COMPANY,

[Corporate Seal]

by J. T. Egbert
Vice President

Attest:

R. L. Johnson
Title: ASSISTANT SECRETARY

THE MAXSON CORPORATION,

by _____
Vice President

[Corporate Seal]

Attest:

_____
Title:

STATE OF CONNECTICUT,)
) ss.:
CITY OF HARTFORD,)

On this day of January 1982, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF MERCER,)

On this 18th day of January 1982, before me personally appeared J. T. Egbert , to me personally known, who, being by me duly sworn, says that he is a Vice President of GREENVILLE STEEL CAR CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Leora Smith
Notary Public

[Notarial Seal]

My Commission expires

LEORA SMITH, Notary Public
GREENVILLE, MERCER COUNTY
My Commission Expires March 18, 1985

STATE OF MINNESOTA,)
) ss.:
COUNTY OF RAMSEY,)

On this day of January 1982, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of THE MAXSON CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE I

Allocation Schedule of Each $1,000,000 of CSA Indebtedness Payable in (i) One Payment of Interest Only on June 1, 1982, and (ii) 30 Semiannual Installments of Principal, and Interest Commencing December 1, 1982

Payment Number	Date Due	Interest Payment	Principal Payment	Total Payment	Principal Balance
	June 1, 1982	*	-0-	*	$1,000,000.00
1	December 1, 1982	$ 79,375.00	$ 8,929.16	$ 88,304.16	991,070.84
2	June 1, 1983	78,666.25	9,637.91	88,304.16	981,432.93
3	December 1, 1983	77,901.24	10,402.92	88.304.16	971,030.01
4	June 1, 1984	77,075.51	11,228.65	88,304.16	959,801.36
5	December 1, 1984	76,184.23	12,119.93	88,304.16	947,681.43
6	June 1, 1985	75,222.21	13,081.95	88,304.16	934,599.48
7	December 1, 1985	74,183.83	14,120.33	88,304.16	920,479.15
8	June 1, 1986	73,063.03	15,241.13	88,304.16	905,238.02
9	December 1, 1986	71,853.27	16,450.89	88,304.16	888,787.13
10	June 1, 1987	70,547.48	17,756.68	88,304.16	871,030.45
11	December 1, 1987	69,138.04	19,166.12	88,304.16	851,864.33
12	June 1, 1988	67,616.73	20,687.43	88,304.16	831,176.90
13	December 1, 1988	65,974.67	22,329.49	88,304.16	808,847.41
14	June 1, 1989	64,202.26	24,101.90	88,304.16	784,745.51
15	December 1, 1989	62,289.17	26,014.99	88,304.16	758,730.52
16	June 1, 1990	60,224.24	28,079.92	88,304.16	730,650.60
17	December 1, 1990	57,995.39	30,308.77	88,304.16	700,341.83
18	June 1, 1991	55,589.63	32,714.53	88,304.16	667,627.30
19	December 1, 1991	52,992.92	35,311.24	88,304.16	632,316.06
20	June 1, 1992	50,190.09	38,114.07	88,304.16	594,201.99
21	December 1, 1992	47,164.78	41,139.38	88,304.16	553,062.61
22	June 1, 1993	43,899.34	44,404.82	88,304.16	508,657.7
23	December 1, 1993	40,374.71	47,929.45	88,304.16	460,728.3
24	June 1, 1994	36,570.31	51,733.85	88,304.16	408,994.4
25	December 1, 1994	32,463.94	55,840.22	88,304.16	353,154.2
26	June 1, 1995	28,031.62	60,272.54	88,304.16	292,881.73
27	December 1, 1995	23,247.49	65,056.67	88,304.16	227,825.06
28	June 1, 1996	18,083.61	70,220.55	88,304.16	157,604.51
29	December 1, 1996	12,509.86	75,794.30	88,304.16	81,810.21
30	June 1, 1997	6,493.69	81,810.21	88,303.90	-0-
	TOTAL	$1,649,124.54	$1,000,000.00		

* Interest only.

Annex A
to
Conditional Sale Agreement

Item 1: (a) Greenville Steel Car Company, a Pennsylvania corporation, Union Street, Greenville, Pennsylvania 16125.

(b) The Maxson Corporation, a Minnesota corporation, 500 Como Avenue, St. Paul, Minnesota 55103.

Item 2: The Equipment shall be settled for in not more than two Groups on January 21, 1982, and February 11, 1982, unless the parties agree otherwise.

Item 3: (a) Greenville Steel Car Company ("Greenville") warrants that its Equipment will be built in accordance with the Specifications and the standards and requirements set forth or referred to in Article 2 of this Agreement and warrants the Equipment will be free from defects in material (except as to specialties incorporated therein specified by the Lessee and not manufactured by Greenville) and workmanship and design (except as to designs specified by the Lessee and not developed by Greenville) under normal use and service, Greenville's obligation under this Item 3(a) being limited to making good at its plant any part or parts of any unit of Equipment which shall, within two years or 50,000 miles, whichever occurs first, after the delivery of such units of Equipment to the Lessee, be returned to Greenville with transportation charges prepaid and which examination by Greenville shall disclose to its satisfaction to have been thus defective. In no event shall Greenville be liable to anyone for any incidental, special or consequential damages of any kind. The foregoing warranty is expressly in lieu of all other warranties, expressed or implied, including any implied warranty of merchantibility or fitness for a particular purpose, except for its obligations or liabilities under Articles 2, 3, 4 and 14 of this Agreement, and Item 4 below, and Greenville neither assumes nor authorizes any person to assume for it any other liability in connection with the construction and delivery of the Equipment.

Greenville further agrees with the Trustee and the Lessee that neither the inspection as provided in Article 3 of this Agreement, nor any examination,

nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Trustee or the Lessee of any of their respective rights under this Item 3(a).

(b) The Maxson Corporation ("Maxson") warrants that its Equipment will be built in accordance with the Specifications and the standards and requirements set forth or referred to in Article 2 of this Agreement and warrants the Equipment will be free from defects in material (except as to specialties incorporated therein specified by the Lessee and not manufactured by Maxson) and workmanship and design (except as to designs specified by the Lessee and not developed by Maxson) under normal use and service, Maxson's obligation under this Item 3(b) being limited to making good at its plant any part or parts of any unit of Equipment which shall, within one year after the delivery of such units of Equipment to the Lessee, be returned to Maxson with transportation charges prepaid and which examination by Maxson shall disclose to its satisfaction to have been thus defective. In no event shall Maxson be liable to anyone for any incidental, special or consequential damages of any kind. The foregoing warranty is expressly in lieu of all other warranties, expressed or implied, including any implied warranty of merchantibility or fitness for a particular purpose, except for its obligations or liabilities under Articles 2, 3, 4 and 14 of this Agreement, and Item 4 below, and Maxson neither assumes nor authorizes any person to assume for it any other liability in connection with the construction and delivery of the Equipment.

Maxson further agrees with the Trustee and the Lessee that neither the inspection as provided in Article 3 of this Agreement, nor any examination, nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Trustee or the Lessee of any of their respective rights under this Item 3(b).

Item 4: Each Builder shall indemnify the Trustee, the Lessee and the Assignee against any judgment for damages and costs which may be rendered against the Trustee, Lessee or Assignee in any suit brought on account of

the alleged infringement of any United States patent by any Equipment supplied by such Builder hereunder, unless made in accordance with materials, designs or specifications furnished or designated by the Lessee, in which case the Lessee shall indemnify such Builder against any judgment for damages and costs which may be rendered against such Builder in any suit brought on account of the alleged infringement of any United States patent by such Equipment or by such materials, designs or specifications; provided that prompt written notice be given to the party from whom indemnity is sought of the bringing of the suit and that an opportunity be given such party to settle or defend it as that party may see fit and that every reasonable assistance in settling or defending it shall be rendered. Neither the Builders, the Trustee nor the Lessee shall in any event be liable to each other for special, direct, indirect, incidental or consequential damages arising out of or resulting from infringement of patents.

Item 5: The Maximum Purchase Price referred to in Article 4 of the Conditional Sale Agreement to which this Annex A is attached is $14,999,784.

Annex B
to
Conditional Sale Agreement

Type	Builder's Specifications	AAR Designation	Builder's Plant	Quantity	Lessee's Identification Numbers (Both Inclusive)	Estimated Unit Base Price	Estimated Total Base Price	Estimated Time and Place of Delivery
Greenville								
100-Ton 52 foot fixed end gondola cars	6B-5075-B	GBS	Greenville, Pa.	275	47100 47103 47105 47106 47113-47116 47120 47131-47133 47137-47399	$ 46,125.36	$12,684,475	January 15, 1982, at Childs, Pa. and/or Greenville, Pa.
Maxson								
100-ton depressed center flat car	45539 9/4/81	FD	St. Paul, Minn.	3	960-962	104,000	312,000	February 1982, at Builder's Plant
200-ton depressed center flat cars	45540 9/4/81	FD	St. Paul, Minn.	3	978-980	224,000	672,000	February 1982, at Builder's Plant
							$13,668,475	

ANNEX C
to Conditional
Sale Agreement

[CS&M Ref. 2483-140]

LEASE OF RAILROAD EQUIPMENT

Dated as of January 1, 1982

Between

THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY,

Lessee,

and

THE CONNECTICUT BANK AND TRUST COMPANY,
not in its individual capacity, but
solely as Trustee,

Lessor.

The rights and interests of the Lessor under this Lease are subject to a security interest in favor of Manufacturers Hanover Trust Company, as agent for a certain investor. The original of this Lease is held by said agent.

LEASE OF RAILROAD EQUIPMENT

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LEASE OF RAILROAD EQUIPMENT dated as of January 1, 1982, between THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY, a Delaware corporation ("Lessee"), and THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut banking corporation, acting not in its individual capacity but solely as Trustee ("Trustee") under a Trust Agreement dated as of the date hereof ("Trust Agreement") with GENERAL ELECTRIC CREDIT CORPORATION ("Owner").

The Trustee is entering into a Conditional Sale Agreement dated as of the date hereof ("CSA") among each of GREENVILLE STEEL CAR COMPANY and THE MAXSON CORPORATION (collectively "Builders" or severally "Builder"), wherein the Builders have severally agreed to manufacture, sell and deliver to the Trustee the units of railroad equipment described in Appendix A hereto.

Each Builder is assigning its interests in the CSA pursuant to an Agreement and Assignment dated the date hereof ("CSA Assignment") to MANUFACTURERS HANOVER TRUST COMPANY, acting as agent for an institutional investor ("Investor") under a Participation Agreement dated as of the date hereof ("Participation Agreement") among said agent, the Lessee, the Trustee, the Owner and the Investor (said agent as so acting being hereinafter, together with its successors and assigns, called "Vendor").

The Lessee desires to lease such number of units of the railroad equipment as are delivered and accepted under the CSA ("Units") at the rentals and for the terms and upon the conditions hereinafter provided.

The Trustee will assign this Lease for security to the Vendor pursuant to an Assignment of Lease and Agreement ("Lease Assignment") dated as of the date hereof, and the Lessee will consent to the Lease Assignment pursuant to a Consent and Agreement ("Consent").

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Trustee hereby leases the Units to the Lessee upon the following

terms and conditions:

§ 1. NET LEASE

This Lease is a net lease. The Lessee's obligation to pay all rentals and other amounts hereunder shall be absolute and unconditional and, except as herein specifically provided, the Lessee shall not be entitled to any abatement of rent or such other amounts, reduction thereof or setoff against rent or such other amounts, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Trustee or the Owner under this Lease or the CSA including the Lessee's rights by subrogation thereunder to any Builder or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Trustee or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final, and the Lessee shall not seek to recover all or any part of such payment from the Trustee, the Owner or the Vendor for any reason whatsoever.

§ 2. DELIVERY

The Trustee hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the CSA. Each delivery of a Unit to the Trustee under the CSA shall be deemed to be a delivery hereunder to the Lessee at the point or points within the United States of America at which such Unit is so delivered to the Trustee. Upon such delivery, the Lessee will cause an employee of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit on behalf of the Trustee under the CSA and on behalf of itself hereunder and execute and deliver to the Trustee a certificate of acceptance ("Certificate of Acceptance") in accordance with the provisions of Article 3 of the CSA, stating that such Unit has been inspected and accepted on behalf of the Lessee and the Trustee on the date of such Certificate of Acceptance and is marked in accordance with § 5.1 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The Lessee represents and warrants that, at the time of delivery of each Unit to the Lessee, such Unit will not have been used by the Lessee and no amortization or depreciation will have been claimed by the Lessee with respect thereto.

§ 3. RENTALS

3.1. Amount and Date of Payment. The Lessee agrees to pay to the Trustee, as rental for each Unit subject to this Lease, 30 consecutive semiannual payments payable, in arrears, on June 1 and December 1 in each year, commencing December 1, 1982, to and including June 1, 1997. The 30 semiannual rental payments shall each be in an amount equal to 5.8274% of the Purchase Price of each such Unit. Notwithstanding anything to the contrary set forth herein, the rental payable on each such date shall in no event be less than the payments due on each such date pursuant to Article 4 of the CSA.

3.2. Payments on Nonbusiness Days. If any of the semiannual rental payment dates referred to in § 3.1 is not a business day the semiannual rental payment otherwise payable on such date shall be payable on the next business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which

banking institutions in Pittsburgh, Pennsylvania, Hartford, Connecticut or New York, New York, are authorized or obligated to remain closed.

3.3. Instructions To Pay Vendor and Trustee. Upon execution and delivery of the Lease Assignment and until the Vendor shall have advised the Lessee in writing that all sums due from the Trustee under the CSA have been fully satisfied and discharged, the Trustee irrevocably instructs the Lessee to make all the payments provided for in this Lease, except any amounts of indemnity payable to the Trustee in its individual or fiduciary capacity, to the Vendor, for the account of the Trustee, in care of the Vendor, with instructions to the Vendor (a) first to apply such payments to satisfy the obligations of the Trustee under the CSA known to the Vendor to be due and payable on the date such payments are due and payable hereunder and (b) second, so long as no event of default, or any event which with the giving of notice or passage of time or both would constitute an event of default, under the CSA shall have occurred and be continuing, to pay any balance promptly to the Trustee or to the order of the Trustee at such place as the Trustee shall specify in writing. If the Lease Assignment is not executed and delivered, or if the Lessee shall have been advised by the Vendor in writing that all sums due from the Trustee under the CSA have been fully discharged and satisfied, the semiannual installments of rental due hereunder and any payments thereafter due pursuant to § 7 hereof shall be made to the Trustee in the manner provided in § 3.4 hereof.

3.4. Payment in Immediately Available Funds. The Lessee agrees to make each payment provided for herein as contemplated by § 3.1 in immediately available funds at or prior to 10:00 a.m. in the city where such payment is to be made.

§ 4. TERM OF LEASE

4.1. Beginning and Termination; Survival. The term of this Lease as to each Unit shall begin on the date of delivery of such Unit under the CSA and, subject to the provisions of §§ 7, 13 and 16 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due pursuant to § 3.1 hereof. The obligations of the Lessee hereunder (including, but not limited to, the obligations under §§ 6, 7, 10, 11, 12 and 17 hereof) shall survive the expiration of the term of this Lease.

4.2. Rights and Obligations of Lessee Subject to CSA. Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Vendor under the CSA. If an event of default should occur under the CSA, the Vendor may terminate this Lease (or rescind its termination) without affecting the indemnities which by the provisions of this Lease survive the termination of its term, all as provided herein; provided, however, that so long as (i) no Event of Default exists hereunder, (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled to apply the Payments as defined in the Lease Assignment in accordance with the Lease Assignment, this Lease may not be terminated and the Lessee shall be entitled to the rights of possession, use and assignment provided under § 15 hereof.

§ 5. IDENTIFICATION MARKS

5.1. Identifying Numbers; Legend; Changes. The Lessee will cause each Unit to be kept numbered with the identification number set forth in Appendix A hereto, or in the case of any Unit not there listed such identification number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words designated by the Trustee, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Trustee's and Vendor's title to and property in such Unit and the rights of the Trustee under this Lease and of the rights of the Vendor under the CSA. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, defaced, obliterated or destroyed. The Lessee will not change the identification number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Trustee and filed, recorded and deposited by the Lessee in all public offices where this Lease and the CSA shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Trustee an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect the Vendor's and the Trustee's

interests in such Units and no filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Vendor and the Trustee in such Units. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates.

5.2. Insignia of Lessee. Except as provided in § 5.1, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership.

§ 6. GENERAL TAX INDEMNIFICATION

Whether or not any of the transactions contemplated hereby are consummated, the Lessee assumes responsibility for and agrees to pay, and agrees to protect, save, keep harmless and indemnify on an after-tax basis the Trustee in both its individual and fiduciary capacities and the Vendor and their successors and assigns ("Indemnified Persons") against, all taxes, assessments, fees, withholdings and other governmental charges of any nature whatsoever, including without limitation penalties and interest (all such taxes, assessments, fees, withholdings, governmental charges, penalties and interest being hereinafter called "Taxes"), imposed on, incurred by or asserted against any Indemnified Person or any Unit in whole or in part on account of, or with respect to, this Lease or the CSA or any document referred to herein or therein or any of the transactions contemplated hereby or thereby or the manufacture, purchase, acceptance or rejection of the Units or any portion thereof or the ownership, delivery, nondelivery, leasing, re-leasing, subleasing, possession, use, transfer of title, operation, maintenance, repair, condition, sale, return, or other disposition of the Units or any portion thereof or any indebtedness with respect thereto or the rentals, receipts, earnings or gains arising therefrom; provided, however, that there shall be no indemnification hereunder for any Taxes imposed on or measured by any fees or compensation received by the Trustee or the Vendor. The Lessee shall pay all Taxes for which it assumes liability hereunder when such Taxes are due and will indemnify each Indemnified Person to the extent required by this § 6 within 10 days after receipt of a written request by such Indemnified Person for indemnification specifying the amount to be paid, the basis on which such amount was determined and the nature of the Taxes in question; provided, however, that if any Taxes are being contested in accordance with the sixth paragraph of this § 6, any payment shall be made at the time therein provided.

In the event that the Trustee shall become obligated to make any payment to a Builder or the Vendor or otherwise pursuant to any corresponding provision of the CSA not covered by the foregoing paragraph of this § 6, the Lessee shall pay such additional amounts (which shall also be deemed Taxes hereunder) to the Trustee (other than sums required to discharge liens of parties claiming by, through or under the Trustee or the Owner not arising out of the transactions contemplated hereby) as will enable the Trustee to fulfill completely its obligations pursuant to said provision.

In the event any returns, statements or reports with respect to Taxes are required to be made, the Lessee will make such returns, statements and reports in such manner as to show the interest of the Trustee and the Vendor in such Units; provided, however, that the Trustee shall, with respect to any state or political subdivision thereof of the United States of America, file such returns, statements, and reports relating to sales or use taxes, and taxes, fees, and charges on or measured by the Trustee's earnings or gross receipts arising from the Units, or the value added by the Trustee thereto, as the Lessee shall determine are required to be filed, and as shall be prepared by the Lessee, and shall remit the amount thereof upon payment by the Lessee to the Trustee (such payment to be made promptly upon demand by the Trustee therefor) of such taxes, fees and charges except as provided above. To the extent that the Trustee has information necessary to the preparation of such returns, statements and reports, it will furnish such information to the Lessee.

To the extent that the Lessee may be prohibited by law from performing in its own name the duties required by this § 6, the Trustee hereby authorizes the Lessee to act in the name of the Trustee and on its behalf; provided, however, that the Lessee shall indemnify and hold the Trustee harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action by the Lessee pursuant to this authorization.

The Lessee shall, whenever reasonably requested by the Trustee, submit to the Trustee copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Trustee of the Lessee's performance of its duties under this § 6. The Lessee shall also furnish promptly upon request such data as the Trustee reasonably may require to permit its compliance with the requirements of taxing jurisdictions.

If any taxing authority shall assert liability for any Taxes or propose an increase in the liability of any

Indemnified Person for any such Taxes (such assertion or such proposed increase being hereinafter called a "Claim"), indemnification for which would be required under this § 6, the Indemnified Person will notify the Lessee within a reasonable time of such Claim in writing. If the Lessee delivers to such Indemnified Person written notice of its desire to contest such Claim within 30 days after receipt of notice from such Indemnified Person, such Claim will be contested in accordance with this paragraph, except to the extent such Claim represents amounts payable to the Vendor under Article 6 of the CSA. The Trustee will permit the Lessee to contest such Claims under Article 6 of the CSA in accordance with the rights of the Trustee thereunder. The Indemnified Person shall have the exclusive right to conduct the contest unless such is waived in writing, in which event the contest and all preparations therefor shall be the sole responsibility of the Lessee and, in either case, shall be conducted entirely at its expense. Such Indemnified Person will cooperate with any reasonable request made by the Lessee in connection therewith; provided, however, that such Indemnified Person may in its sole discretion determine in what court or other forum such contest will be conducted and whether such contest will proceed by payment of the Taxes in contemplation of a suit for refund, and such Indemnified Person shall not be required to take any action pursuant to this paragraph unless and until the Lessee shall have agreed to indemnify such Indemnified Person in a manner satisfactory to such Indemnified Person for any liability or loss which such Indemnified Person may incur as a result of contesting the validity of any Claim and shall have agreed to pay such Indemnified Person on demand all costs and expenses which such Indemnified Person may incur in connection with contesting such Claim (including fees and disbursements of counsel). If in any such contest the decision is made to pay the Taxes and sue for a refund, the Lessee will advance to such Indemnified Person on an interest-free basis sufficient funds to pay the Taxes which are to be contested. Upon receipt by any Indemnified Person of a refund of any Taxes paid by the Lessee pursuant to this paragraph, the amount of such refund and any interest paid to such Indemnified Person with respect thereto shall be paid to the Lessee forthwith upon receipt by such Indemnified Person.

The Lessee agrees to pay all amounts due under this § 6 free of any Taxes and to indemnify each Indemnified Person against any Taxes imposed by reason of any payment made by the Lessee so that the Indemnified Person to whom or for whose benefit the payment is made shall receive an amount which, net of any Taxes or other charges required to be paid

by such Indemnified Person in respect thereof, shall be equal to the amount of payment otherwise required hereunder.

All of the obligations of the Lessee under this § 6 shall survive and continue notwithstanding the expiration of this Lease.

§ 7. PAYMENT FOR CASUALTY OCCURRENCES; INSURANCE

7.1. Definitions of Casualty Occurrence; Payments. In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever during the term of this Lease or any renewal term hereof or until such Unit is returned pursuant to §§ 14 or 17 hereof, or the Purchase Price of any Unit shall have been refunded by the Builder of such Unit pursuant to the terms of its patent indemnity therefor or any Unit shall be taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of this Lease (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully notify the Trustee and the Vendor with respect thereto. On the next succeeding semiannual rental payment date (each such date being hereinafter called a "Casualty Payment Date"), the Lessee shall pay to the Trustee a sum equal to the Casualty Value (as defined in § 7.5 hereof) of any such Unit as of such Casualty Payment Date, plus the semiannual rental in respect of such Unit accrued as of such Casualty Payment Date; provided, however, that in the event of a Casualty Occurrence during the period any Unit is being returned pursuant to §§ 14 and 17 hereof, the Lessee shall make such payment to the Trustee on a date 30 days after such Casualty Occurrence. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft, complete destruction or return to the Builder of such Unit) the Trustee shall be entitled to recover possession of such Unit.

In addition to the occurrences constituting a Casualty Occurrence under the preceding paragraph, if any Unit shall have been taken or requisitioned by the United States Government or any other governmental entity and such taking or requisition shall not theretofore constitute a

Casualty Occurrence as aforesaid, such taking or requisition shall be deemed a Casualty Occurrence if the same shall be continuing at the end of the term of this Lease, in which event the Lessee shall promptly and fully notify the Trustee with respect thereto and pay the Trustee, as the Casualty Value therefor, an amount equal to 34% of the Purchase Price of such Unit. Following such payment, the Lessee shall be entitled to receive condemnation payments in respect of such Unit up to an amount equal to such Casualty Value and any balance of such payments shall be the property of the Trustee. In the event such Unit shall be returned by the governmental entity prior to the time the Lessee shall have been reimbursed by such application of condemnation payments in an amount equal to such Casualty Value, then the Lessee shall dispose of such Unit as agent for the Trustee, and shall retain the net proceeds of such disposition to the extent that the aggregate of the amounts so retained and the condemnation payments theretofore received by the Lessee shall equal such Casualty Value, and any balance of such proceeds shall be promptly paid to the Trustee. In the event such Unit shall be returned by the governmental entity following the time the Lessee shall have been reimbursed by such application of condemnation payments in an amount equal to such Casualty Value, such Unit shall be returned by the Lessee to the Trustee in the manner provided in § 17 hereof.

7.2. Requisition by United States Government. In the event of the requisition for use by the United States Government of any Unit for a period which does not exceed the term of this Lease or for an indefinite period (except where deemed a Casualty Occurrence pursuant to the last paragraph of § 7.1 hereof), all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred. All payments received by the Trustee or the Lessee from the United States Government for the use of such Unit during the term of this Lease shall be paid over to, or retained by, the Lessee provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing.

7.3. Lessee Agent for Disposal. The Trustee hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof before and after expiration of the Lease, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Trustee

the Lessee shall be entitled to the net proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Trustee.

7.4. Payments After Expiration of Lease. If the Casualty Payment Date shall be after the term of this Lease or any renewal term thereof in respect of such Unit has expired, no rental for such Unit shall accrue after the end of such term.

7.5. Amount of Casualty Value for Units. The Casualty Value of each Unit as of the Casualty Payment Date shall be an amount equal to that percentage of the Purchase Price of such Unit as is set forth in Annex B hereto opposite the rental payment date next succeeding the actual date of such Casualty Occurrence, or if there is no such rental payment date, the last rental payment date; but in no event shall such amount be less than the Casualty Value (as defined in paragraph 7.3 of the CSA) as of such rental payment date.

7.6. No Release. Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

7.7. Insurance To Be Maintained. (1) The Lessee will, at all times prior to the return of the Units to the Trustee at its own expense, cause to be carried and maintained (i) property insurance in respect of the Units at the time subject hereto; provided, however, that the Lessee may self-insure such Units to the extent it self-insures equipment similar to the Units and to the extent such self-insurance is consistent with prudent industry practice, and (ii) public liability insurance with respect to third-party personal and property damage and the Lessee will continue to carry such insurance in such amounts and for such risks and with such insurance companies as is consistent with prudent industry practice but in any event at least comparable in amounts and against risks customarily insured against by the Lessee in respect of equipment owned or leased by it similar

in nature to the Units, in each case satisfactory to the Owner. The proceeds thereof shall be payable to the Vendor, the Trustee and the Lessee, as their interests may appear, so long as the indebtedness, if any, evidenced by the CSA shall not have been paid in full, and thereafter to the Trustee and the Lessee as their interests may appear. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days' prior notice of cancelation or material change in coverage to the Owner and the Vendor and (ii) name the Trustee, the Owner and the Vendor as additional named insureds as their respective interests may appear and, in the event such policies shall contain breach of warranty provisions, such policies shall provide that in respect of the interests of the Trustee and the Vendor in such policies the insurance shall not be invalidated by any action or inaction of the Lessee or any other person (other than the Trustee in the case of the Trustee or the Vendor in the case of the Vendor) and shall insure the Trustee and the Vendor regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Lessee or by any other person (other than the Trustee in the case of the Trustee or the Vendor in the case of the Vendor). Prior to the first date of delivery of any Unit pursuant to the CSA, and thereafter not less than 15 days prior to the expiration dates of the expiring policies theretofore delivered pursuant to this § 7, the Lessee shall deliver to the Owner duplicate originals of all policies (or in the case of blanket policies, certificates thereof issued by the insurers thereunder) for the insurance maintained pursuant to this § 7; provided, however, that if the delivery of a formal policy or certificate, as the case may be, is delayed, the Lessee shall deliver an executed binder with respect thereto and shall deliver the formal policy or certificate, as the case may be, upon receipt thereof.

(2) In the event that the Lessee shall fail to maintain insurance as herein provided, the Owner may at its option provide such insurance (giving the Lessee prompt written notice thereof) and, in such event, the Lessee shall, upon demand from time to time, reimburse the Owner for the cost thereof together with interest, on the amount of the cost to the Owner of such insurance which the Lessee shall have failed to maintain, at the rate per annum specified in § 19 hereof.

7.8. Insurance Proceeds and Condemnation Payments. If the Trustee shall receive (directly or from the Vendor) any insurance proceeds or condemnation payments in respect of such Units suffering a Casualty Occurrence, the Trustee shall pay such proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value with respect to any Unit theretofore paid by the Lessee and any balance of such proceeds or condemnation payments shall remain the property of the Trustee; provided, however, that no Event of Default shall have occurred and be continuing and the Lessee shall have made payment of the Casualty Value thereof, and accrued rentals in respect of such Units, to the Trustee. All insurance proceeds received by the Trustee (directly or from the Vendor) in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Trustee that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

§ 8. REPORTS

On or before March 31 in each year, commencing with the calendar year 1983, the Lessee will furnish to the Trustee and the Vendor an accurate statement (a) setting forth as at the preceding December 31 the total number, description and identification numbers of all Units then leased hereunder and covered by the CSA, the total number, description and identification numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year or are then undergoing repairs (other than running repairs) or then withdrawn from use pending repair (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Units as the Trustee or the Vendor may reasonably request, (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by § 5.1 hereof and by the CSA have been preserved or replaced and (c) further stating that the Lessee is in compliance under the Lease and has performed or has caused to be performed the required maintenance of the Units and that no event has occurred which with the lapse of time or notice or both would constitute an Event of Default. The Trustee, the Vendor and the Owner shall each have the right by its agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Trustee, the Vendor or the Owner may request during the continuance of this Lease.

§ 9. DISCLAIMER OF WARRANTIES

THE TRUSTEE DOES NOT MAKE, HAS NOT MADE AND SHALL NOT BE DEEMED TO MAKE OR HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE TRUSTEE DOES NOT MAKE ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE NOR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Trustee and the Lessee, are to be borne by the Lessee; but the Trustee hereby irrevocably appoints the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Trustee and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Trustee may have against any Builder under the provisions of Items 3 and 4 of Annex A of the CSA; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Trustee may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Trustee shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Trustee that the Units described therein are in all respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Trustee or the Vendor based on any of the foregoing matters.

§ 10. LAWS AND RULES

10.1. Compliance. The Lessee agrees, for the benefit of the Trustee and the Vendor, to comply in all respects (including without limitation with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of

American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units (all such laws and rules to such extent being hereinafter called "Applicable Laws"), and in the event that Applicable Laws require any alteration, replacement or addition of or to any part on any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense, in good faith, contest the validity or application of any Applicable Laws in any reasonable manner which does not, in the opinion of the Trustee or the Vendor, adversely affect the property or rights of the Trustee or the Vendor under this Lease or under the CSA.

10.2. Reports by Trustee. The Lessee agrees to prepare and deliver to the Trustee and the Vendor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Trustee and the Vendor) any and all reports (other than income tax returns, except as provided in § 6 hereof) to be filed by the Trustee with any Federal, state or other regulatory authority by reason of the ownership by the Trustee or the Vendor of the Units or the leasing thereof to the Lessee.

§ 11. MAINTENANCE

11.1. Units in Good Operating Order. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit) which is subject to this Lease in good operating order, repair and condition, ordinary wear and tear excepted, and in the same condition as other similar Equipment owned or leased by the Lessee. Without limiting the foregoing, the Lessee agrees to maintain each Unit so that such Unit will remain (i) in compliance with any and all rules of the Association of American Railroads, (ii) desirable to and suitable for immediate purchase or lease and use by a Class I line-haul railroad (not then or prospectively a debtor in any insolvency or reorganization proceedings) in the event of resale or re-lease upon an Event of Default hereunder and (iii) eligible for the Builder's warranty coverage during the applicable warranty period as specified in Annex A of the CSA.

11.2. Additions and Accessions. (1) Except as set forth in §§ 10.1 and 11.1 hereof, the Lessee, at its own cost and expense, may from time to time make such other additions, modifications and improvements to the Units during the term of this Lease as are readily removable without causing material damage to the Units and do not adversely and materially affect the value of the Units. The additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee, except to the extent such additions, modifications or improvements are made in order to comply with the second paragraph hereof.

(2) Any and all parts installed on and additions and replacements made to any Unit (i) which are not readily removable without causing material damage to such Unit and were installed or were added to such Unit in contravention of the Lessee's agreements contained in § 11.2(1) hereof, (ii) the cost of which is included in the Purchase Price of such Unit, (iii) in the course of ordinary maintenance of the Units or (iv) which are required for the operation or use of such Unit by the regulations of the Interstate Commerce Commission, the Department of Transportation or any other applicable regulatory body, shall constitute accessions to such Unit and full ownership thereof free from any lien, charge, security interest or encumbrance (except for those created by the CSA) shall immediately be vested in the Trustee and the Vendor as their respective interests may appear in the Unit itself.

§ 12. INDEMNIFICATION

12.1. Indemnified Persons. The Lessee shall pay, and shall protect, indemnify and hold the Trustee (in both its individual and fiduciary capacities), the Vendor and any assignee thereof, and their respective successors, assigns, agents and servants ("Indemnified Persons"), harmless from and against any and all causes of action, suits, penalties, claims, demands or judgments of any nature whatsoever which may be imposed on, incurred by or asserted against any Indemnified Person (including any or all liabilities, obligations, damages, costs, disbursements, expenses (including without limitation reasonable attorneys' fees and expenses of any Indemnified Person) relating thereto) in any way relating to or arising, or alleged to arise out of this Lease, the CSA or the Units, including without limitation those in any way relating to or arising or alleged to arise

out of (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, possession, use, operation, condition, sale, return or other disposition of any Unit or portion thereof, (ii) any latent and other defects whether or not discoverable by the Trustee, the Vendor or the Lessee, (iii) any claim for patent, trademark or copyright infringement, (iv) any claims based on strict liability in tort, (v) any injury to or the death of any person or any damage to or loss of property on or near the Units or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of the Units or of any other equipment in connection with the Units (whether owned or under the control of the Trustee, the Lessee or any other person) or resulting or alleged to result from the condition of any thereof; (vi) any violation, or alleged violation, of any provision of this Lease or of any agreement, law, rule, regulation, ordinance or restriction, affecting or applicable to the Units or the leasing, ownership, use, replacement, adaptation or maintenance thereof, except to the extent any such violation arises from the gross negligence or willful misconduct of the Trustee; or (vii) any claim arising out of any of the Trustee's obligations under the Lease Assignment or the Vendor's retention of a security interest under the CSA or the Lease Assignment or the Participation Agreement, except to the extent such claim arises from the gross negligence or wilful misconduct of the Trustee (all of which matters hereinabove set forth in this Article 12 being hereinafter called the "Indemnified Matters"). The Lessee shall be obligated under this § 12.1, irrespective of whether any Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person seeking to enforce the indemnification may proceed directly against the Lessee under this § 12.1 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any Indemnified Matters, the Lessee may and, upon such Indemnified Person's request, will at the Lessee's expense resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessee and approved by such Indemnified Person and, in the event of any failure by the Lessee to do so, the Lessee shall pay all costs and expenses (including without limitation reasonable attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Lessee is

required to make any indemnification payment under this § 12, the Lessee shall pay such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as determined in the sole discretion of the Indemnified Person), shall be equal to the amount of such payment. The Lessee and the Trustee each agrees to give each other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities as contained in this § 12 by the Lessee, and provided that no Event of Default (or other event which with lapse of time or notice or both would constitute an Event of Default) shall have occurred and be continuing, the Lessee shall be subrogated to any right of such Indemnified Person (except against another Indemnified Person) in respect of Indemnified Matters against which indemnity has been given. Any payments received by such Indemnified Person from any person (except the Lessee) as a result of any Indemnified Matters with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to this § 12.1 shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made. Nothing in this § 12.1 shall constitute a guarantee by the Lessee of the CSA Indebtedness of the Trustee under the CSA or a guarantee of the residual value of any Unit.

12.2. Indemnification of Builder. The Lessee agrees to indemnify, protect and hold harmless each Builder as a third-party beneficiary hereof from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against such Builder because of the use in or about the construction or operation of any Unit of any article or material specified by the Lessee and not manufactured by such Builder or of any design, system, process, formula or combination specified by the Lessee and not developed or purported to be developed by such Builder which infringes or is claimed to infringe on any patent or other right. The Lessee will give notice to such Builder of any claim known to the Lessee from which liability may be charged against such Builder hereunder.

12.3. Survival. The indemnities contained in this

§ 12 shall survive the expiration or termination of this Lease with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are made for the benefit of, and shall be enforceable by, any Indemnified Person. None of the indemnities in this § 12 shall be deemed to create any rights of subrogation in any insurer or third party against the Lessee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

§ 13. DEFAULT

13.1. Events of Default; Remedies. If, during the continuance of this Lease or any extension or renewal thereof, one or more of the following events (each such event being herein sometimes called an "Event of Default") shall occur:

A. default shall be made in payment of any amount provided for in § 3, 7 or 16 hereof, and such default shall continue for five days;

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or of the right to possession of the Units, or any thereof;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein, in the Consent, the Participation Agreement or the Indemnity Agreement (as defined in the Participation Agreement) and such default shall continue for 25 days after written notice from the Trustee or the Vendor to the Lessee specifying the default and demanding that the same be remedied;

D. any representation or warranty made by the Lessee herein, in the Participation Agreement, the Indemnity Agreement or in any certificate or statement furnished to the Trustee or the Owner pursuant to or in connection with any such agreements proves untrue in any material respect as of the date of issuance or making thereof;

E. a petition for reorganization under Title 11

of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease and the Consent shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed and otherwise in accordance with the provisions of 11 U.S.C. § 1168, or any successor provision, as the same may hereinafter be amended;

F. any other proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease and the Consent shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

G. an event of default set forth in Article 16 of the CSA shall have occurred arising out of any default

by the Lessee in performing any of its obligations hereunder or under the Consent and shall not have been cured;

then, in any such case, the Trustee, at its option, may:

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Trustee may by its agents enter upon the premises of the Lessee or other premises, insofar as the Lessee may be lawfully authorized to so permit, where any of the Units may be located, without judicial process if this can be done without breach of the peace and in accordance with due process of law, and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever; but the Trustee shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty whichever of the following amounts that the Trustee in its sole discretion shall specify, (i) a sum, with respect to each Unit, which represents (x) the excess of the present value, at the time of such termination, of the entire unpaid balance of all rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit, such present value to be computed on the basis of a 7-1/2% per annum discount, compounded semiannually from the respective dates upon which rental would have been payable hereunder had this

Lease not been terminated over the then present value of the rental which the Trustee reasonably estimates to be obtainable for each Unit during such period, such present value to be computed on the basis of a 7-1/2% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated or, if such Unit is sold, the net proceeds of the sale plus (y) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Trustee shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of rental or (ii) an amount equal to the excess, if any, of the Casualty Value as of the Casualty Payment Date on or next preceding the date of termination over the amount the Trustee reasonably estimates to be the sales value of such Unit at such time; provided, however, that in the event the Trustee shall have sold any unit, the Trustee, in lieu of collecting any amounts payable by the Lessee pursuant to the preceding clause (ii) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Trustee and the Lessee shall pay to the Trustee on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit as of the Casualty Payment Date on or next preceding the date of termination over the net proceeds of such sale.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Trustee's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

13.2. Remedies Not Exclusive; Waiver. The remedies in this Lease provided in favor of the Trustee shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law.

The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

13.3. Failure To Exercise Rights Is Not Waiver. The failure of the Trustee to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

§ 14. RETURN OF UNITS UPON DEFAULT

14.1. Return of Units. If this Lease shall terminate pursuant to § 13 hereof or Article 16 of the CSA, the Lessee shall forthwith deliver possession of the Units to the Trustee. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and shall have attached or affixed thereto any special device considered an accession thereto as provided in § 11 and shall have removed therefrom at the Lessee's expense any addition, modification or improvement which, as provided in § 11, is owned by the Lessee. For the purpose of delivering possession of any Unit or Units as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged or which may have possession thereof to return the Unit or Units) and at the usual speed place such Units upon such storage tracks of the Lessee as the Trustee reasonably may designate;

(b) cause such Units to be stored on such tracks at the risk of the Lessee without charge for insurance, rent or storage until all such Units have been sold, leased or otherwise disposed of by the Trustee; and

(c) transport the same to any place on the lines of railroad operated by the Lessee or any of its affiliates or to any connecting carrier for shipment, all as directed by the Trustee.

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Trustee shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Equipment in good order and repair and will permit the Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of any such Unit, to inspect the same. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Trustee and, if received by the Lessee, shall be promptly turned over to the Trustee. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall in addition, pay to the Trustee for each day thereafter an amount equal to the amount, if any, by which that percentage of the Purchase Price of such Unit for each such day obtained by dividing the basic lease rate as set forth in § 3.1 hereof for each semiannual payment for such Unit by 180 exceeds the actual earnings received by the Trustee on such Unit for each such day.

14.2. Trustee Appointed Agent of Lessee. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 14, the Lessee hereby irrevocably appoints the Trustee as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Trustee, to demand and take possession of such Unit in the name and on behalf of the Lessee from whosoever shall be in possession of such Unit at the time.

§ 15. ASSIGNMENT, POSSESSION AND USE

15.1. Assignment; Consent. This Lease shall be assignable in whole or in part by the Trustee without the consent of the Lessee, but the Lessee shall not be under any obligation to any assignee of the Trustee other than the Vendor except upon written notice of such assignment from the Trustee. The Lessee hereby acknowledges the assignment of this Lease pursuant to the Lease Assignment.

15.2. Lessee's Rights To Use the Units, To Permit Use Thereof by Others and To Sublease the Units. (1) So long as (i) no Event of Default exists hereunder, (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled to apply the Payments as defined in the Lease Assignment in accordance with the Lease Assignment, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease and the CSA. Without the prior written consent of the Trustee and the Vendor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them; and the Lessee shall not, without the prior written consent of the Trustee and the Vendor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of paragraph (2) of this § 15.2. The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Trustee or the Vendor or resulting from claims against the Trustee or the Vendor not related to the ownership of the Units or any encumbrance on the leasehold estate of the Lessee which is subject and subordinate to the interests of the Trustee and the Vendor) upon or with respect to any Unit, including any accession thereto, or the interest of the Trustee, the Vendor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises.

(2) So long as no Event of Default exists hereunder and no event of default exists under the CSA, the Lessee shall be entitled to the possession and use of the Units by it or any affiliate upon lines of railroad owned or operated by it or any such affiliate or upon lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract and shall be entitled to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements and to sublease the Units, but only upon and subject to all the terms and conditions of this Lease and the CSA; provided, however, that the Lessee shall not sublease or use or permit the sublease or use of any Unit outside the United States except on a temporary basis for a maximum of 90 days in any taxable year of the Owner in Canada and/or Mexico, nor shall the Lessee sublease to, or permit the sublease or use of the Units by, any person in whose hands such Units would not qualify as "section 38 property" within the meaning of the Internal Revenue Code of 1954, as

amended, to the date hereof. Without in any way limiting the foregoing, the Lessee shall not sublease or use or permit the sublease or use of Units at any one time having a Casualty Value in excess of 15% of the aggregate Casualty Value of the Units then subject to the Lease in Canada and/or Mexico. The Lessee may receive and retain compensation for the use of any of the Units from railroads or other entities so using such Units. Any sublease permitted by this paragraph may provide that the sublessee, so long as it shall not be in default under such sublease, shall be entitled to the possession of the Units included in such sublease and the use thereof; provided, however, that every such sublease shall be subject and subordinate to the rights and remedies of the Vendor under the CSA and the Trustee under this Lease in respect of the Units covered by such sublease.

15.3. Transfers by Lessee Through Merger, Acquisition or Consolidation. Nothing in this § 15 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, provided that (a) such successor will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease, (b) after the effectiveness of such merger, consolidation or acquisition, such successor shall have a positive net worth at least equal to that of the Lessee prior thereto and such successor, shall be a "railroad" within the meaning of 11 U.S.C. § 101(33) and shall have assumed all the obligations of the Lessee under this Lease, the Consent, the Participation Agreement and the Indemnity Agreement and (c) such successor furnishes a written consent and all statements and reports at the time and in the manner provided in Section 5c.168(f)(8)-2(a)(5) of the Temporary Regulations (or any comparable successor regulation) under Section 168(f)(8) of the Internal Revenue Code.

§ 16. PURCHASE OPTION: DUTY OF FIRST OFFER

16.1. Purchase Option. If this Lease shall not have been earlier terminated and the Lessee shall not be in default hereunder, the Lessee may, by written notice delivered to the Trustee not less than one (1) year prior to the end of the term of this Lease, elect to purchase all but not less than all the Units then covered by this Lease for an amount

equal to 50% of the aggregate Purchase Price (as defined in the CSA) of such Units, which amount shall be payable in immediately available funds to the Trustee on the last day of the term of this Lease at such place and in such manner as the Trustee shall direct (such right to elect to purchase, the "Purchase Option"). Any such purchase shall be free and clear of all the Trustee's rights to such Units, but otherwise shall be made without warranties other than against the Trustee's acts.

16.2 Duty of First Offer. If this Lease shall not have been earlier terminated and the Lessee shall not be in default hereunder, and if the Lessee does not elect to exercise the Purchase Option, then the Lessee, not later than six (6) months prior to the end of the term of this Lease, by written notice furnished to the Trustee, shall inform the Trustee as to whether it desires that there should be a duty of first offer to the Lessee with respect to the sale of the Units then covered by this Lease, at the end of the term of this Lease or at any time during the first year thereafter. If the Lessee does so notify the Trustee of its desire that there should be a duty of first offer to sell those Units to the Lessee, in the event that there is an election to sell those Units or any of them (the "Subject Units") to third parties effective upon the expiration of the term of this Lease or not later than one (1) year thereafter the Trustee shall give written notice of such election to the Lessee, and the Trustee and the Lessee shall determine the Fair Market Value of the Subject Units as provided in § 16.3 hereof, and the Trustee, at its sole option, may solicit in a commercially reasonable manner offers to buy the Subject Units (excepting additions, modifications and improvements which may be removed by the Lessee as provided herein). The purchase price for the Subject Units shall be the higher of the Fair Market Value of those Units or the sale price set forth in the highest bona fide offer for the Subject Units actually recived by the Trustee. The Lessee shall accept the offer, if at all, by written notice delivered to the Trustee not later than thirty (30) days after the Fair Market Value of the Subject Units has been determined and it has received true and correct copies of any offer for the Subject Units received by the Trustee. If the Lessee shall fail to give notice of its desire that there should be a duty of first offer or of its acceptance of the offer within the time periods and as otherwise provided herein, there shall be no further duty of first offer to the Lessee with respect to the Subject Units. If the Lessee accepts the offer, the purchase price for Units shall be paid to the Trustee by the

equal to 50% of the aggregate Purchase Price (as definded in the CSA) of such Units, which amount shall be payable in immediately available funds to the Trustee on the last day of the terms of this Lease at such place and in such manner as the Trustee shall direct (such right to elect to purchase, the "Purchase Option"). Any such purchase shall be free and clear of all the Trustee's rights to such Units, but otherwise shall be made without warranties other than against the Trustee's acts.

16.2. Duty of First Offer. If this Lease shall not have been earlier terminated and the Lessee shall not be in default hereunder, and if the Lessee does not elect to exercise the Purchase Option, then the Lessee, not later than six (6) months prior to the end of the term of this Lease, by written notice furnished to the Trustee, shall inform the Trustee as to whether it desires that there should be a duty of first offer to the Lessee with respect to the sale of any Units then covered by this Lease (the "Subject Units") at the end of the term of this Lease or at any time during the first year thereafter. If the Lessee does so notify the Trustee of its desire that there should be a duty of first offer to sell those Units to the Lessee, in the event that there is an election to sell those Units to third parties effective upon the expiration of the term of this Lease or not less than one (1) year thereafter the prospective seller (the "offeror") shall give written notice of such election to the Lessee, and the offeror and the Lessee shall determine the Fair Market Value of those Units as provided in § 16.3 hereof, and the offeror, at its sole option, may solicit in a commercially reasonable manner offers to buy the Subject Units (excepting additions, modifications and improvements which may be removed by the Lessee as provided herein). The purchase price for the Subject Units shall be the higher of the Fair Market Value of those Units or the sale price set forth in the highest bona fide offer for those Units actually received by the offeror. The Lessee shall accept the offer, it at all, by written notice delivered to the offeror not later than thirty (30) days after the Fair Market Value of the Subject Units has been determined and it has received true and correct copies of any offer for those Units received by the offeror. If the Lessee shall fail to give notice of its desire that there should be a duty of first offer or of its acceptance of the offer within the time periods and as otherwise provided herein, there shall be no further duty of first offer to the Lessee with respect to the Subject Units. If the Lessee accepts the offer, the purchase price for those Units shall be paid to

the offeror by the Lessee not later than sixty (60) days after the determination of the Fair Market Value of those Units, at which time the offeror will execute and deliver to the Lessee a bill of sale such as will transfer title to those Units free of claims, liens and encumbrances created or arising through the offeror other than those which the Lessee is obligated to discharge pursuant to the terms of this Lease.

16.3. Fair Market Value. The Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the purchase price (as of such date as the context herein requires), which would obtain in an arm's-length transaction between an informed and willing purchaser, and an informed and willing seller, under no compulsion to sell. In making such determination, costs of removal from the location of current use shall not be deducted from such purchase price, and it shall be assumed that the Subject Units have been collected in one place on the lines of the Lessee within the continental United States as directed by the seller. If, after 20 days from the giving of notice by the Lessee, as provided in § 16.2 of its election to accept the offer to sell the Subject Units, or exercise its right to extend the Lease, the offeror and the Lessee are unable to agree upon a determination of the Fair Market Value of those Units, such purchase price shall be deterined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such purchase price by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 15 business days after such notice is given, each party shall appoint an independent appraiser within 20 business days after such notice is given, and the two appraisers so appointed shall within 25 business days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 25 business days after such notice is given, either party may request the American Arbitration Association to make such appointment, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Value, as the case may be, of the Subject Units, within 30 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the deter-

Lessee in immediately available funds not later t
(60) days after the determination of the Fair Mar
of the Subject Units, at which time the Trustee w
and deliver to the Lessee a bill of sale such as
title to the Subject Units free of claims, liens
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those which the Lessee is obligated to discharge
to the terms of this Lease.

16.3. Fair Market Value. The Fair Marke
shall be determined on the basis of, and shall be
amount to, the purchase price (as of such date as
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transaction between an informed and willing purcha
an informed and willing seller, under no complusio
In making such determination, costs of removal fro
location of current use shall not be deducted from
purchase price, and it shall be assumed that the Su
Units have been collected in one place on the lines
Lessee within the continental United States as dire
the seller. If, after 20 days from the giving of n
the Lessee, as provided in § 16.2 of the Trustee's
to sell the Subject Units, and the Trustee and the
unable to agree upon a determination of the Fair Ma
of the Subject Units, such purchase price shall be
in accordance with the foregoing definition by the
procedure. If either party to such determination sh
given written notice to the other requesting determi
such purchase price by this appraisal procedure, the
shall consult for the purpose of appointing a quali
independent appraiser by mutual agreement. If no su
is so appointed within 15 business days after such n
given, each party shall appoint an independent appra
20 business days after such notice is given, and the
praisers so appointed shall within 25 business days
such notice is given appoint a third independent appr
If no such third appriaser is appointed within 25 bus
days after such notice is given, either party may req
American Arbitration Association to make such appoint
and both parties shall be bound by any appointment so
Any appraiser or appraisers appointed pursuant to the
going procedure shall be instructed to determine the
Market Value, as the case may be, of the Subject Unit
30 days after his or their appointment. If the parti
have appointed a single appraiser or if either party
shall have failed to appoint an appraiser, the deter-

mination of Fair Market Value of the single appraiser shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from that of the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the Fair Market Value. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Value, and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. Except as otherwise provided herein, the Lessee and the ~~offeror~~ Trustee shall equally share all appraisal procedure expenses.

§ 17. RETURN OF UNITS UPON EXPIRATION OF TERM

As soon as practicable on or after the expiration of this Lease with respect to any Unit, and in any event not later than 90 days thereafter, the Lessee will, at its own cost and expense, at the request of the Trustee, deliver possession of such Unit to the Trustee upon such storage tracks of the Lessee as the Trustee may reasonably designate, or, in the absence of such designation, as the Lessee may select, and permit the Trustee to store such Unit on such tracks for a period not exceeding 180 days from the date of which at least 90% of the Units then subject to this Lease are first placed in storage, and transport the same upon disposition of the Units, at any time within such 180-day period, to any interchange point on the Lessee's lines, all as directed by the Trustee, the movement and storage of such Units to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Trustee or any prospective purchaser, the rights of inspection granted under this sentence. Each Unit returned to the Trustee pursuant to this § 17 shall (i) be in the same operating order, repair and condition as when

originally delivered to the Lessee, reasonable wear and tear excepted, (ii) meet the standards then in effect under the applicable rules of any governmental agency or other organization with jurisdiction and (iii) have attached or affixed thereto any special device considered an accession thereto as provided in § 11 hereof and have removed therefrom any such device not so considered an accession. During any such storage period the Lessee shall maintain the Units in such manner as the Lessee normally maintains similar units of railroad equipment owned or leased by it in similar storage circumstances. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Trustee shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units.

§ 18. RECORDING

The Lessee, at its own expense, will cause this Lease, the CSA, the CSA Assignment and the Lease Assignment (a) to be duly deposited in the office of the Registrar General of Canada and will cause the required notice of such deposit forthwith thereafter to be published in The Canada Gazette in accordance with Section 86 of the Railway Act of Canada and (b) to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303(a). The Lessee will undertake the filing, registering, deposit, and recording required of the Trustee under the CSA. The Lessee in addition will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Trustee or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Trustee's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the CSA, the CSA Assignment and the Lease Assignment; and the Lessee will promptly furnish to the Vendor and the Trustee evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Trustee. This Lease, the CSA, the CSA Assignment and the Lease Assignment shall be filed with the Interstate Commerce Commission and deposited in the office of the Registrar General prior to the delivery and acceptance hereunder of any Unit.

§ 19. INTEREST ON OVERDUE RENTALS

Any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, an amount equal to interest at 16-7/8% per annum of the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

§ 20. TRUSTEE'S RIGHT TO PERFORM FOR THE LESSEE

If the Lessee fails to perform or comply with any of its agreements contained herein, the Trustee may (but shall have no obligation to do so) upon notice to the Lessee perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Trustee (including reasonable counsel fees, if any) incurred in connection with such performance or compliance, together with interest on such amount at 16-7/8% per annum, shall be payable by the Lessee upon demand except as otherwise provided in this Lease. No such performance or compliance by the Trustee shall be deemed a waiver of the rights and remedies of the Trustee or any assignee of the Trustee against the Lessee hereunder or be deemed to cure the default of the Lessee hereunder (it being understood between the Trustee and the Vendor that the Trustee shall have the cure rights provided in paragraph 16.1(e) of the CSA).

§ 21. NOTICES

Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when mailed, first class, postage prepaid, addressed as follows:

(a) if to the Trustee, at One Constitution Plaza, Hartford, Connecticut 06115, Attention of Corporate Trust Department with ~~a copy~~ /copies to the Owner at its address set forth in Paragraph 13 of the Participation Agreement; and

(b) if to the Lessee, at 406 P&LE Terminal Building, Pittsburgh, Pennsylvania 15219, Attention of Hugh P. Nesbitt, Vice President-Finance and Treasurer,

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

§ 22. SEVERABILITY

Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

§ 23. EFFECT AND MODIFICATION OF LEASE

Except for the Participation Agreement and the exhibits thereto, this Lease exclusively and completely states the rights of the Trustee and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Trustee and the Lessee.

§ 24. THIRD-PARTY BENEFICIARIES

Nothing in this Lease shall be deemed to create any right in any person not a party hereto (other than the Owner, the Vendor, the Investors, the Builders and the permitted successors and assigns of a party) and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of a third party except as aforesaid.

§ 25. EXECUTION

This lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor pursuant to the Lease Assignment shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 26. LAW GOVERNING

The terms of this Lease and all rights and obliga-

tions hereunder shall be governed by the laws of the Commonwealth of Pennsylvania; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

§ 27. IMMUNITIES; NO RECOURSE

(1) No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto or the Owner, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Lease.

(2) Anything herein to the contrary notwithstanding, each and all of the representations, undertakings and agreements herein made on the part of the financial institution acting as Trustee are each and every one of them made not as personal representations and agreements by said financial institution, including its successors and assigns, or for the purpose of binding said financial institution personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Lease is executed and delivered by the Trustee solely in the exercise of the powers conferred upon the Trustee as trustee under the Trust Agreement; and no personal liability is assumed by or shall at any time be asserted or enforceable against the Trustee or the Owner on account of any representation or agreement herein of the Trustee, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee.

§ 28. AGREEMENTS FOR BENEFIT OF OWNER AND TRUSTEE'S ASSIGNS

All rights of the Trustee hereunder (including, but not limited to, its rights under §§ 6, 7, 9, 12, 13, 14 and 17 and the right to receive the rentals payable under this

Lease) shall inure to the benefit of the Owner and any of its assigns under the Trust Agreement and the Trustee's assigns (including the Vendor).

§ 29. TERM TRUSTEE

Whenever the term Trustee is used in this Lease it shall apply and refer to the Trustee and any assignee of the Trustee (including, so long as any indebtedness under the CSA or interest thereon shall remain unpaid or any other obligation thereunder be continuing, the Vendor).

§ 30. APPLICATION OF SECTION 168(f)(8) OF THE CODE

The Lessee and the Lessor hereby characterize this Lease as a lease pursuant to which the Lessor is the lessor and owner of the Equipment and the Lessee is the lessee of the Equipment and hereby elect to have the provisions of Section 168(f)(8) of the Internal Revenue Code ("Code") apply with respect to this Lease. Each party agrees to elect, pursuant to Section 168(f)(8)(A) of the Code, to have Section 168(f)(8) of the Code apply with respect to this Lease. The Lessor and the Lessee, or if necessary the common parent of the Lessee's affiliated group, have signed concurrently herewith duplicate copies of Internal Revenue Service Form 6793 and will jointly file such Form on or before 30 days after this Lease is first executed, and each hereby agrees to attach and file with its income tax return for the year in which this Lease begins a copy of such Form.

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

THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY,

by

_____
President

[Corporate Seal]

Attest:

_____
Assistant Secretary

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Trustee,

by _____
Authorized Officer

[Corporate Seal]

Attest:

_____
Authorized Officer

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF ALLEGHENY,)

On this day of January 1982 before me personally appeared , to me personally known, who, being by me duly sworn, says that he is the President of THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

[Notarial Seal] Notary Public

My Commission expires

STATE OF CONNECTICUT,)
) ss.:
CITY OF HARTFORD,)

On this day of January 1982 before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

[Notarial Seal] Notary Public

My Commission expires

APPENDIX A TO LEASE

Type	Builder's Specifications	Builder's Plant	Quantity	Lessee's Identification Numbers (Both Inclusive)	Estimated Unit Base Price	Estimated Total Base Price	Estimated Place of Delivery
Greenville							
100-ton 52 foot fixed end gondola cars AAR Des: GBS	6B-5075-B	Greenville, Pa.	275	47100 47103 47105 47106 47113-47116 47120 47131-47133 47137-47399	$ 46,125.36	$ 12,684,475	January 15, 1982, at Childs, Pa., and/or Greenville, Pa.
Maxson							
100-ton depressed center flat cars AAR Des: FD	45539 9/4/81	St. Paul, Minn.	3	960-962	104,000	312,000	February 1982, at Builder's Plant
200-ton depressed center flat cars AAR Des: FD	45540 9/4/81	St. Paul, Minn.	3	978-980	224,000	672,000	February 1982, at Builder's Plant
						$13,668,475	

APPENDIX B TO LEASE

Casualty Values

Casualty Payment Dates	Percentage of Purchase Price*
Interim Period to	
December 1, 1982	95.11
June 1, 1983	96.76
December 1, 1983	97.96
June 1, 1984	98.71
December 1, 1984	98.99
June 1, 1985	98.80
December 1, 1985	98.09
June 1, 1986	96.86
December 1, 1986	95.21
June 1, 1987	93.48
December 1, 1987	91.67
June 1, 1988	89.76
December 1, 1988	87.76
June 1, 1989	85.65
December 1, 1989	83.43
June 1, 1990	81.08
December 1, 1990	78.60
June 1, 1991	75.97
December 1, 1991	73.19
June 1, 1992	70.24
December 1, 1992	67.13
June 1, 1993	63.89
December 1, 1993	60.54
June 1, 1994	57.08
December 1, 1994	53.51
June 1, 1995	49.83
December 1, 1995	46.04
June 1, 1996	42.14
December 1, 1996	38.12
June 1, 1997	34.00

If the period of time from the delivery date for any particular Unit to the date upon which the Casualty Occurrence for such Unit occurs is less than five years, the Casualty

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* As defined in the CSA

Value set forth in the above schedule will be increased by a percentage of the Purchase Price for such Unit as follows:

Period from Delivery Date to Event of Loss	Increase in Casualty Value
Less than 1 year	19.23%
1 year or more but less than 2 years	15.38%
2 years or more but less than 3 years	11.54%
3 years or more but less than 4 years	7.69%
4 years or more but less than 5 years	3.85%

[CS&M Ref. 2483-140]

ANNEX D
to
Conditional Sale Agreement

ASSIGNMENT OF LEASE AND AGREEMENT dated as of January 1, 1982 ("Assignment"), by and between THE CONNECTICUT BANK AND TRUST COMPANY, not individually but solely in its capacity as Trustee ("Trustee") under a Trust Agreement dated as of the date hereof with the parties named therein ("Trust Agreement"), and MANUFACTURER HANOVER TRUST COMPANY, not in its individual capacity, but solely as Agent ("Vendor") under a Participation Agreement dated as of the date hereof.

The Trustee is entering into a Conditional Sale Agreement dated as of the date hereof ("CSA") with each of GREENVILLE STEEL CAR COMPANY and THE MAXSON CORPORATION (collectively "Builders" and severally "Builder") providing for the sale to the Trustee of such units of railroad equipment ("Units") described in Annex B thereto as are delivered to and accepted by the Trustee thereunder.

The Trustee and THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY ("Lessee") have entered into a Lease of Railroad Equipment dated as of the date hereof ("Lease") providing for the leasing of the Units by the Trustee to the Lessee.

In order to provide security for the obligations of the Trustee under the CSA and as an inducement to the Vendor to invest in the CSA Indebtedness (as defined in paragraph 4.3(b) of the CSA), the Trustee agrees to assign for security purposes its rights in, to and under the Lease to the Vendor.

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Trustee hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Trustee under the CSA, all the Trustee's right, title and interest, powers, privileges and other benefits under the Lease including those inuring to the benefit of the Owner (other than the Trustee's

and the Owner's rights under §§ 6, 7.7(2), 12, 16 and 20 of the Lease), including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Trustee from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Trustee is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Trustee hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Trustee or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Trustee is or may become entitled under the Lease and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Trustee pursuant to the Lease. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Trustee under the CSA, and, so long as no event of default or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default thereunder, shall have occurred and be continuing, any balance shall be paid to the Owner on the same date such Payment is applied to satisfy such obligations of the Owner, by check mailed to the Owner on such date or, upon written request of the Owner, by bank wire to the Owner at such address as may be specified to the Vendor in writing, and such balance shall be retained by the Trustee. If the Vendor shall not receive any rental payment under § 3.1 of the Lease when due, the Vendor shall notify the Trustee and the Owner at the address set forth in the Lease; provided, however, that the failure of the Vendor to so notify the Trustee and the Owner shall not affect the obligations of the Trustee hereunder or under the CSA, except that the Vendor may not terminate the Lease or make a Declaration of Default under paragraph 16.1 of Article 16 of the CSA due to an event of default arising by reason of the failure of the Lessee to make any such rental payment which, pursuant to paragraph (e) of said paragraph 16.1, would not constitute an event of default thereunder if the Trustee complies with the provisions thereof, unless such event of default is not remedied within five days after notification as aforesaid is given.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify the liability of the Trustee under the Lease, it being understood and agreed that, notwithstanding this Assignment or any subsequent assignment, all obligations of the Trustee to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Trustee or persons other than the Vendor.

3. The Trustee will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides is to be performed by the Trustee; without the written consent of the Vendor, the Trustee will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Trustee agrees that any amendment, modification or termination thereof without such consent shall be void.

4. The Trustee does hereby constitute the Vendor the Trustee's true and lawful attorney, irrevocably, with full power (in the name of the Trustee, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Trustee is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Vendor may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all sums due from the Trustee under the CSA, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Trustee. Promptly following such full discharge and satisfaction, the Vendor agrees that it will advise the Lessee in writing that all sums due from the Trustee under the CSA have been fully discharged and satisfied and instruct the Lessee that no

further payments under the Lease are to be made to the Vendor.

6. The Trustee will, from time to time, execute, acknowledge and deliver any and all further instruments reasonably requested by the Vendor in order to confirm or further assure the interest of the Vendor hereunder.

7. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

8. This Assignment shall be governed by the laws of the State of Connecticut, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

9. The Trustee shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor.

10. The Vendor hereby agrees with the Trustee that the Vendor will not, so long as no event of default under the CSA has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Trustee to the Vendor by this Assignment, except the right to collect and apply the Payments as provided in Paragraph 1 hereof, and that, subject to the terms of the Lease and the CSA, the Trustee may, so long as the Vendor is not seeking to receive and collect such Payments and so long as no event of default under the CSA has occurred and is then continuing, exercise or enforce, or seek to exercise or enforce, its rights, powers, privileges and remedies arising out of § 13.1(a) of the Lease; provided, however, that the Trustee shall not, without the prior written consent of the Vendor, terminate the Lease or otherwise exercise or enforce, or seek to exercise or enforce, any rights, powers, privileges and remedies arising out of § 13.1(b) of the Lease.

11. It is expressly understood and agreed by and between the parties hereto, anything in this Agreement to the contrary notwithstanding, that each and all of the representations, warranties and agreements in this Agreement made on the part of the financial institution acting as Trustee

hereunder are each and every one of them made and intended not as personal representations, warranties and agreements by said financial institution, or for the purpose or with the intention of binding said financial institution personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Agreement is executed and delivered by the said financial institution solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the said financial institution or the Owner on account of any representation, warranty or agreement herein of the Trustee or the Owner either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under the Vendor, making claim hereunder, may look to said Trust Estate for the satisfaction of the same.

12. This Assignment may be executed in any number of counterparts, but the counterpart delivered to the Vendor shall be deemed to be the original counterpart. Although for convenience this Assignment is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

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

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity, but solely as Trustee,

by

_____
Authorized Officer

[Corporate Seal]

Attest:

_____
Authorized Officer

MANUFACTURERS HANOVER TRUST COMPANY,
not in its individual capacity,
but solely as Agent,

by

_____
Assistant Vice President

[Corporate Seal]

Attest:

_____
Assistant Trust Officer

STATE OF CONNECTICUT,)
) ss.:
CITY OF HARTFORD,)

On this day of January 1982, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

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

On this day of January 1982, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Assistant Vice President of MANUFACTURERS HANOVER TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said company and that said instrument was signed and sealed on behalf of said company by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

Notary Public

[Notarial Seal]

My Commission expires

CONSENT AND AGREEMENT

THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY ("Lessee"), the lessee named in the Lease ("Lease") referred to in the foregoing Assignment of Lease and Agreement ("Lease Assignment"), hereby (a) acknowledges receipt of a copy of the Lease Assignment and (b) consents to all the terms and conditions of the Lease Assignment and agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities (except any indemnities payable to the Trustee in its individual or fiduciary capacity pursuant to §§ 6 and 12 of the Lease) and other moneys provided for in the Lease (which moneys are hereinafter called "Payments") due and to become due under the Lease directly to Manufacturers Hanover Trust Company, as Agent ("Vendor"), the assignee named in the Lease Assignment, at 40 Wall Street, New York, New York 10015, attention of Corporate Trust Department (or at such other address as may be furnished in writing to the Lessee by the Vendor);

(2) the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Vendor were named therein as the Trustee;

(3) the Vendor shall not, by virtue of the Lease Assignment, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) the Lease shall not, without the prior written consent of the Vendor, be terminated or modified, nor shall any action be taken or omitted by the Lessee the taking or omission of which might result in an alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement, when accepted by the Vendor by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the Commonwealth of Pennsylvania and, for all purposes, shall be construed in

accordance with the laws of said Commonwealth.

THE PITTSBURGH AND LAKE ERIE
RAILROAD COMPANY,

by

_____
President

[Corporate Seal]

Attest:

_____
Assistant Secretary

The foregoing Consent and Agreement is hereby accepted as of January 1, 1982.

MANUFACTURERS HANOVER TRUST
COMPANY, not in its individual
capacity, but solely as Agent,

by

_____
Assistant Vice President