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TRANSPORTATION BOARD

BURNS, WHITE & HICKTON

A LIMITED LIABILITY COMPANY
ATTORNEYS AT LAW

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April 22, 2005

VIA OVERNIGHT MAIL

ENTERED
Office of Proceedings

The Honorable Vernon A. Williams
Secretary, Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

Part of
Public Record

Re: STB Finance Docket No. 34681; Kiski Junction Railroad –
Exemption to Acquire Railroad Lines by Non-Carrier – Berkman Rail Services

Dear Secretary Williams:

I represent Kiski Junction Railroad, Inc. ("Kiski"). Kiski is the purchaser under a certain Purchase and Sale Agreement between Kiski and Berkman Rail Services, Inc.

In connection therewith, I have enclosed for filing the original and ten copies of a Verified Notice of Exemption. Also enclosed is our check in the amount of \$1,500.00, representing the filing fee for the Verified Notice of Exemption. Please accept the original and nine copies of the Verified Notice for filing and return the final copy, time-stamped, to my attention in the enclosed overnight mailing envelope.

Please direct any questions or comments to my attention in connection with the Verified Notice.

Thank you for your consideration in this matter.

Very truly yours,

Richard A. O'Halloran

RAO/lba
Enclosures

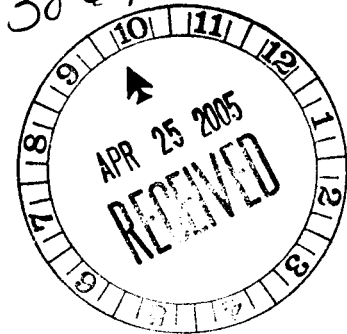
cc: Mr. James Barker

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BEFORE THE
SURFACE TRANSPORTATION BOARD



STB Finance Docket No. 34681

KISKI JUNCTION RAILROAD

EXEMPTION TO ACQUIRE RAILROAD LINES BY NONCARRIER

BERKMAN RAIL SERVICES

VERIFIED NOTICE OF EXEMPTION

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Office of Proceedings

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TRANSPORTATION BOARD

BURNS, WHITE & HICKTON LLC
Richard A. O'Halloran, Esquire
Dean Falavolito, Esquire
4 Northshore Center
106 Isabella Street
Pittsburgh, PA 15212
(412) 995-3000
Attorneys for
Kiski Junction Railroad

BEFORE THE
SURFACE TRANSPORTATION BOARD



STB Finance Docket No. 34681

KISKI JUNCTION RAILROAD

EXEMPTION TO ACQUIRE RAILROAD LINES BY NONCARRIER

BERKMAN RAIL SERVICES

VERIFIED NOTICE OF EXEMPTION

1. Kiski Junction Railroad ("Kiski"), a noncarrier, hereby files this **Verified Notice of Exemption**, pursuant to 49 CFR § 1150.31. Under this notice, Kiski will acquire certain railroad lines from Berkman Rail Services ("Berkman").

2. The applicant's full name and address is: Kiski Junction Railroad, 301 Market Street, Kittanning, PA 16201.

3. Questions or correspondence regarding this exemption should be directed to Richard A. O'Halloran, Esquire and Dean Falavolito, Esquire, Burns, White & Hickton LLC, 4 Northshore Center, 106 Isabella Street, Pittsburgh, PA 15212; (412) 995-3000.

4. The parties to this transaction, Kiski Junction Railroad and Berkman Rail Services, have an agreement in place to transfer the ownership of certain railroad lines. This agreement was executed on April 14, 2005 and a copy is attached hereto as Exhibit No. 1

5. Under the attached agreement, the railroad conveying the railroad lines is Berkman Rail Services, whose address 225 Westview Road, New Castle, PA 16101.

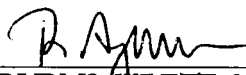
6. Under the terms of the agreement dated April 14, 2005, Kiski Junction Railroad will acquire railroad lines from Berkman Rail Services consisting of Schenley Industrial Track, Line Code 2229 from Milepost 30.0, being at Railroad Station 59+24 in Aladdin, and thus extending to Milepost 28.91; and Schenley Industrial Track, Line Code 2242 from Milepost 0.0 at the connection of said Line Code 2229, and thus extending to Milepost 4.0, being at Railroad Station 52+80. The lines being conveyed cover a total distance of 5.2 miles of trackage. Maps of the areas indicated above are attached as Exhibits Nos. 2 – 7.

7. The operator of these railroad lines as of April 14, 2005 is Kiski Junction Railroad.

8. Kiski Junction Railroad hereby certifies that the projected revenues as a result of this transaction will not exceed that which will qualify it as a Class III carrier.

9. This transaction does not require the filing of an environmental report or an historic report under 49 CFR §1105.6(c)(4) and §1105.8(b)(3) respectively.

Respectfully submitted,


BURNS, WHITE & HICKTON LLC
Richard A. O'Halloran, Esquire
Dean Falavolito, Esquire
4 Northshore Center
106 Isabella Street
Pittsburgh, PA 15212
(412) 995-3000
Attorneys for
Kiski Junction Railroad

SURFACE TRANSPORTATION BOARD

Notice of Exemption

STB Finance Docket No. 34681

KISKI JUNCTION RAILROAD -- EXEMPTION TO ACQUIRE RAILROAD LINES BY
NONCARRIER -- BERKMAN RAIL SERVICES

Kiski Junction Railroad has filed a notice of exemption to acquire Berkman Rail Services' railroad lines consisting of Schenley Industrial Track, Line Code 2229 from Milepost 30.0, being at Railroad Station 59+24 in Aladdin and thus extending to Milepost 28.91; and Schenley Industrial Track, Line Code 2242 from Milepost 0.0 at the connection of said Line Code 2229, and thus extending to Milepost 4.0, being at Railroad Station 52+80. Comments must be filed with the Board and served on Dean Falavolito, Esquire, Burns, White & Hickton LLC, 4 Northshore Center, 106 Isabella Street, Pittsburgh, PA 15212; (412) 995-3000.

The notice is filed under 49 CFR 1150.31. If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

Dated:

By the Board,
Vernon A. Williams,
Secretary

VERIFICATION

STATE OF PENNSYLVANIA)
)
COUNTY OF ARMSTRONG)

J. Clifford Forrest being duly sworn, deposes and states that he has read the forgoing Notice of Exemption and that the contents thereof are true and correct to the best of his knowledge and belief.


J. Clifford Forrest,
President & Secretary

Subscribed and sworn to before me
on this 19TH day of APRIL, 2005

NOTARY PUBLIC

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
James R. Barker, Notary Public
Kittanning Boro, Armstrong County
My Commission Expires Aug. 6, 2008
Member, Pennsylvania Association Of Notaries

PURCHASE AND
SALE AGREEMENT

THIS AGREEMENT, entered into as of this 14th day of April 2005 by and between KISKI JUNCTION RAILROAD INC., a Pennsylvania corporation ("Purchaser"), and BERKMAN RAIL SERVICES, INC., Inc., a Pennsylvania corporation ("Seller").

WHEREAS, Seller owns and operates a rail line located in Armstrong County, Commonwealth of Pennsylvania known as the Schenley Industrial Track("the Line"), and more fully described herein; and

WHEREAS, Purchaser has offered to purchase Seller's interest in the Line, and Seller is willing to sell its interest in the Line, subject to the terms and conditions contained herein; and

WHEREAS, Purchaser intends to operate the Line as a common carrier by railroad, and will assume all common carrier obligations as to the property constituting the said Line; and

WHEREAS, the parties have reached agreement concerning the terms and conditions of purchase and sale of the Line.

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

SECTION I PURCHASE AND SALE OF LINE

A. Agreement and Description. Subject to the terms of this Agreement, Purchaser agrees to purchase from Seller, and Seller agrees to sell to Purchaser, all the right, title, and interest of Seller in and to (i) the real estate which constitutes its Line, consisting of LC 2229, MP 28.8 - 30.0 and LC 2242, MP 0.0-4.0 containing a total of 5.2 route miles of railroad line, as more particularly described in the form of deed



attached hereto as Appendix A, together with all buildings, improvements, fixtures and appurtenances thereunto belonging (except as specifically reserved herein or in said Deed); (ii) except as listed in Appendix K, all articles of personal property attached to or located on the said real estate as of the date of Closing, including but not limited to rail and other track materials, ties, wires, pipes, conduits, electrical or mechanical signal devices, and all other appurtenant devices which constitute personal property under the laws of the Commonwealth of Pennsylvania, as more particularly described in the form of Bill of Sale attached hereto as Appendix B (except as specifically reserved or excepted herein or in said Bill of Sale); (iii) all interests of Seller in and to any leases, easements, licenses, permits, agreements, sidetrack agreements, and privileges pertaining to the said real estate, as more particularly described in the form of Assignment and Assumption, attached hereto as Appendix C; (iv) Case Skidsteer loader Model 40XT, SERIAL # JAF 0383699 with Bradco 509 backhoe attachment, model 8509X, serial # 103811; (v) Locomotive model EMD GP7 567C 1500 Horsepower Locomotive #752; and (vi) the exclusive right to use the name "Kiski Junction Railroad" and any and all directly or indirectly related trademarks, symbols, trade names, associated or related to "Kiski Junction Railroad" and derivatives thereof.

B. Definition of "Premises" and "Property". Except where the usage and context hereof requires otherwise, the real estate which constitutes the line is hereinafter referred to as the "Premises," and all the real and personal property (including the "Premises"), appurtenances, rights and interests to be conveyed or assigned as aforesaid are hereinafter referred to as the "Property."

C. Consideration. As consideration for the Property, Purchaser shall pay to Seller or its nominee the sum of \$830,000 and comply with all of the terms of this agreement, \$65,000 of which shall be paid by Purchaser to Seller as a good-faith down payment against purchase price at the time of the execution of this Agreement. If

Seller defaults prior to closing the \$65,000 down payment is refunded to Purchaser. If the Purchaser defaults prior to closing the downpayment is forfeited. The \$830,000 purchase price shall be allocated as follows:

\$735,000 Railroad
\$ 25,000 Buildings
\$ 40,000 Locomotive
\$ 30,000 Case Skidsteer

D. Title.

1. Title to the Premises, including buildings, improvements and appurtenances shall be delivered at Closing by Special Warranty Deed in the form attached hereto as Appendix A, subject to all items of public record in the recorder's offices and prothonotary's offices of the respective counties. Title to all personal property shall be conveyed by Bill of Sale in the form attached hereto as Appendix B. Seller's interests in any leases, easements, licenses, permits, agreements, sidetrack agreements and privileges shall be delivered to and accepted by Purchaser at Closing by Assignment and Assumption in the form attached hereto as Appendix C.

2. Subject to paragraph 1 above pertaining to special warranty, title to the Property shall be conveyed without covenants or warranties of any nature except those specifically set forth in this Agreement, and conveyance shall be subject to (1) whatever rights the public may have to the use of any roads, alleys, bridges or streets on or crossing the Premises, (2) streams, rivers, creeks and waterways passing under, across or through the Premises, (3) the reservation of mineral rights and any and all other reservations contained in the deed attached as Appendix A and in the Bill of Sale attached hereto as Appendix B, (4) any and all existing tenancies, encumbrances, easements, rights, trackage rights, licenses, permits, privileges, agreements, sidetrack agreements, third party claims, covenants, conditions, restrictions, rights of re-entry, possibilities of

reverter, existing laws and ordinances, and orders of regulatory agencies, and (5) any pipes, wires, poles, cables, culverts, drainage courses or systems, or other facilities on or crossing the Premises, together with the rights of any person entitled thereto to maintain, repair, renew, replace, use or remove the same. Said conveyance shall not, however, be subject to mortgage, tax or other liens for the payment of money. Seller shall make its best efforts to obtain the release of any such liens prior to Closing at its own cost and expense. If Seller is unable to obtain the release of any such liens prior to Closing, it will indemnify Purchaser for any cost or expense incurred by Purchaser as a result of any such liens.

E. Possession. Subject to the conditions set forth in section, possession of the Property shall be delivered "as is" on the date of Closing, subject to to any state of facts that an accurate survey or a prudent inspection of the Premises would disclose, except as otherwise expressly provided herein.

SECTION II GOVERNMENTAL APPROVALS

A. Preparation and Filing.

1. Purchaser, at its own cost and expense, shall prepare and file with any federal, state or local regulatory agency or department that has jurisdiction over all or any part of the transaction contemplated by this Agreement, all applications, petitions, requests, notices or other necessary filings, including appropriate filings or exemptions under 49 U.S.C. 10901, and Purchaser shall do and take all actions necessary and prudent to obtain the requisite approvals, other authorizations, or exemptions from the necessity of such approvals to permit consummation of the transaction contemplated by this Agreement at the earliest practicable date. Seller shall have the right to review and approve all such documents prior to filing and, upon its approval of such documents, Seller shall support fully the efforts of Purchaser to obtain such governmental approvals

or exemptions.

2. Purchaser shall prepare and file such documents not later than 20 days after the execution of this agreement or 2 days after Seller has provided its final approval of such documents, whichever is the latter date. Purchaser at its own expense shall oppose any petition to reopen, reconsider, revoke or stay a regulatory order or authorization approving or exempting this transaction or any part thereof, and to defend any judicial action brought by any person challenging or otherwise contesting any necessary regulatory approval or contesting the right of either party to consummate this transaction.

B. Responsibility for Labor Protection.

1. The parties hereto have entered into this agreement on the premise that no labor protective conditions will be imposed by the Surface Transportation Board ("SURFACE TRANSPORTATION BOARD"). In the event the SURFACE TRANSPORTATION BOARD should impose labor protective conditions pursuant to 49 CFR §1150.32(e), Purchaser, subject to its rights pursuant to Section III.A.(d) hereof to declare such conditions unacceptable and to refuse to close this purchase, shall be responsible for the costs of, and shall reimburse Seller for, any labor protection expense, consisting of payments required to be made to employees of Seller or Purchaser pursuant to any labor protective conditions imposed by the SURFACE TRANSPORTATION BOARD in connection with its exemption or approval of the sale and conveyance of the Property.

SECTION III
CLOSING

A. Conditions Precedent. The obligations of the parties to effect Closing are subject to the following conditions precedent:

(a) Purchaser shall have performed and complied with all terms

and conditions required by this Agreement to be performed by Purchaser prior to Closing as a condition precedent to Seller Closing.

(b) Seller shall have performed and complied with all terms and conditions required by this Agreement to be performed by Seller prior to Closing as a condition precedent to Purchaser Closing.

(c) Purchaser shall have obtained the requisite SURFACE TRANSPORTATION BOARD exemption or approval of this transaction and, as of the date of Closing, such exemption or approval shall be in effect and no petition to revoke pursuant to 49 U.S.C. §10502(d) shall be pending and no restraining order or injunction or request for same shall be pending or in existence with respect to approval of this transaction, as a condition precedent to Purchaser Closing.

(d) The SURFACE TRANSPORTATION BOARD exemption or approval of the transaction is not subject to any condition, including the imposition of labor protection expense, that either Purchaser or Seller reasonably determines to be unacceptable. Any conditions imposed shall be presumed to be acceptable unless the affected party gives notice to the other within five business days of the service date of the SURFACE TRANSPORTATION BOARD exemption or approval decision or order that the condition is unacceptable, and the reason therefor.

(e) Any other governmental or regulatory approvals, authorizations or exemptions necessary under state, federal or local law or regulation for consummation of the transaction have been obtained, as a condition precedent to Purchaser Closing.

(f) The representations of Seller set forth in Section VI hereof shall be true at Closing, as a condition precedent to Purchaser Closing or, if modified in writing by Seller prior to or at Closing, such modifications are acceptable to Purchaser.

If any such modification is not acceptable to Purchaser, then Purchaser may terminate this Agreement under the terms of Section VIII.C.2. hereof.

(g) Purchaser is reasonably satisfied that the Special Warranty Deed and Bill of Sale to be delivered by Seller will convey a sufficient interest in the Property to allow Purchaser to conduct common carrier rail freight operations thereon, as a condition precedent to Purchaser Closing. The Special Warranty Deed and Bill of Sale will be presumed to be satisfactory unless Purchaser has advised Seller of specific defects in the title not less than 15 business days before the Closing date.

(h) Purchaser shall be satisfied as to the condition of the assets listed in Appendix L, as a condition precedent to Purchaser Closing.

(i) The delivery of assignments from Seller to Purchaser at closing of the following documents are conditions precedent to closing by Purchaser : assignment of freight operations agreement, appendix G.

(j) Seller shall be given the exclusive right for three years after closing to conduct railroad tours, as a condition precedent to Seller Closing. However, the tourism right and the right to use the track for tourism shall be subject to a prior right of Purchaser to use the track.

(k) As a condition precedent to Seller Closing, Purchase shall hire Charles E. Bowyer ("Employee"), if he is able and willing, at the salaried rate of \$25,000 per year for the term of the consulting agreement with Seller referred to in paragraph o pursuant to the following terms and conditions: Employee will receive company paid Highmark Select Blue health insurance, or its equivalent if not available, basic eye and dental insurance benefits customary in the industry, and a death benefit of twice his annual salary of \$25,000.00. Employee will also receive reasonable reimbursement for company use of his personal vehicle. In the event the Employee no longer wishes to be employed or cannot be employed, this contractual obligation will terminate. Employee may hire a part time employee from time to time

as needed at reasonable and fair market value rates as an assistant. At no time can the part time employee earn more than the full time Employee.

(l) As a condition precedent to Seller Closing, Purchaser shall leaseback a 60 x 24 foot locomotive shed, tourist station, and 750 foot excursion equipment siding to the Seller for one dollar per year. Provided, however, that Seller shall indemnify the Purchaser, and hold Purchaser harmless, and provide that Purchaser shall be a named insured on a liability policy from an insurance company reasonably satisfactory to Purchaser on a liability insurance policy of no less than \$3 million, including such other insurance terms and conditions as are normal and customary for facilities and operations of this type.

(m) As a condition precedent to Purchaser's closing, Seller shall cause the following documents to be delivered to Purchaser:

- (i) A photocopy of the articles of incorporation and all amendments thereto of Seller, duly certified as of a recent date by the Secretary of State of the jurisdiction of Seller incorporation;
- (ii) Certificates dated as of a date a customary number of days prior to the Closing as to the good standing of Seller and payment of all applicable state taxes by Seller, executed by the appropriate officials of the Commonwealth of Pennsylvania; and
- (iii) an incumbency certificate of the corporate secretary of Seller bearing the names and signatures of all officers of Seller.

B. Date and Place. Closing will be held at the Office of Seller at NEW CASTLE, PA, within 30 days following the satisfaction of the last of the conditions provided for in this Section III ("Closing"), provided all the conditions

precedent to closing set forth above have been waived or met. Unless otherwise specifically provided herein for a particular purpose, Closing shall be deemed to occur on the date of Closing at 11:59 p.m.

C. Delivery of Documents.

1. At Closing, Seller shall deliver to Purchaser the following documents:

(a) The aforesaid Special Warranty Deed in the form of Appendix A, duly executed and acknowledged to enable Purchaser to file such special warranty deed for recordation in the jurisdictions in which the real property is located.

(b) A duly executed Bill of Sale in the form of Appendix B

(c) An Assignment and Assumption in the form attached hereto as Appendix C, duly executed by Seller and Purchaser, whereby Seller assigns to Purchaser and Purchaser assumes from Seller, all leases, easements, licenses, permits, agreements, sidetrack agreements and privileges pertaining to the real property and otherwise provided in this Agreement to be assigned to Purchaser. If any such documents pertain partly to the Premises and partly to other property now or formerly owned by Seller, the Assignment and Assumption will assign to Purchaser only the portion thereof which relates to the Premises.

2. (a) At Closing, or within 90 days thereafter, Seller shall make available to Purchaser or its designated representative, and surrender possession of, the following: (i) Track charts and valuation maps pertaining to the Property; (ii) Seller's executed counterparts of any and all known pertinent leases, easements, licenses, permits, agreements, sidetrack agreements, privileges, and deed records which relate solely to the Property, and copies of any such documents which relate in part to the Property and in part to other property now or formerly owned by Seller; (iii) a schedule of all known security deposits relating to the Property and held by Seller as of the date of Closing; and

(iv) Seller's separate check in the aggregate amount of any and all known security deposits pursuant to the aforesaid agreements relating to the Property. Purchaser shall execute a receipt for all security deposits paid over hereunder, and shall execute an agreement releasing Seller, and holding Seller free and harmless from, any liability for any misapplication of such security deposits made after Closing.

(b) If, at any time subsequent to Closing, any security deposit or lease, easement, license, permit, agreement, sidetrack agreement or other document pertaining to the Property and not previously delivered to Purchaser hereunder shall be found to exist, Seller will promptly deliver said security deposit or document to Purchaser, upon the execution by Purchaser of a receipt and release as provided in Paragraph (a) hereof. Purchaser will, upon request of Seller or upon discovery thereof, return to Seller any security deposit or lease, easement, license, permit, agreement, sidetrack agreement or other document, which does not pertain to the Property but which may have been delivered or paid to Purchaser in error.

3. At Closing, Purchaser shall deliver to Seller the following:

(a) Evidence of a completed wire transfer of immediately available funds to the account designated by Seller, in the amount of the purchase price due at Closing, after reduction by the \$65,000 down payment made at the time of the execution of this Agreement.

(b) An executed Assignment and Assumption Agreement, appendix C., executed by Purchaser.

4. As soon as practicable after Closing, Purchaser shall record the special warranty deed delivered by Seller in each jurisdiction in which any part of the Premises is located.

D. Apportionments.

1. Real estate transfer taxes and sales or use taxes, if any, imposed by law shall be borne and paid by Purchaser. Real property taxes, utility charges, rents, income from leases, easements, licenses, permits, agreements, and privileges, if any, and any other revenues and expenses pertaining to the Property, shall be apportioned between the parties as of the date of Closing, regardless of the date assessed, paid or payable. Provided, however, easement revenue for 2005 generated by the assets being purchased by the Purchaser from the Seller shall be shared for the year 2005 50/50 between Purchaser and Seller. Any special taxes or assessments levied, due and unpaid on the Property prior to Closing shall be paid by Seller. In respect to any payments made by or to either party, whether before or after Closing, appropriate remittances shall be made promptly to assure that such items are apportioned as of the date of Closing. Either party shall have the right, for a period of one year after Closing, to audit (at its own expense) the books and records of the other party which pertain to expenses and revenues to be apportioned hereunder.

2. If Seller at Closing is in possession of funds received from a third party and intended to cover the cost of work to be performed or materials to be acquired pertaining to the Property pursuant to a contract or agreement to be assigned at Closing, Seller shall pay to Purchaser any portion of said funds as are attributable to work that has not been completed or materials that have not been acquired on the date of Closing, and Purchaser shall assume the unfulfilled obligations of Seller pursuant to such contract or agreement.

3. All recording costs and filing fees required to be paid with respect to documents under this Agreement, and the cost of a survey, if one is required,

shall be the sole responsibility of Purchaser.

4. Each party hereto shall be entitled to avail itself of any exemption from the payment of any taxes or fees which it may enjoy.

SECTION IV RAIL SERVICE

A. Interim Operations. From the date of execution of this Agreement until Closing or until termination of this Agreement pursuant to its terms, Seller shall not alter or modify the Property except in the ordinary course of business, and shall conduct its operations on the Property in the ordinary course of business, consistent with its past practice, except and to the extent required by unforeseen emergencies. Seller shall have no obligation to repair or restore any part of the Property in the event of an unforeseen casualty or other damage, but if, in the event of such casualty or other loss, Seller does not elect to repair or restore the Property to its previous condition, Purchaser may elect to terminate this agreement pursuant to Section VIII.C.I hereof, or to accept the Property in its condition at Closing without abatement of the purchase price and without recourse against Seller for the condition of the Property.

B. Transition of Operations. Unless otherwise agreed in writing, the orderly transition of rail freight operations on the Property and the apportionment of transportation revenues and expenses shall be governed by the terms of Appendix G attached hereto, which Seller shall assign to Purchaser at closing as a condition precedent to closing by Purchaser.

SECTION V INSPECTIONS

A. Inspection of the Property. Seller will permit Purchaser and its employees or agents, upon prior notice and upon execution by Purchaser of a standard release, indemnity and confidentiality agreement satisfactory to Seller, and upon execution of a standard release by all such employees and agents, to enter upon the

Premises, at reasonable times to be specified by Seller, for the purpose of conducting a visual inspection or survey of the Premises. Purchaser may examine, inspect, or test the Premises consistent with the completion of a site visit conducted as part of a Phase I Environmental Site Assessment in accordance with the standard practices adopted by the American Society for Testing and Materials. Portable instruments for non-invasive on-site chemical testing may be utilized but no boring or sampling for off site testing or other invasive testing shall be allowed without the specific prior permission of Seller in writing. Any such inspection or survey activities by Purchaser on the Premises shall not interfere with the normal operations of Seller thereon without the prior approval of Seller. Seller shall be furnished with a copy of any report of the inspection or survey, and Purchaser shall not disclose the results of the inspection or survey to any third party without the prior consent of Seller in writing, unless required to do so by law.

B. Hi-Rail Inspection. Upon request of Purchaser, Seller shall arrange for a hi-rail inspection of the Premises at a mutually agreeable time and date. The requisite vehicles (unless otherwise agreed) and drivers shall be provided by, and be under the control of, Seller. Provision shall be made for up to two vehicles to participate in the inspection without charge to Purchaser. For any additional vehicles or subsequent hi-rail inspections, Seller shall be entitled to reimbursement of its actual costs.

C. Inspection of Documents. At any time after the effective date of this Agreement and prior to Closing, Seller will allow Purchaser, at Purchaser's own cost and expense, to segregate, inspect and photocopy, during normal business hours and at a location designated by Seller, all leases, licenses and other agreements described in Section III.C.2. hereof, and existing track charts and valuation maps of the Property.

SECTION VI REPRESENTATIONS OF SELLER

Seller hereby represents to Purchaser that the following shall be true as of the

day of Closing, except as modified in writing by Seller on or prior to the date of Closing. Seller makes no other representations, express or implied.

1. No affiliate of Seller has any interest in the Property, except to the extent provided in a deed or other instrument of public record.
2. The execution of this Agreement and the consummation of the transaction contemplated by this Agreement will not result in any breach of, or constitute a default under, any mortgage or deed of trust given by Seller and applicable to the Property.
3. Seller presently conducts or holds itself out to conduct rail freight common carrier operations on the Premises.
4. To the best knowledge of Seller after reasonable investigation, there is no civil, criminal or administrative proceeding, arbitration or action pending before any court, administrative agency, or arbitration panel, against or affecting the Property, or Seller's right to conduct rail freight transportation operations on the Premises, the result of which, in the opinion of Seller counsel, is likely to be an adverse decision which would materially and adversely affect Purchaser's ability to conduct common carrier rail freight transportation operations on the Premises after Closing.
5. To the best knowledge of Seller after reasonable investigation, there are no formal proceedings pending against Seller before any administrative agency or court, based upon an allegation that a condition on the Premises constitutes a violation of any environmental statute or regulation and the outcome of which, if adverse to Seller, would be an order or judgment enforcing such statute or regulation.
6. Purchaser will not be required under any freight transportation contract to which Purchaser becomes assignee as a result of its purchase of the Property, to (a) provide services in excess of services required for common carrier rail service, (b) furnish rail equipment to shippers in excess of common carrier obligations to furnish

equipment, or (c) pay allowances to shippers other than as provided by tariff.

7. Seller is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania. Seller has full corporate power to: (a) own, lease and operate the Property as and where such Property is now owned or leased and as such business with respect to the Property is presently being conducted; and (b) execute, deliver and perform this Agreement and all other agreements and documents to be executed and delivered by it in connection herewith.

8. All requisite corporate (or other necessary) action to approve, execute, deliver and perform this Agreement and each other agreement and document delivered by Seller in connection herewith has been or will timely be taken by Seller. Concurrent with the execution of this agreement Seller shall deliver to Purchaser certified minutes of all of the shareholders and Board of Directors unanimously authorizing and approving the execution of this Agreement and the carrying out of all transaction provided for or contemplated by or in this Agreement.

9. This Agreement and each other agreement and document delivered by Seller in connection herewith has been duly executed and delivered by Seller and constitute the legal, valid and binding obligations of Seller, enforceable in accordance with their respective terms, subject to the effects of bankruptcy, insolvency, reorganization, moratorium and similar laws from time to time in effect, as well as general principles of equity.

10. No approval or consent of, or filing with, any person or governmental authority is required in connection with the transactions contemplated hereby or the execution, delivery or performance by Seller of this Agreement or any other agreement or document delivered by or on behalf of Seller in connection herewith.

11. No action taken by or on behalf of a Seller in connection herewith, including, but not limited to, the execution, delivery and performance of this

Agreement, and each other agreement and document delivered by Seller in connection herewith, and consummation of the transactions contemplated hereby:

(a) gives rise to a right of termination or acceleration under any contract by which Seller is bound;

(b) to the knowledge of Seller, disrupts or impairs any business relationship which Seller has;

(c) conflicts with or violates:

(i) any law;

(ii) Seller's articles of incorporation or bylaws (or other organizational documents);

(iii) any contract by which Seller is bound; or

(iv) any order, arbitration award, judgment, decree or other similar restriction to which Seller is subject; or

(v) constitutes an event which, after notice or lapse of time or both, could result in any of the foregoing.

12. There is no action, suit, claim, litigation, investigation or proceeding involving or relating to Seller, or, to the knowledge of Seller, threatened, relating to the Property; (b) to the knowledge of Seller, there is no state of facts or event which could reasonably be expected to form the basis for such a claim, litigation,

investigation or proceeding; and (c) no arbitration award, judgment, order, decree or similar restriction is outstanding against or relating to Seller or to the Property.

13. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated herein by Seller will require the consent, authorization or approval of any third party under any material contract, agreement, lease, easement, license or permit.

14. No representation or warranty or other statement made by Seller in this Agreement or otherwise in connection with the contemplated transactions contains any untrue statement of a material fact or omits to state a material fact necessary to make any of them, in light of the circumstances in which it was made, not misleading.

15. No contracts or agreements imposing obligations on Purchaser are being or shall be transferred to Purchaser other than those specifically identified in this Agreement.

SECTION VII ALLOCATION OF LIABILITY

A. Definition of "Obligations". As used in this section, the term "Obligations" shall be broadly construed, and shall include, without limitation, and whether accrued before or after Closing, legal obligations, responsibilities, and liabilities to any person, firm, corporation or governmental body, and the legal responsibility to assume losses, damages, costs, expenses (including costs and expenses of remedial or corrective action, containment, clean-up or repair), assessments, fees, fines, penalties or awards that arise out of, by virtue of, or pursuant to

(i) any federal or state statute, principle of common law, or municipal ordinance,

(ii) any rule, regulation, order, decision, judgment, decree, mandate or directive of any court or other tribunal, or of

any governmental agency, body, instrumentality, or political subdivision, or any deed, contract, or other legal instrument.

B. Allocation of Specific Obligations. Except as otherwise agreed by the parties in any other document and to the extent stated in such other document, the parties shall, as between themselves, allocate obligations pertaining to the Property in accordance with this Section, without regard to considerations of fault or negligence.

1. Licenses and Agreements. Purchaser shall be responsible for all Obligations arising after Closing or allocable to the period after Closing under the licenses and other instruments assigned to Purchaser at Closing by the Assignment and Assumption referred to in Section III.C.1.c hereof. Seller shall be responsible for any such Obligations arising before or allocable to the period before Closing.

2. Personal Injury and Property Damage. Purchaser shall be responsible for all Obligations arising out of personal injury to or the death of persons, or loss of or damage to, property (including the employees and property of the parties hereto) occurring on or about the Property after Closing, except Obligations related to Seller's or its agents, employees, or contractors activities on the Property after Closing for which Seller shall be responsible. Seller shall be responsible for all such Obligations occurring on or about the Property on or prior to Closing, except that any such Obligations that arise from any activity on the Property by Purchaser or its agents, employees, or contractors shall be the responsibility of Purchaser.

3. Toxic or Hazardous Substances.
(a) Toxic or Hazardous Substances, as used in this Subsection, shall mean any material or substance that is defined or classified as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §9601(14)) or Section 311 of the Federal

Water Pollution Control Act (33 U.S.C. §1321); a "hazardous waste" pursuant to Section 1004 or Section 3001 of the Resource Conservation and Recovery Act (42 U.S.C. §§6903, 6921); a toxic pollutant under Section 307(a)(1) of the Federal Water Pollution Control Act (33 U.S.C. §1317(a)(1)); a "hazardous air pollutant" under Section 112 of the Clean Air Act (42 U.S.C. §7412); or a "hazardous material" under the Hazardous Materials Transportation Uniform Safety Act of 1990 (49 U.S.C. §5102(2)).

(b) Purchaser shall be responsible for Obligations which arise from the existence or presence of Toxic or Hazardous Substances in, on or about the Premises (hereinafter "Toxic Contamination") after Closing, except as provided in Subsection (c) below.

(c) Seller shall be responsible for Obligations arising from such Toxic Contamination, provided such Toxic Contamination resulted from a condition created by Seller during the time the Premises were owned, leased, and/or occupied by Seller, and provided further that such Toxic Contamination is a violation of a common law duty or exceeds allowable limits or is otherwise in violation of applicable environmental laws or regulations in effect and as interpreted on the effective date of this Agreement. Seller shall not be liable for any Obligation resulting from any condition created prior to the acquisition of ownership of the Premises by Seller, even if such Obligation arises from ongoing, continuous, or migrating contamination that occurred during the ownership and control of the Premises by Seller. Seller's liability for any Obligation for which it is otherwise responsible hereunder shall be no greater than that resulting from the condition of the Premises at Closing. Purchaser shall be responsible for any Obligation arising from Toxic Contamination resulting from a condition created by Purchaser's possession of, or operations on, the Premises, or any ongoing, continuing, migrating or subsequent release or contamination, or any increase in remediation or

containment costs or liability, created by or resulting from events occurring after Closing, including the passage of time.

(d) If at any time after Closing any Toxic Contamination is discovered which is or may be the responsibility of Seller pursuant to Subsection (c) above, Seller shall be notified of such Toxic Contamination and shall have the opportunity and right to investigate, determine its responsibility therefor, determine in connection with appropriate governmental or regulatory bodies the appropriate response or remedy for such Toxic Contamination, and remedy, with its own forces or contractors and at its own expense, such Toxic Contamination to the satisfaction of appropriate regulatory bodies or to the additional extent deemed appropriate by Seller. Purchaser shall grant such rights of entry or other rights to Seller, upon reasonable terms and without compensation, as may be necessary to allow Seller to perform the inspections, remediation or other actions necessary to comply with this Subsection. In the event of dispute concerning Seller's responsibility for any Obligation hereunder, the parties shall cooperate to resolve such dispute as quickly as possible, and Purchaser, unless required by valid judicial or regulatory order to take immediate action to remedy a specific condition, shall during the resolution of such dispute take no actions inconsistent with Seller's right to seek a determination from the appropriate regulatory or judicial body of the remedy required by law and to remedy the Toxic Contamination with its own forces or contractors. Seller shall not be liable to Purchaser for any damages, costs or expenses incurred as a result of such Obligation, except that if Purchaser is required by valid judicial or administrative order as provided above to take immediate action to remedy any Obligation which is later determined to be the responsibility of Seller hereunder, Purchaser shall be able to recover its actual and reasonable costs from Seller.

4. Other Physical Condition of the Property. Except as provided in Subsection 3 above, Purchaser shall be responsible for:

(a) all Obligations that arise out of, in respect to, or in connection with, the physical condition, safety, utility, adequacy, marketability, value, suitability or fitness of the Property, or any portion thereof, or any defects therein, including without limitation, Obligations relating to (i) public or private street, bridge, underpass or other crossings, (ii) the removal or remediation of contaminating materials *or* substances (other than Toxic or Hazardous Substances as defined in Subsection 3(a) hereof), (iii) the demolition of structures or abatement of nuisances, (iv) the flow or obstruction of surface or subsurface waters, (v) the stability of the soil on, above, over, or adjacent to the property, (vi) support for, or by, adjacent property or the collapse of soil or other materials or buildings onto adjacent property, and (vii) the construction, repair, rehabilitation, alteration, maintenance, or use of the Property;

(b) Obligations imposed by the regulations or orders of any regulatory or licensing agency, or by agencies or governmental bodies responsible for preserving the public health or safety, the environment, natural resources, wildlife, historic sites, vegetation, public parks or forests, or wetlands, and

(c) Obligations imposed by building or construction regulations or codes, or licensing, subdivision or zoning ordinances, regulations or codes, including Obligations relating to licensing, permits, notices, and fees.

5. Title. Subject to Seller's section I.D.1. Special Warranty, Purchaser shall be responsible for all Obligations arising from any deficiency in Seller's title to, or property rights in, the Premises, or any rights held or claimed by third parties in or to the Premises, except that, if Seller has knowingly withheld or concealed any document affecting its title or property rights in the Premises, Seller shall be responsible for any deficiency created by such document.

C. Indemnity. The party made responsible by this Section for any Obligations shall, (1) except and to the extent otherwise provided in Subsection B.3(d) hereof, satisfy or remedy said Obligations, and (2) release, indemnify, protect, defend,

and hold harmless the other party (and its directors, officers, agents, and employees) from and against said Obligations. Each party expressly waives, to the extent it lawfully may do so, (i) the benefits of any statute that would relieve it of any Obligations that it has assumed under this Section, and (ii) any defense predicated on alleged misrepresentations of fact (other than those contained in Section VI hereof) or the nondisclosure of any pertinent fact.

SECTION VIII MISCELLANEOUS PROVISIONS

A. Best Efforts. Both before and after Closing, each party hereto shall execute and deliver such instruments and take such other actions as the other party may reasonably request in order to carry out the intent of this Agreement. Each party hereto shall use its best efforts to cause the transaction contemplated by this Agreement to be consummated and, without limiting the generality of the foregoing, to obtain all consents and authorizations of governmental agencies and third parties and to make all filings with and give all notices to governmental agencies and third parties which may be necessary or reasonably required in order to effect the transaction contemplated by this Agreement.

B. Notices. All notices, requests, consents, demands, or other communications desired or required to be given or submitted by one party to the other pursuant hereto shall be sent by United States express, certified or registered mail, or by a private courier service providing proof of delivery, addressed as set forth below (or to such other address as either of the parties hereto may designate by written notice to the other party), which held the effect of when sent. A return receipt shall be conclusive evidence of the fact, date, and time of receipt.

If to Seller:

Berkman Rail Services, Inc.
225 Westview Road,
New Castle, PA 16101

Attention: President

If to Purchaser:

Kiski Junction Railroad Inc.
301 Market Street
Kittanning, PA 16201

Attention: President

C. Termination. This Agreement may be terminated by the party designated below, if not then in default, upon written notice pursuant to Subsection B hereof, in any of the circumstances designated below:

1. By either party, if, after the date of this Agreement as first above stated but before Closing, an event occurs or a condition within the purview of Section VII.B.3 or Section VII.B.4 hereof is discovered, which materially affects the safety, utility or economic value of the Property for railroad purposes, or which may materially increase the liability of either party to any governmental agency or other party, provided that, if Purchaser is the party seeking termination hereof, such event or condition is not a direct result of Purchaser's negligence or Purchaser's operations or activities on the Property, and provided further that Seller has been given an opportunity to remedy the results of such event or condition promptly after discovery thereof, and fails or declines to do so within a reasonable time.

2. By the Purchaser only, if a modification of a representation made by Seller prior to or at Closing, pursuant to Section III.A.(f) or Section VI hereof, is not acceptable to Purchaser. Purchaser's election not to terminate this Agreement pursuant to this provision shall constitute an acceptance of any modifications of a representation made by Seller pursuant to this Agreement, and shall foreclose Purchaser from asserting any rights or seeking any redress which is inconsistent with the modified representation.

3. By Seller only, (a) if Closing does not take place on or before June 30, 2005 or (b) if Seller reasonably believes that Closing would result in a disruption, strike or other work stoppage on or over all or any part of its system.

D. Entire Agreement; Amendment. This Agreement sets forth the entire understanding of the parties hereto with respect to the transactions contemplated hereby and may not be amended except by written instrument executed by the parties. Any previous agreements or understandings between the parties regarding the subject matter hereof are merged into and superseded by this Agreement.

E. Survival of Terms. All representations (as modified pursuant to the provisions hereof), warranties, covenants, terms, conditions, stipulations, and provisions of this Agreement shall survive Closing and be binding upon and inure to the benefit of, and be enforceable by, the Parties, and their successors and assigns.

F. Assignment.

Neither Seller nor Purchaser may assign, pledge, encumber, or transfer this Agreement, or any interest herein, without the prior written consent of the other party hereto.

G. Beneficiaries. Except as specifically otherwise provided herein, this Agreement is intended for the sole benefit of the parties hereto. Nothing in this Agreement is intended to or may be construed to give any person, firm, corporation, or other entity, other than the parties hereto, any rights pursuant to any provision or term hereof, and all provisions and terms of this Agreement are and shall be for the sole and exclusive benefit of the parties to this Agreement.

H. Governing Law. This Agreement and the rights and obligations accruing hereunder shall be construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania and relevant federal law.

I. Appendices. All appendices referred to in this Agreement are intended to

be, and are hereby, specifically made a part of this Agreement.

J. Waiver. No waiver by either party of any failure of, or refusal by, the other party to comply with any obligation under this Agreement shall be deemed a waiver of any other or subsequent failure or refusal so to comply.

K. Time. Time shall be of the essence of this Agreement. Formal tender of deed and purchase money is hereby waived.

L. Broker. Purchaser and Seller each represent to the other that it has not dealt with any broker in connection with the transaction contemplated by this Agreement. Each party hereto shall assume and indemnify the other from any obligation arising from or in connection with any action by any broker or other party alleging that such broker or other party is entitled to a commission or other compensation, on the basis that it has dealt with such party for the sale or purchase of the Property.

M. Default. If either party hereto shall fail or refuse to close as required by this Agreement, shall fail or refuse in good faith to satisfy the conditions set forth in Section III.A hereof, or shall otherwise be in default hereunder, then the other party, if not in default, may at its option terminate this Agreement by written notice as provided herein, and shall have such additional rights, and may exercise such additional remedies, as are afforded by law.

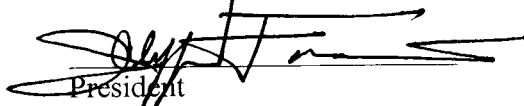
N. Confidentiality. The terms and conditions of this Agreement are confidential, and neither party hereto without the prior consent of the other shall reveal any provisions hereof to any third party (except an employee, attorney or consultant entitled to know the provisions hereof in the ordinary course of the business of the party), except to the extent required by law or regulation or a valid judicial or administrative order, or except to the extent necessary to comply with the provisions of Section II.A hereof.

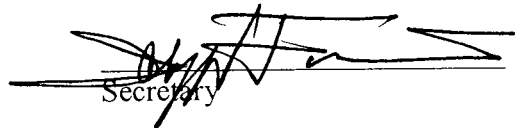
O. Consulting Agreement. Seller and Purchaser agree to the following

consulting agreement which shall take effect at Closing. The term of the consulting agreement shall be for three years. However, the term of the consulting agreement may be extended beyond three years, but only with a mutual agreement in writing of both Purchaser and Seller. Under the consulting agreement, Seller will make itself available for consulting and advice with respect to railroad related issues and PUC issues, as Purchaser may reasonably request from time to time during the course of a consulting agreement. A \$36,000 consulting fee per 12 month period during the term of the consulting agreement will be paid by the Purchaser to Seller, payable in equal \$3000 monthly installments.

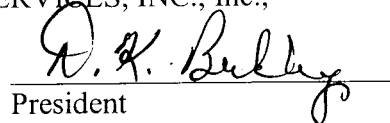
WITNESS WHEREOF, this Agreement has been executed as of the day and year first above written.

KISKI JUNCTION RAILROAD INC.,


President


Secretary

BERKMAN RAIL SERVICES, INC., Inc.,


President

Secretary

Purchase and Sale Agreement

LIST OF APPENDICES

- A Form of Special Warranty Deed
- B Form of Bill of Sale
- C Form of Assignment and Assumption
- D Omitted
- E Omitted
- F Omitted
- G Freight Operations Agreement being assigned to Purchaser by Seller at closing
- H Omitted
- I Omitted
- J Omitted
- K personal property excluded from sale
- L asset subject to the condition of assets condition precedent to Purchaser closing

Appendix A

THIS INDENTURE

MADE the _____ day of _____, 2005,

BETWEEN

BERKMAN RAIL SERVICES, INC., a Corporation organized and existing under the laws of having its principal place of business at 225 Westview Road, New Castle, PA 16101,

(hereinafter called "Grantor")

A N D

KISKI JUNCTION RAILROAD, INC., a Pennsylvania corporation, with offices at 301 Market Street, Kittanning, PA 16201,

(hereinafter called "Grantee")

WITNESSETH, that the said Grantor in consideration of **TWENTY-FIVE THOUSAND DOLLARS**

(\$25,000.00) paid to the Grantor by the Grantee, receipt of which is hereby acknowledged, does grant, bargain, sell and convey unto the said Grantee, its successors and assigns,

ALL that certain property of the grantor situate in Gilpin Township, Armstrong County, and Allegheny Township, Westmoreland County, together with the improvements and appurtenances thereon, being portions of the lines of railroad known as the Schenley Industrial Track and generally described in Exhibit A, and generally indicated by "P.S." on the Consolidated Rail Corporation Case Plan No. 71431, Sheets 1-6, dated May 30, 1995, and revised June 28, 1995, which are attached hereto in Exhibit B, and referred to as "Premises".

BEING the same Premises conveyed by Consolidated Rail Corporation to Berkman Rail Services, Inc., by deed dated July 10, 1995, and recorded on April 7, 2005 in Armstrong County Record Book 2999, Page 292 and on April 5, 2005 in Westmoreland County as instrument #200204050015944.

This conveyance is under and subject to all items of public record in the Recorder's Office and the Prothonotary's Office of Armstrong and Westmoreland Counties.

COMMONWEALTH OF PENNSYLVANIA

:
: SS:
:

COUNTY OF

On this the ____ day of _____, 2005, before me, the undersigned officer, personally appeared _____, who acknowledged himself to be _____ of BERKMAN RAIL SERVICES, INC., a Pennsylvania corporation, and that he as such _____, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____(SEAL)
NOTARY PUBLIC

CERTIFICATE OF RESIDENCE

I, _____, do hereby certify that Grantee's precise residence is 301 Market Street, Kittanning, PA 16201.

Witness, my hand this _____ day of _____, 2005.

Attorney for Grantee

Appendix B

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS, that Berkman Rail Services, Inc., a Pennsylvania corporation, with an address of 225 Westview Road, New Castle, PA 16101, (hereinafter referred to as "Seller"), for and in consideration of One Dollar (\$1.00), and other good and valuable consideration, the receipt of which is hereby acknowledged, bargain, sell, transfer, assign and deliver the goods, chattels, and property to Kiski Junction Railroad, Inc., a Pennsylvania corporation, with offices at 301 Market Street, Kittanning, PA 16201, (hereinafter referred to as "Buyer"), described as follows for a total consideration of Eight Hundred Five Thousand (\$805,000.00) Dollars:

- (i) All the personal property located on the property known as the Schenley Industrial Track, as more particularly described in a deed of even date herewith, between Seller and Buyer conveying said Schenley Industrial Track to Buyer, including, but not limited to all rail, other track materials and all other property and appurtenances, both fixed and movable, located on the Schenley Industrial Track, and which constitutes personal property under the laws of the Commonwealth of Pennsylvania.
- (ii) Case Skidsteer loader Model 40XT, SERIAL # JAF 0383699 with Bradco 509 backhoe attachment, model 8509X, serial # 103811.
- (iii) EMD GP7 567C 1500 horsepower locomotive #752
- (iv) the exclusive right to use the name "Kiski Junction Railroad" and any and all directly or indirectly related trademarks, symbols, trade names, associated or related to "Kiski Junction Railroad" and derivatives thereof

TO HAVE AND TO HOLD FOREVER.

And vouch that Seller has full right and lawful authority to dispose of said goods, chattels and property, agrees that it will warrant specially and covenant to defend the said goods, chattels and property against the lawful claims of all other persons.

Seller hereby covenants that this Bill of Sale conveys to Buyer all of the right, title and interest in the property which is the subject of this Bill of Sale free and clear of all liens, encumbrances, security interests, and claims of every kind.

IN WITNESS WHEREOF, the parties have hereunto set their hands and
seals this _____ day of _____, 2005.

ATTEST:

SELLER: BERKMAN RAIL SERVICES,
INC.:

Secretary

BY: _____(SEAL)
President

(CORPORATE SEAL)

Appendix C

ASSIGNMENT AND ASSUMPTION

FOR VALUE received, **BERKMAN RAIL SERVICES, INC.**, a Pennsylvania corporation ("Seller") hereby assigns, transfers, and sets over unto, **KISKI JUNCTION RAILROAD, INC** ("Purchaser") all rights of Seller in and to any assets, easements, leases, licenses, covenants, permits, agreements (including but not limited to utility agreements and sidetrack agreements) and other rights pertaining to the premises, as identified in the agreement between Seller and Purchaser to which this document is attached as an appendix (hereinafter collectively referred to as the "Agreement"), and with respect to those agreements which pertain partly to the Premises and partly to property not conveyed to Purchaser by the aforementioned Agreement (hereinafter collectively referred to as the "Split Agreements") Seller hereby assigns, transfers and sets over to Purchaser only that portion of the Split Agreements which pertains to the premises conveyed by the aforesaid Agreement; described as all that certain property of Seller, together with all the improvements, tracks and appurtenances thereon, being a portion of the line of railroad known as the Schenley Industrial Track .

Purchaser hereby accepts this assignment and assumes all the obligations, responsibilities, penalties, liabilities and duties of Seller under the Agreement and Split Agreements which pertain to the Premises as specified and provided for in the Agreement between the parties hereto and Purchaser hereby expressly releases and holds Seller harmless from and against all obligations, responsibilities, liabilities and duties assumed by Purchaser and any costs associated therewith, as such matters are provided for in the Agreement, from and after the effective date of this Assignment and Assumption.

IN WITNESS WHEREOF, intending to be legally bound, the parties have executed this Assignment and Assumption this _____ day of _____, 2005.

Seller : **BERKMAN RAIL SERVICES, INC.**

President

Secretary

Purchaser: **KISKI JUNCTION RAILROAD, INC**

President

Secretary

APPENDIX K

Purchase Agreement dated April __, 2005 between
KISKI JUNCTION RAILROAD, INC.
and
BERKMAN RAIL SERVICES, INC.

Articles of personal property not included with the sale of assets are as follows:

1. Tourism related gifts, shirts, and trinkets located in the small tourism building

APPENDIX L
SECTION III (A)(h)
Purchase Agreement dated April __, 2005 between
KISKI JUNCTION RAILROAD, INC.
and
BERKMAN RAIL SERVICES, INC.

1. Railroad gradings and tracks
2. Bridge crossing Kiski River, including track, decking, piers, and footings
3. Two buildings located on premises

TRANSITION OF FREIGHT OPERATIONS
TO SWITCHING AND TERMINAL CARRIER

The terms and conditions set out below shall govern the transition from Consolidated Rail Corporation (Conrail) to Berkman Rail Services, Inc. (Operator) of rail freight operations on the Premises which are the subject of the Purchase and Sale Agreement between Conrail and Operator dated _____, 1995. The date of such transition is hereafter referred to as the Operation Date.

1. Relationship of the Parties

Nothing in this Appendix shall be deemed to constitute either Operator or Conrail as the agent of the other for the handling of any traffic, the billing or collecting of any charges, or the payment of any assessments.

2. Billing and Freight Revenue

A. Operator is a switching carrier. When Conrail participates in the road haul movement, Conrail will be responsible for processing and accounting for all waybills, freight billing, and interline settlements for all shipments that originate or terminate at public team tracks or private sidings on the Premises (collectively "Sidings") after 11:59 p.m., Operation Date. The processing and accounting of earnings due Operator from Conrail shall be made in accordance with the AAR Mandatory Freight Accounting Rules governing switching settlements.

B. Customers are to be advised to pay freight bills to the railroad submitting the bill. Freight bills paid by a customer to the carrier not submitting the bill will be adjusted between Conrail and Operator in accordance with Section 12 hereof.

3. Inventory of Cars

Conrail will prepare and make available to Operator an inventory of all loaded and empty cars on the Premises as of 11:59 p.m., Operation Date, so that revenue and expenses resulting from shipments over the Premises can be identified and properly distributed between Conrail and Operator. The inventory will show separately:

A. Loaded cars at the interchange yard or on Sidings, which have not moved in linehaul service on the Premises as of 11:59 p.m., Operation Date.

B. Loaded cars at the interchange yard or on Sidings for which linehaul service on the Premises has been completed as of 11:59 p.m., Operation Date.

C. Loaded cars enroute on the Premises, in a train consist or at an intermediate siding or yard on the Premises, as of 11:59 p.m., Operation Date.

D. Empty cars on the Premises (including Sidings and the interchange yard).

4. Linehaul Revenue.

A. Where loaded outbound cars are located on Sidings at 11:59 p.m., Operation Date, and no service over the Premises has been performed by Conrail, Operator shall be entitled to 100% of the switching revenue for movement of the cars over the Premises. Where loaded outbound cars are located at the interchange yard at 11:59 p.m., Operation Date, and no service has been performed by Operator, Conrail shall

be entitled to 100% of the revenue for the movement of the cars over the Premises.

B. Where loaded inbound cars are located on Sidings at 11:59 p.m., Operation Date, and linehaul service on the Premises has been completed, Conrail shall be entitled to 100% of the revenue for movement of the cars over the Premises. Where loaded inbound cars are located at the interchange yard at 11:59 p.m., Operation Date, Operator shall be entitled to 100% of the switching revenue for movement of the cars over the Premises.

C. Where loaded inbound or outbound cars are located on intermediate sidings or yards or are enroute on the Premises at 11:59 p.m., Operation Date, Operator and Conrail shall each be entitled to 1/2 of the switching revenue for movement over the Premises; for purposes of this Subsection 4.C. of this Agreement, the revenue attributable to movement over the property shall be \$250 per car.

D. Neither Operator nor Conrail shall be entitled to any payment from the other for the movement of empty cars.

5. Miscellaneous Revenue Other Than Demurrage

Revenue from miscellaneous charges or switching bills for service provided by Conrail up to 11:59 P.M. Operation Date will be retained by Conrail. Revenue from miscellaneous charges or switching bills for service provided by Operator after Operation Date will be retained by Operator.

6. Demurrage Revenue

Conrail will furnish Operator with detailed placement and other data necessary to compute demurrage charges for all cars subject to actual or constructive

placement on the Operation Date, and Operator shall bill for demurrage accrued on all such cars. Demurrage charges accrued up to 11:59 p.m. of the Operation Date shall be paid to Conrail by Operator when the customer is billed.

7. (Omitted)

8. Car Accounting

For purposes of determining responsibility for car hire payments, Conrail shall perform a paper interchange of all equipment inventoried pursuant to paragraph 3 above to Operator effective as of 11:59 p.m., Operation Date. This paper interchange shall be reported as occurring at Kiski Junction, PA. Conrail will be responsible for car hire payments accrued on or prior to the Operation Date. Operator will be responsible for car hire accrued after Operation Date, subject to Rule 5 of the AAR Code of Car Hire Rules. Unless provided otherwise by an agreement signed by the parties, Operator shall not be entitled to car hire reclaim from Conrail.

9. Billing and Collection

In the event Operator or Conrail erroneously receives payment for billing of the other party, the party receiving such payment shall remit the payment to the party making the billing in accordance with Section 12 hereof.

10. Car and Trailer Repairs

Freight cars and trailers damaged on the Premises, or requiring repairs not related to damage which are the responsibility of the user under applicable car interchange rules, on or prior to Operation Date, will be the responsibility of Conrail. Those damaged, or requiring repairs not related to damage which are the responsibility of

the user under applicable car interchange rules, after Operation Date, will be the responsibility of Operator.

11. Freight Loss and Damage

A. Conrail shall be responsible for claims for freight loss and damage which arise from acts or omissions that occur on the Premises on or prior to the Operation Date. Operator shall be responsible for such claims which arise from acts or omissions that occur on the Premises subsequent to the Operation Date. If the date or location of an act or omission giving rise to a claim cannot be determined, freight loss and damage liability attributable to movements over the Premises shall be assumed by Conrail and Operator in accordance with AAR Freight Claim Rules.

B. Operator shall indemnify, defend, and hold harmless Conrail from freight loss and damage claims arising from acts or omissions that occur on the Premises after the Operation Date. Conrail shall indemnify, defend, and hold harmless Operator from freight loss and damage claims arising from acts or omissions that occur on the Premises on or before the Operation Date.

C. This provision is not intended, and shall not be interpreted, as an admission or acknowledgment of liability by Conrail or Operator with respect to any claim for freight loss and damage.

D. Operator and Conrail will process claims in accordance with AAR Rules, Principles and Practices.

12. Payments

Payments required hereunder shall be settled and made in accordance with

AAR Accounting Rules.

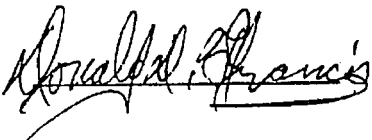
13. Stations and Rates

Notwithstanding any other agreement to the contrary, Conrail will cancel the existing stations on the Premises to be served exclusively by Operator as soon as possible after Operation Date. Operator will establish switching tariffs, rates and stations, as necessary, to handle movements from, to or via the Premises. Traffic billed prior to Conrail's station cancellation effective date for Conrail delivery to destinations on the Premises will be delivered by Conrail to Operator at Kiski Junction, PA for delivery to destination by Operator. Operator's compensation for this service will be \$250 per loaded car, to be paid from Conrail's share of the revenue. For subsequent carload traffic originating or terminating on the Premises and handled by Purchaser, Conrail will initially agree to absorb no more than \$250 per carload to/from Allegheny-Ludlum.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of _____, 1995.

WITNESS:

BERKMAN RAIL SERVICES, INC.



BY: Dale K. Berley Jr.
TITLE: PRESIDENT

WITNESS:

CONSOLIDATED RAIL CORPORATION

BY: _____
TITLE: _____

tabbles

EXHIBIT

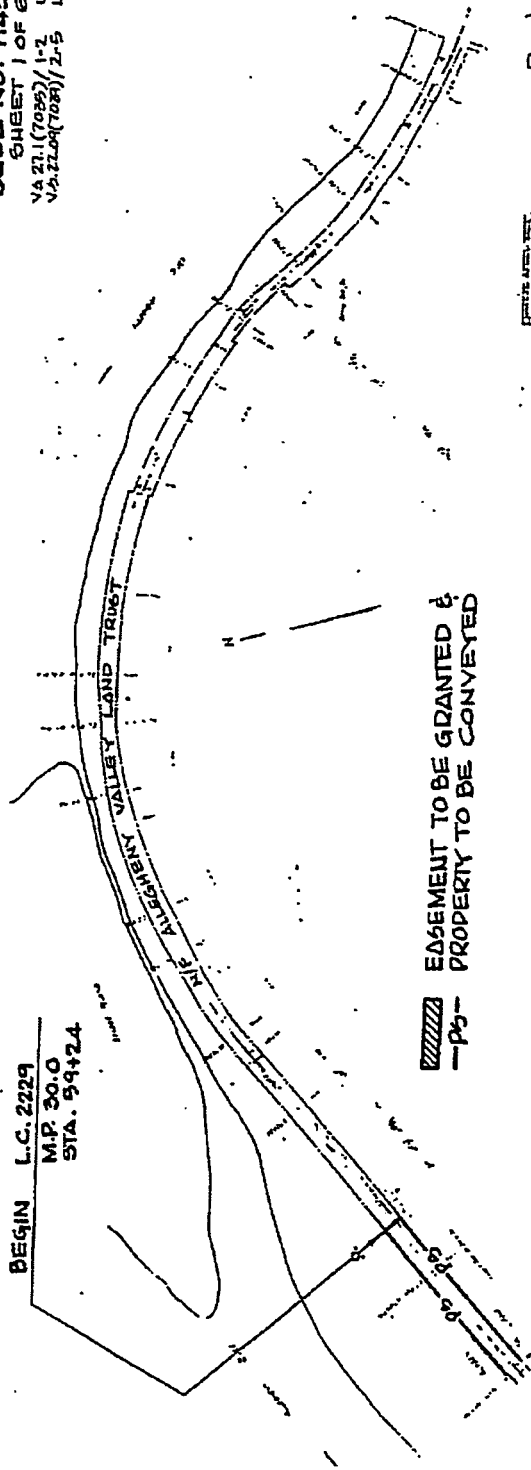
2

CASE NO. 71431

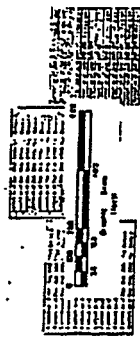
SHEET 1 OF 6

VA 271 (7095) / 1-2 L.C. 2229
VA 271 (7095) / 2-5 L.C. 2242

BEGIN L.C. 2229
M.P. 30.0
STA. 59+24



EMSEMENT TO BE GRANTED &
-P3- PROPERTY TO BE CONVEYED



REV. JUNE 28, 1995

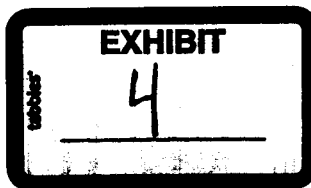
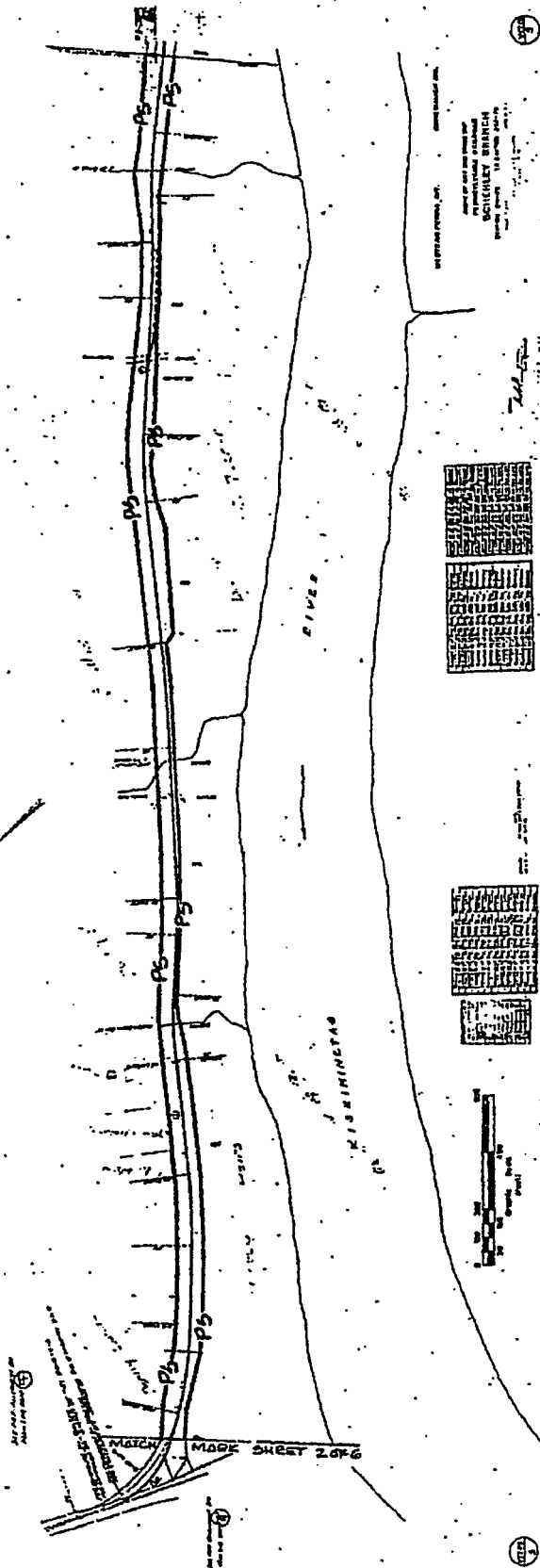
PENNSYLVANIA RAILROAD

MAY 20, 1995

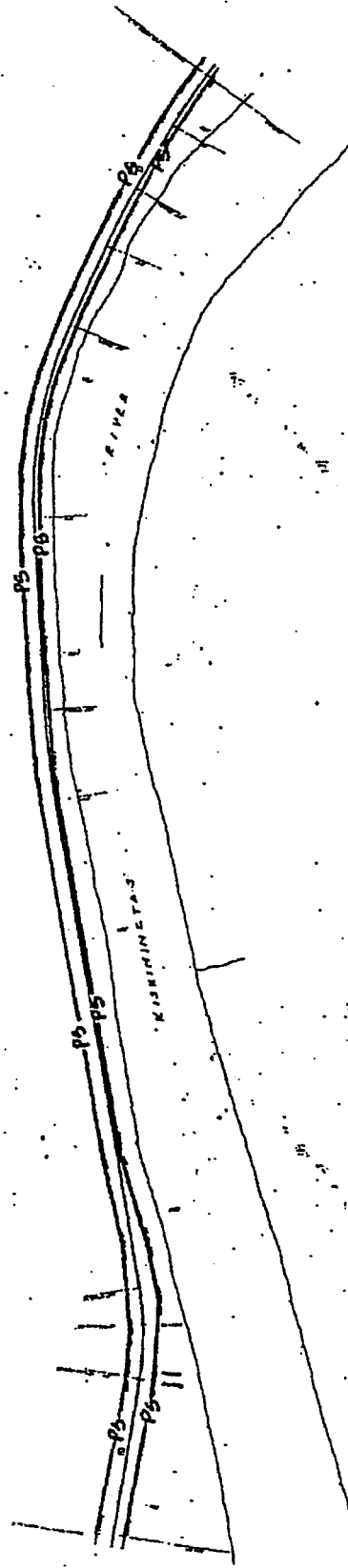
GILPIN TOWNSHIP, ARMSTRONG COUNTY, PENNSYLVANIA

Rev. June 28, 1995

CASE NO. 71A31
SHEET 3 OF 6



CASE NO. 71431
SHEET 4 OF 6



ENGINEER'S REPORT, 1911
SHEPHERD BRANCH
KISHININGA RIVER
KISHININGA RIVER
KISHININGA RIVER

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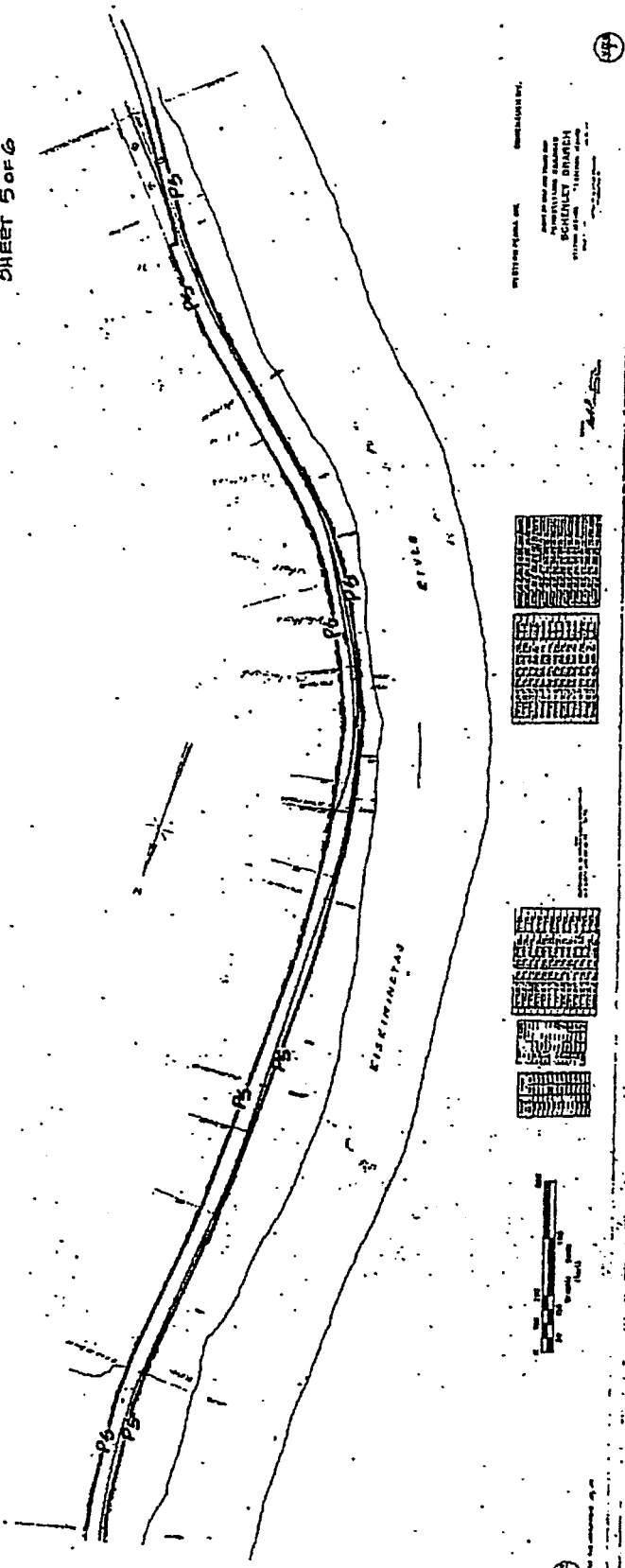
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100

EXHIBIT
5

CASE NO. 714231
SHEET 5 OF 6



BY: [Signature]
DATE: [Date]
PROJECT: [Project Name]
SHEET: [Sheet Number]
TOTAL SHEETS: [Total Sheets]

[Text block containing technical specifications or notes]

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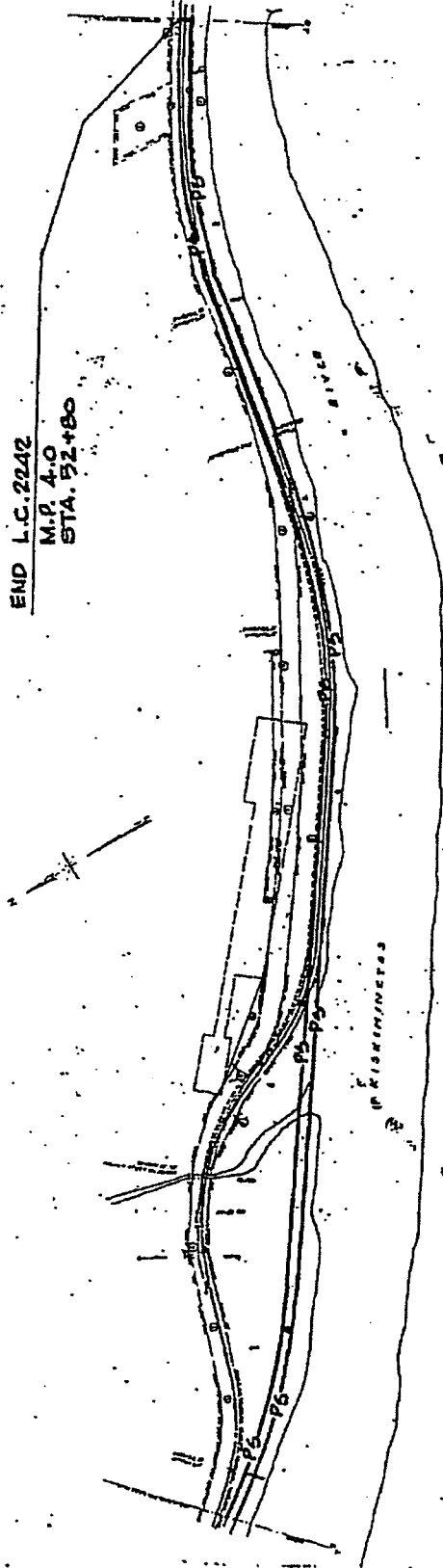
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EXHIBIT
6

CASE NO. 71431
SHEET 6 OF 6

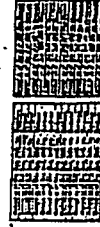
END L.C. 2242

M.P. 4.0
STA. 52+80



SECTION 100' BY 100' 100'

SECTION 100' BY 100' 100'



100'

EXHIBIT

7