

RECORDATION NO. 22935-C FILED

APR 03 '01 12:06 PM

SURFACE TRANSPORTATION BOARD

ALVORD AND ALVORD
ATTORNEYS AT LAW
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SUITE 200
WASHINGTON, D.C.
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—
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ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

April 3, 2001

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Lease Supplement No. 2, dated as of March 30, 2001, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Lease Agreement, as amended, which was previously filed with the Board under Recordation Numbers 22935.

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

Lessor: Firstar Bank, N.A.
425 Walnut Street
Cincinnati, OH 45202

Lessees: Kasgro Leasing, LLC
Kasgro Rail Corp.
320 East Cherry Street
New Castle, PA 16102

A description of the railroad equipment covered by the enclosed document is:

7 railcars bearing KRL reporting marks and road numbers 70908 and 370392 - 370397.

Mr. Vernon A. Williams
April 3, 2001
Page Two

A short summary of the document to appear in the index follows:

Lease Supplement No. 2 between Firststar Bank, N.A. Lessor, and
Kasgro Leasing, LLC and Kasgro Rail Corp., Lessees.

Also enclosed is a check in the amount of \$28.00 payable to the order of the
Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

RECORDATION NO. 22935-C FILED

APR 03 '01 12:06 PM

SURFACE TRANSPORTATION BOARD

LEASE SUPPLEMENT NO. 2
DATED AS OF MARCH 30, 2001

BETWEEN

FIRSTAR BANK, N.A.,
(the "Lessor")

AND

KASGRO LEASING, LLC
AND
KASGRO RAIL CORP.
(together known as "Lessee")

STB
COPY

with respect to

RAILCARS

FILED WITH THE SURFACE TRANSPORTATION BOARD
PURSUANT TO 49 U.S.C. § 11303

ON _____, 2001

AT _____ .M.

RECORDATION NUMBER _____

THIS LEASE SUPPLEMENT NO. 2 (this "Lease Supplement"), dated March 30, 2001 among **FIRSTAR BANK, N.A.** ("Lessor"), **KASGRO LEASING, LLC** ("Kasgro Leasing"), and **KASGRO RAIL CORP.** ("Kasgro Rail") (Kasgro Leasing and Kasgro Rail Corp. collectively hereinafter referred to as "Lessee").

WITNESSETH:

WHEREAS, Lessor and Lessee have heretofore entered into a Lease Agreement, dated as of May 19, 2000 as amended as of March 29, 2001 (as amended and restated from time to time, the "Lease");

WHEREAS, the Lease provides that on the Closing Date relating to a Railcar, the Seller thereof shall deliver to Lessor a Bill of Sale dated such date by which such Seller bargains, conveys, assigns, sets over, sells and delivers to Lessor, and Lessor purchases and accepts from the Seller, the railcars to be conveyed on such Closing Date, and said Bill of Sale has been delivered by Seller and accepted by Lessor on such Closing Date;

WHEREAS, the Lease provides for the execution of a Lease Supplement for the purpose of leasing the Railcars under the Lease as and when delivered by Lessor to Lessee in accordance with the terms thereof; and

WHEREAS, capitalized terms used herein without definition shall have the respective meanings set forth in the Lease;

NOW THEREFORE, in consideration of the premises and for good and sufficient consideration, Lessor and Lessee hereby agree as follows:

1. Lessor hereby delivers and leases to Lessee, and Lessee hereby accepts and leases from Lessor, under the Lease as hereby supplemented, the Railcars listed on Schedule 1 hereto (each individually a "Supplement 2 Railcar" and together collectively the "Supplement 2 Railcars").
2. Lessee shall not be required to provide to Lessor any security deposit in connection with its lease of the Supplement 2 Railcars.
3. Lessee hereby confirms to Lessor that Lessee has accepted the Supplement 2 Railcars for all purposes hereof and of the Lease as being in accordance with all applicable mechanical specifications for such Supplement 2 Railcars and in good working order.
4. The aggregate Lessor's Cost of the Supplement 2 Railcars leased hereunder and Lessor's Cost of each Supplement 2 Railcar leased hereunder are set forth on Schedule 1. The Stipulated Loss Values set forth on Schedule 2 hereto shall be applicable in respect of the Supplement 2 Railcars leased hereunder.
5. Lessee hereby confirms its agreement, in accordance with the Lease, as supplemented by this Lease Supplement, to pay Basic Rent to Lessor for each Supplement 2 Railcar leased hereunder.
6. Lessor and Lessee agree that the first Payment Date with respect to this Lease Supplement shall be April 20, 2001.

7. All provisions of the Lease (except as hereinafter specifically provided) are hereby incorporated by reference in this Lease Supplement to the same extent as if fully set forth herein; **provided, however**, that exclusively for purposes of this Lease Supplement and the Supplement 2 Railcars leased pursuant to this Lease Supplement the following provisions (rather than the provisions in the Lease) shall apply:

(a) "Basic Rent" shall mean (i) during the Basic Term, Basic Rent for each Supplement 2 Railcar subject to this Lease shall be seventy-two (72) consecutive equal monthly installments payable in advance in accordance with Section 3, with each such installment being an amount equal to 1.656621% of Lessor's Cost for such Railcar (which equates to Sixty-Five Thousand Five Hundred Nine-Two Dollars (\$65,592) per month for all of the Supplement 2 Railcars), and (ii) during the Renewal Term, Basic Rent for each Supplement 2 Railcar subject to this Lease shall be as hereafter agreed to between Lessor and Lessee.

(b) "Basic Term" shall mean for each Supplement 2 Railcar, the six (6) year period beginning on March 31, 2001.

(c) "Lease Term" shall mean the Basic Term and, if Lessee and Lessor hereafter agree on terms for renewal, the Renewal Term.

(d) The references to "59" in the definition of "Payment Date" shall instead be to "71."

(e) Paragraph 2(c) shall be amended and restated to read in its entirety as follows:

(c) Renewal Term. Upon Expiration of the Basic Term, Lessee may elect one of three options with respect to this Lease and the Supplement 2 Railcars leased hereunder. The first option available to Lessee is the option to renew the Lease for all of the Supplement 2 Railcars, provided that Lessee and Lessor have hereafter mutually agreed on fair market rental renewal terms for the Supplement 2 Railcars for a renewal term mutually acceptable to Lessor and Lessee (such hereafter mutually agreed to renewal period, if applicable, herein referred to as the "Renewal Term"). In the event that Lessee wishes to renew this Lease, Lessee shall provide Lessor with a written notice to such effect at least ninety (90) days but not more than three hundred sixty (360) days prior to the beginning date of the Renewal Term so that Lessor and Lessee may attempt to agree on lease provisions for a Renewal Term.

(f) Substitute the following sentence for the last sentence in Section 2(e) of the Lease:

At the time of any return, Lessee shall pay to Lessor a return fee in an amount equal to one percent (1%) of Lessor's Cost with respect to each returned Supplement 2 Railcar.

(g) Paragraph 2(f)(ii) shall be amended and restated to read in its entirety:

(ii) Lessee shall pay to Lessor with respect to the Supplement 2 Railcars on the expiration of the Basic Term, an amount equal to their then Fair Market Sale Value, as determined pursuant to the Appraisal Process as such is defined in Section 1 of this Lease. Upon such payment and the payment by Lessee of all

other Rent payable hereunder on or before such expiration (including, without limitation, the Basic Rent becoming due and payable on such expiration of the Basic Term), Lessor shall transfer all its right, title and interest in and to such Railcars to Lessee, on an "AS IS, WHERE IS" basis, without any representation, recourse or warranty on the part of Lessor except that Lessor shall warrant to Lessee that such Railcars are free and clear of all Lessor Encumbrances.

(h) Insert the following as new Section 2(g) of the Lease:

(g) "Early Buyout Date" shall mean April 1, 2006, upon which date Lessee shall have the one time option to purchase all, but not less than all, of the Supplement 2 Railcars at the aggregate cash purchase price of One Million Three Hundred Thousand Six Hundred Fifty-Six Dollars (\$1,300,656) (the "Exercise Price"). Should Lessee exercise this option, Lessee shall provide Lessor with a written notice irrevocably electing to exercise such purchase right for the Supplement 2 Railcars at least ninety (90) days, but not more than three hundred sixty (360) days, prior to the Early Buyout Date. Upon payment by Lessee and confirmed receipt by Lessor of the Exercise Price, and the payment by Lessee of all other Rent payable hereunder on or before such Early Buyout Date (including, without limitation, the Basic Rent becoming due and payable on such Early Buyout Date), Lessor shall transfer all its right, title and interest in and to such Supplement 2 Railcars to Lessee, on an "AS IS, WHERE IS" basis, without any representation, recourse or warranty on the part of Lessor that such Railcars are free and clear of all Lessor Encumbrances.

(i) Paragraph 3(a) shall be amended and restated to read in its entirety: Basic Rent; Daily Rent. Lessee hereby agrees to pay to Lessor (i) on each Payment Date during the Term, Basic Rent for each Railcar, payable monthly in advance, (ii) on April 20, 2001, Daily Rent for March 31, 2001 through April 19, 2001 in the aggregate amount of Forty Three Thousand Seven Hundred Twenty Eight Dollars (\$43,728); and (iii) for the extension of the Lease Term contemplated by Section 2(d) of the Lease, Daily Rent, payable monthly in advance on the first day of the following month and on the date such railcars shall be delivered by Lessee to Lessor pursuant to Section 2(d) of the Lease, in the condition required by Section 2(d) and 2(e), for the period from the last monthly Payment Date to such date of delivery.

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

9. This Lease Supplement is being delivered in the State of Ohio and shall in all respects be governed by, and construed in accordance with, the laws of the State of Ohio, including all matters of construction, validity and performance.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease Supplement to be duly executed on the date and year set forth in the opening paragraph hereof.

KASGRO RAIL CORP.

By: *Jeffrey A. Plut*
Jeffrey A. Plut
Vice President

KASGRO LEASING, LLC

By: *Jeffrey A. Plut*
Jeffrey A. Plut
Vice President

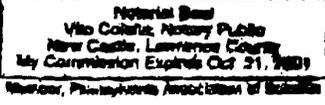
FIRSTAR BANK, N.A.

By: _____
Mathew Iacobucci
Vice President

STATE OF PA }
COUNTY OF LAN } ss:

On this 30th day of March, 2001, before me, personally appeared Jeffrey L. Plut, to me personally known, who being by me duly sworn, says that he is Vice President of Kasgro Rail Corp, a Pennsylvania corporation, that said instrument was signed on the date hereof 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.

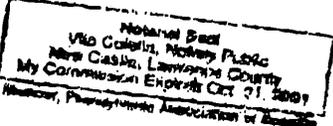
Vito Colella
Notary Public



STATE OF Pa }
COUNTY OF Low } ss:

On this 30th day of March, 2001, before me, personally appeared Jeffrey L. Plut, to me personally known, who being by me duly sworn, says that he is Vice President of Kasgro Leasing, LLC, a Pennsylvania limited liability company, that said instrument was signed on the date hereof on behalf of said limited liability company by authority of its Manager; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said limited liability company.

Vito Colella
Notary Public



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RECEIVED TIME MAR. 30. 3:57PM

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IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease Supplement to be duly executed on the date and year set forth in the opening paragraph hereof.

KASGRO RAIL CORP.

By: _____
Jeffrey L. Plut
Vice President

KASGRO LEASING, LLC

By: _____
Jeffrey L. Plut
Vice President

FIRSTSTAR BANK, N/A.

By: Mathew Iacobucci
Mathew Iacobucci
Vice President

STATE OF)
) ss:
COUNTY OF)

On this 30th day of March, 2001, before me, personally appeared Jeffrey L. Plut, to me personally known, who being by me duly sworn, says that he is Vice President of Kasgro Rail Corp, a Pennsylvania corporation, that said instrument was signed on the date hereof 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

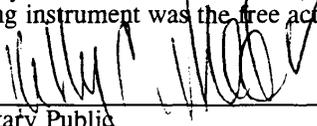
STATE OF)
) ss:
COUNTY OF)

On this 30th day of March, 2001, before me, personally appeared Jeffrey L. Plut, to me personally known, who being by me duly sworn, says that he is Vice President of Kasgro Leasing, LLC, a Pennsylvania limited liability company, that said instrument was signed on the date hereof on behalf of said limited liability company by authority of its Manager; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said limited liability company.

Notary Public

STATE OF OHIO)
) ss:
COUNTY OF HAMILTON)

On this 30th day of March, 2001, before me, personally appeared Mathew Iacobucci, to me personally known, who being by me duly sworn, says that he is Vice President of Firststar Bank, N.A., a national banking association, that said instrument was signed on the date hereof on behalf of said banking association 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 association.



Notary Public

KELLY C MEDER
Notary Public, State of Ohio
My Commission Expires Oct. 18, 2004

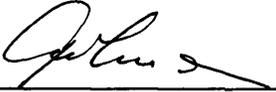
SCHEDULE 1

Sym bol	LNAL CAR Number	Description of Equipment	Lessor's Cost	User
KRL	70908	70', 230 - Ton 8 - Axle FM	299,890	NE
KRL	370392	48', 370 - Ton 12 - Axle FM	609,915	GES
KRL	370393	48', 370 - Ton 12 - Axle FM	609,915	GES
KRL	370394	48', 370 - Ton 12 - Axle FM	609,915	GES
KRL	370395	48', 370 - Ton 12 - Axle FM	609,915	GES
KRL	370396	48', 370 - Ton 12 - Axle FM	609,915	GES
KRL	370397	48', 370 - Ton 12 - Axle FM	609,915	GES
			3,959,380	

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: April 5, 01


Robert W. Alvord