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May 25, 1977

Hon. Robert L. Oswald
Secretary,
Interstate Commerce Commission
Washington, D. C. 20423

7-147A060
Date ~~May 22 1977~~
Fee \$ ~~50.00~~
ICC Washington, D. C.

8837
RECORDATION NO. Filed & Recorded

MAY 27 1977 - 1 45 PM
INTERSTATE COMMERCE COMMISSION

Dear Sir:

Enclosed for filing with and recording by the Interstate Commerce Commission are an original and eight counterparts of a Lease Agreement dated as of March 29, 1977, between SSI Rail Corp., Lessor, and Ashley, Drew & Northern Railway Company, Lessee, covering the following railroad equipment:

200 70-ton, 50'6", single sheath Boxcars (AAR Mechanical Designation XM), bearing identifying numbers ADN 8000 to 8199, both inclusive.

Identifying marks on the foregoing equipment: "Owned by a Bank or Trust Company under a Security Agreement filed under the Interstate Commerce Act, Section 20c."

Also enclosed is this Company's check in the sum of \$50.00, payable to the Interstate Commerce Commission, being the prescribed fee for filing and recording the foregoing document.

Please return all additional copies of the enclosed counterparts not required by the Interstate Commerce Commission to David Schwartz, Esq., of Sullivan and Worcester, who will be delivering this letter on our behalf.

Very truly yours,

Martin D. Goodman
Secretary

MDG:md
Enc.

Claremont Barbara W. Lee

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

5/27/77

Martin D. Goodman
Two Embarcadero Center
San Francisco, Calif. 94111

Dear

Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on **5/27/77** at **1:45pm** and assigned recordation number(s)

8837 & 8838

Sincerely yours,



Robert L. Oswald
Secretary

Enclosure(s)

8837

Filed & Recorded

LEASE AGREEMENT MAY 27 1977 - 1 42 PM

INTERSTATE COMMERCE COMMISSION

THIS LEASE AGREEMENT, made as of this 29th day of March, 1977, among Itel Corporation, a Delaware Corporation, One Embarcadero Center, San Francisco, California 94111 (Itel), SSI RAIL CORP., a Delaware corporation, Two Embarcadero Center, San Francisco, California 94111 ("SSI"), as Lessor, and Ashley, Drew & Northern Railway Company, Crossett, Arkansas, an Arkansas corporation ("Lessee"), as Lessee.

1. Scope of Agreement

A. SSI agrees to lease to Lessee, and Lessee agrees to lease from SSI, boxcars and/or other railroad equipment of the types and descriptions as set forth in any lease schedules executed by the parties concurrently herewith or hereafter and made a part of this Agreement. The word "Schedule" as used herein includes the Schedule or Schedules executed herewith and any additional Schedules and amendments thereto whether for boxcars or other railroad equipment, each of which when signed by both parties shall be a part of this Agreement. The scheduled items of equipment are hereinafter called collectively the "Boxcars".

B. It is the intent of the parties to this Agreement that SSI shall at all times be and remain the lessor of all Boxcars. Lessee agrees that it will at no time take any action or file any document which is inconsistent with the foregoing intent and that it will take such action and execute such documents as may be necessary to accomplish this intent.

2. Term

A. This Agreement shall remain in full force until it shall have been terminated as to all of the Boxcars as provided herein. The term of lease with respect to all of the Boxcars described on each Schedule shall be for fifteen (15) years commencing upon the date when all Boxcars on such Schedule have been delivered as set forth in Section 3A hereof.

B. If this Agreement has not been earlier terminated and no default has occurred and is continuing, it shall automatically be extended for not more than five consecutive

periods of twelve months each with respect to all of the Boxcars described on each Schedule, provided, however, that SSI or Lessee may terminate this Agreement as to all, but not fewer than all, of the Boxcars on any such Schedule by written notice delivered to the other not less than twelve months prior to the end of the initial lease term or any extended lease term.

3. Supply Provisions

A. SSI will inspect each of the Boxcars tendered by the manufacturer for delivery to Lessee. Prior to such inspection, however, Lessee shall confirm in writing to SSI that the sample Boxcar which will be made available for Lessee's inspection prior to the commencement of deliveries conforms to the specifications of the equipment as shown in the Schedule. Upon such approval by Lessee and SSI's determination that the Boxcar conforms to the specifications ordered by SSI and to all applicable governmental regulatory and AAR specifications, and this Agreement has not been terminated, SSI will accept delivery thereof at the manufacturer's facility and shall notify Lessee in writing of such acceptance. Each of the Boxcars shall be deemed delivered to Lessee upon acceptance by SSI. The Boxcars shall be moved to Lessee's railroad line at no cost to Lessee as soon after acceptance of delivery by SSI as is consistent with mutual convenience and economy. Notwithstanding that Lessee may not have immediate physical possession of the Boxcars leased hereunder, Lessee agrees to pay to SSI the rent set forth in this Agreement. To move the Boxcars to Lessee's railroad line and insure optimal use of the Boxcars after the first loading of freight for each Boxcar on the railroad line of Lessee (the "initial loading"), SSI agrees to assist Lessee in monitoring Boxcar movements and, when deemed necessary by Lessee and SSI, to issue movement orders with respect to such Boxcars to other railroad lines in accordance with ICC and AAR interchange agreements and rules.

B. With respect to placement for loading by shippers on Lessee's railroad tracks, Lessee shall place the Boxcars prior to loading all boxcars subsequently leased or purchased by Lessee or interchanged with railroads; provided, however, that this shall in no event prevent or prohibit Lessee from fulfilling its obligations to provide transportation and facilities upon reasonable request therefor to shippers on its railroad tracks.

C. Additional Boxcars may be leased from SSI by Lessee only upon the mutual agreement of the parties hereto. Upon such agreement, such additional Boxcars shall be identified in Schedules to this Agreement and shall benefit from and be subject to this Agreement upon execution of the Schedules by SSI and Lessee.

4. Railroad Markings and Record Keeping

A. SSI and Lessee agree that on or before delivery of any Boxcars to Lessee, said Boxcars will be lettered with the railroad markings of Lessee and may also be marked with the name and/or other insignia used by Lessee. Such name and/or insignia shall comply with all applicable regulations.

B. Lessee shall, or if requested by Lessee, SSI shall at no cost to Lessee, during the term of this Agreement prepare for Lessee's signature and filing all documents relating to the registration, maintenance and record keeping functions involving the Boxcars. Such documents shall include but are not limited to the following: (i) appropriate AAR documents including (at Lessee's option) an application for relief from AAR Car Service Rules 1 and 2; (ii) registration in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; and (iii) such reports as may be required from time to time by the ICC and/or other regulatory agencies.

C. Each Boxcar leased hereunder shall be registered at no cost to Lessee in the Official Railway Equipment Register and the Universal Machine Language Equipment Register. Lessee shall perform all record keeping functions related to the use of the Boxcars by Lessee and other railroads in accordance with AAR railroad interchange agreements and rules, such as car hire reconciliation unless Lessee elects SSI to perform these record keeping functions. Correspondence from railroads using such Boxcars shall be addressed to Lessee at such address as Lessee, or SSI at Lessee's request, shall select.

D. All record keeping performed by Lessee or SSI, as the case may be, hereunder and all record of payments, charges and correspondence related to the Boxcars shall be separately recorded and maintained by Lessee or SSI in a form suitable for reasonable inspection by the other from time

to time during regular business hours of the party maintaining the records. Lessee shall supply SSI with such reports, including daily telephone reports of the number of Boxcars on Lessee's tracks, regarding the use of the Boxcars by Lessee on its railroad line as SSI may reasonably request.

5. Maintenance, Taxes and Insurance

A. Except as otherwise provided herein, SSI will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each of the Boxcars during its lease term and any extension thereof, including but not limited to repairs, maintenance, inspection and servicing, unless the same was occasioned by the fault of Lessee while such Boxcar is in the physical possession of Lessee. Lessee shall inspect all Boxcars interchanged to it to insure that such Boxcars are in good working order and condition and shall be liable to SSI for any repairs required for damage not noted at the time of interchange. Lessee hereby transfers and assigns to SSI for and during the lease term of each Boxcar all of its right, title and interest in any warranty in respect to the Boxcars. All claims or actions on any warranty so assigned shall be made and prosecuted by SSI at its sole expense and Lessee shall have no obligation to make any claim on such warranty. Any recovery under such warranty shall be payable solely to SSI, providing however, if Lessee sustains any damages as a result of any breach of warranty on said Boxcars, this assignment shall not be effective but SSI and Lessee shall have joint right, title and interest to said warranty.

B. Except as provided above, SSI shall make or cause to be made such inspections of, and maintenance and repairs to, the Boxcars as may be required, including, but not limited to, requirements of any governmental or AAR regulations. Upon request of SSI, Lessee shall perform, for SSI's account, any necessary maintenance and repairs to Boxcars on Lessee's railroad tracks as may be reasonably requested by SSI and which Lessee has, in its opinion, the ability to perform. SSI shall also make, at its expense, all alterations, modifications or replacement of parts, as shall be necessary to maintain the Boxcars in good operating condition throughout the term of the lease of such Boxcars. Lessee may make running repairs to facilitate continued immediate use of a Boxcar, but shall not otherwise make any repairs, alterations, improvements or additions to the Boxcars without SSI's prior written consent. If Lessee makes an alteration, improvement or addition to any Boxcar without SSI's prior written

consent, Lessee shall be liable to SSI for any revenues lost due to such alteration. Title to any such alteration, improvement or addition shall be and remain with SSI.

C. Lessee will at all times while this Agreement is in effect be responsible for the Boxcars while on Lessee's railroad tracks in the same manner that Lessee is responsible under Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Service Rules--Freight for cars not owned by Lessee on Lessee's railroad tracks. Lessee shall protect against the consequences of an event of loss involving the Boxcars while on Lessee's railroad tracks by either obtaining insurance or maintaining a self insurance program which conforms to sound actuarial principles. If Lessee elects to carry insurance, it shall furnish SSI concurrently with the execution hereof and thereafter at intervals of not more than 12 calendar months with a certificate of insurance with respect to the insurance carried on the Boxcars signed by an independent insurance broker. All insurance shall be taken out in the name of Lessee and SSI (or its assignee) as their interests may appear.

D. SSI agrees to reimburse Lessee for all taxes, assessments and other governmental charges of whatsoever kind or character paid by Lessee relating to each Boxcar and on the lease, delivery or operation thereof which may remain unpaid as of the date of delivery of such Boxcar to Lessee or which may be accrued, levied, assessed or imposed during the lease term, except taxes on income imposed on Lessee. SSI shall forward to Lessee all sales and use tax payments received by it on behalf of Lessee. SSI and Lessee will comply with all state and local laws requiring the filing of ad valorem tax returns on the Boxcars. SSI shall review all applicable tax returns prior to filing, it being understood that such review will be made in a prompt fashion in order to prevent late filings and charges.

E. SSI will at all times while this Agreement is in effect and at its own expense cause to be carried and maintained contingent liability insurance in amount and coverage satisfactory to Lessee. Such insurance shall be taken out in the name of SSI and Lessee as their interests may appear. The policies or certificates shall provide that there shall be no recourse against Lessee for the payment of premiums, and shall provide for at least ten (10) business days' prior written notice to be given to Lessee by the underwriters in the event of cancellation. If SSI shall default in the payment of any premium in respect of any such insurance policies, Lessee may, but shall not be obligated to, pay such premium, and if Lessee does so, Lessee shall deduct the amount of such premium or premiums from the Rental Charges.

6. Lease Rental

A. Lessee agrees to pay the following rent to SSI for the use of the Boxcars:

(i) SSI shall receive all payments made to Lessee by other railroad companies for their use or handling of the Boxcars, including but not limited to mileage charges, straight car hire payments and incentive car hire payments (all of which payments made to Lessee are hereinafter collectively referred to as "payments") if the utilization of all of the Boxcars delivered to Lessee on an aggregate basis for each calendar year shall be equal to or less than 90 per cent. For the purpose of this Agreement, utilization of the Boxcars shall be determined by a fraction, the numerator of which is the aggregate number of days in each calendar year that car hire payments are earned by Lessee on the Boxcars, commencing from the initial loading, and the denominator of which is the aggregate number of days in each year that the Boxcars are on lease to Lessee, commencing from the initial loading (such term referred to as "utilization"). In addition, SSI will receive, as additional rental, all moneys earned by the Boxcars prior to their initial loading.

(ii) In the event utilization exceeds 90 percent in any calendar year, SSI shall receive an amount equal to the SSI Base Rental plus an amount equal to one-half of the payments earned in excess of the SSI Base Rental. For the purpose hereof, SSI Base Rental shall be an amount equal to the total payments for the calendar year multiplied by a fraction, the numerator of which is 90 percent and the denominator of which is the utilization, expressed as a percent, for such calendar year. (The above determination of SSI Base Rental insures that Lessee will, if utilization is greater than 90 percent in any calendar year, receive one-half of all the payments made by other railroads for use or handling of the Boxcars in excess of the SSI Base Rental.)

(iii) If SSI pays other railroads to move Boxcars in accordance with Section 3A, except for any payments incurred to deliver such Boxcars to Lessee's railroad line, Lessee shall reimburse SSI for such payments only from and out of the monies received by Lessee pursuant to subsection 6A(ii).

(iv) The rental charges payable to SSI by Lessee shall be paid from the payments received by Lessee in the following order until SSI receives the amounts due it pursuant to this section: (1) incentive car hire payments; (2) straight car hire payments; (3) mileage charges; and (4) other.

(v) In the event damage beyond repair or destruction of a Boxcar has been reported in accordance with Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Hire Rules--Freight and the appropriate amount due as a result thereof is received by SSI, said damaged or destroyed Boxcar will be removed from the coverage of this Agreement as of the date that payment of car hire payments ceased.

B. The calculations required above shall be made within five months after the end of each calendar year. However, since the parties desire that rental payments shall be made currently so that SSI may meet its financial commitments, payments to SSI shall be made as follows:

(i) In the event Lessee elects to perform all record keeping functions respecting the Boxcars as provided in Section 4C, Lessee will remit to SSI in as expeditious a manner as possible but no later than the first business day of the third month after the end of each month in which they are earned (the "Service Month") an amount equal to 85% of the total payments earned by the Boxcars based on usage reported for the Service Month and including actual car mileage earnings when available. At the time a Service Month's first remittance is made, Lessee shall report for the same month the dollar figure for 100% of the payments earned. An amount equal to 10% of the payments earned in the Service Month plus any adjustments shall be remitted to SSI within 30 days after the initial payment, and the remaining 5% shall be remitted to SSI within 60 days of the initial payment.

(ii) In the event SSI is to perform record keeping functions respecting the Boxcars as provided in Section 4C, and as a result Lessee receives car hire reports from other railroads respecting the Boxcars, Lessee shall deposit drafts or other payment forms covering car hire payments and on the 5th and 25th of each month remit all amounts collected respecting the Boxcars to SSI. However, Lessee may deduct any payments authorized to be made by Lessee under this Agreement. Lessee shall also forward to SSI all car hire reports respecting the Boxcars and other supporting documentation which SSI may reasonably request.

(iii) Lessee may deduct from rent required by B(i) and B(ii) above, any amounts due Lessee authorized by this Agreement.

C. In the event a fraction, the numerator of which is the aggregate number of days that per diem is earned on the Boxcars in the immediately preceding four (4) calendar quarters commencing with the first full four (4) calendar quarters after receipt of the last Boxcar on the Schedule executed concurrently herewith, and the denominator of which is the aggregate number of days that the Boxcars were available to the Lessee during such period less the aggregate number of days the Boxcars were out of service on foreign railroads not earning car hire revenues for any reason, is less than 87.5 percent, SSI may, at its option and upon not less than thirty (30) days prior written notice to Lessee, terminate this Agreement with respect to such number of Boxcars as is necessary to bring the utilization of the Boxcars up to ninety (90) percent; provided, however, that prior to such termination Lessee may have the option of paying SSI an amount equal to the difference between the amount SSI actually received during said four (4) calendar quarters and the amount SSI would have received had a utilization rate for the Boxcars of 87.5 percent been achieved.

D. SSI may, at its option, terminate this Agreement upon thirty days' written notice to Lessee if the ICC shall, at any time, (1) issue an order reducing incentive car hire for Boxcars on an annual basis to three months or less without a corresponding increase in straight car hire or other moneys available to both SSI and Lessee at least equal in amount to such reduction, (2) determine that Lessee may not apply its incentive car hire receipts in payment of the rental charges set forth in this section or (3) require that Lessee spend funds not earned by the Boxcars in order for Lessee to continue to meet its obligations set forth in this section. Lessee may, in any event, terminate this Agreement if for any reason governmental regulations or orders prohibit the payment of the Rental Charges described in this Section 6.

E. Subsequent to the initial loading, if any Boxcar remains on Lessee's railroad tracks for more than seven consecutive days because Lessee has not placed said Boxcar for loading, SSI may, at its option and upon not less than 24 hours' prior written notice, terminate this Agreement as to such Boxcar and withdraw such Boxcar from Lessee's railroad tracks. Placed for loading means Boxcar has been placed at a particular loading location where the Boxcar will be loaded. If any such Boxcar remains on Lessee's railroad tracks more than seven consecutive days because Lessee has not complied with the provisions of 3B, Lessee shall be liable for and remit to SSI an amount equal to the car hire revenues Lessee would have earned if such Boxcars were in the physical possession and use of another railroad for the entire period, provided

however that such payments shall be included in car hire payments earned by Lessee on the Boxcars as described in Section 6A(i). In addition there shall be excluded from the above, those days Lessee is required to hold Boxcars at the direction of, or due to action taken or used by SSI.

7. Possession and Use

A. So long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Boxcars in accordance with the terms of this Agreement and in the manner and to the extent Boxcars are customarily used in the railroad freight business. Lessee's rights shall be subject and subordinate to the rights of any owner or secured party under any financing agreement entered into by SSI in connection with the acquisition of Boxcars, i.e., upon acknowledgement of receipt of notice to Lessee from any such secured party or owner that an event of default has occurred and is continuing under such financing agreement, such party may require that all rent shall be made directly to such party and/or that the Boxcars be returned to such party. Lessee agrees that to the extent it has physical possession and can control use of the Boxcars, the Boxcars will at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful acts, rules and regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that either SSI or Lessee may in good faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner at the expense of the contesting party, and upon prior communication to the other party.

B. Lessee will not directly or indirectly create, incur or assume any mortgage, pledge, lien, charge, encumbrance or other security interest or claim on or with respect to the Boxcars or any interest therein or in this Agreement or Schedule thereto. Lessee will promptly at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance, security interest or claim if the same shall arise at any time.

8. Default

A. The occurrence of any of the following events shall be an Event of Default:

(i) The nonpayment by Lessee or SSI of any sum required herein to be paid by Lessee or SSI within thirty days after the date written notice of any such payment is due.

(ii) The breach by Lessee or SSI of any other term, covenant or condition of this Agreement, which is not cured within thirty days after written notice thereof by either party to the other.

(iii) Any affirmative act of insolvency by Lessee or SSI, or the filing by Lessee or SSI of any petition or action under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors.

(iv) The filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against Lessee or SSI that is not dismissed within sixty (60) days thereafter, or the appointment of any receiver or trustee to take possession of the properties of Lessee or SSI, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment.

(v) The subjection of any of Lessee's or SSI's property to any levy, seizure, assignment, application or sale for or by any creditor or governmental agency.

(vi) Any action by Lessee to discontinue rail service on all or a portion of its tracks or abandon any of its rail properties pursuant to applicable provisions of the Interstate Commerce Act or the laws of any state if it would materially decrease Boxcar utilization as defined in Section 6A.

(vii) The failure of SSI to comply with the provisions of Section 4 and Section 6B.

B. Upon the occurrence of any Event of Default, SSI or Lessee if not then in default may, at its respective option, terminate this Agreement and may proceed by appropriate court action to enforce performance by the defaulting party of its obligations under the terms of this Agreement or to recover damages for the breach thereof. Lessee and SSI agree that the defaulting party shall bear the costs and expenses, including reasonable attorneys' fees, of any such action. Upon the Event of Default solely of Lessee, SSI may, by notice in writing to Lessee, terminate Lessee's right of possession of the Boxcars, whereupon all right and interest of Lessee in the Boxcars shall terminate; and thereupon SSI may by its agent enter upon any premises where the Boxcars may be located and take possession of them and thenceforth hold, possess and enjoy the same free from any right of Lessee. SSI shall nevertheless have a right to recover from Lessee any and all rental amounts which under the terms of this Agreement may then be due or which may have accrued to that date.

9. Termination

A. At the expiration or termination of this Agreement as to any Boxcars, Lessee will surrender possession of such Boxcars to SSI by delivering the same to SSI. A Boxcar shall be deemed terminated and no longer subject to this Agreement upon the removal of Lessee's railroad markings from the Boxcar and the placing thereon of such markings as may be designated by SSI, either, at the option of SSI, (1) by Lessee upon return of such Boxcars to Lessee's railroad line or (2) by another railroad line which has physical possession of the Boxcar at the time of or subsequent to termination of the lease term as to such Boxcar. If such Boxcars are not on the railroad line of Lessee upon termination, any cost of assembling, delivering, storing and transporting such Boxcars to Lessee's railroad line or the railroad line of a subsequent lessee shall be borne by SSI. If such Boxcars are on the railroad line of Lessee upon such expiration or termination or are subsequently returned to Lessee's railroad line, Lessee shall at its own expense (except when the termination of the Agreement is due to the fault of SSI, then at SSI's expense) within ten working days remove Lessee's railroad markings from the Boxcars and place thereon such minimum railroad identification markings as may be required by AAR and as designated by SSI. After the removal and replacement of markings, Lessee shall use its best efforts to load such Boxcars with freight and deliver them to a connecting carrier for shipment. Lessee shall provide up to ten (10) days' free storage on its railroad tracks for SSI or the subsequent lessee of any terminated Boxcar. For any storage after the tenth day hereunder, Lessee may charge SSI published storage charges as a reasonable cost for such storage, or may, at its option, arrange for suitable storage of such Boxcar with persons not a party to this Agreement at the sole risk, cost, and expense of SSI. If any Boxcar is terminated pursuant to Section 8, due to the fault of Lessee, prior to the end of its lease term, Lessee shall be liable to SSI for all costs and expenses incurred by SSI to repaint the Boxcars and place thereon the markings and name or other insignia of SSI's subsequent lessee.

B. Notwithstanding anything in this Agreement to the contrary, and in consideration of Lessee entering into this Agreement, Itel, upon termination of this Agreement for any reason and in the event of SSI's failure to make full and prompt payment of its obligations hereunder or completely perform all of its other obligations hereunder for a period of sixty (60) days after SSI's receipt of a written request from Lessee so to do, hereby guarantees full and prompt payment and complete performance of all of SSI's obligations under this Agreement. In connection with this guarantee of payment and performance, Itel represents, warrants and

covenants to Lessee that Itel is a corporation duly organized, validly existing and in good standing under the law of the State of Delaware with full power to execute and deliver this Agreement and the guarantee contained herein and to perform its obligations hereunder; that all such actions have been duly authorized by all necessary corporate action, are not in conflict with any provision of applicable law or regulation or the charter or by-laws of Itel or with any agreement to which Itel is a party; that Itel has complied with all applicable laws and regulations, and has obtained all necessary governmental and regulatory authority, approvals and consents to enable Itel to perform its obligations hereunder; and that this Agreement and the guarantee are the legal and binding obligations of Itel.

10. Indemnities

A. SSI will defend, indemnify and hold Lessee harmless from and against (1) any and all loss or damage of or to the Boxcars, usual wear and tear excepted, unless occurring while Lessee has physical possession of Boxcars and (2) any claim, (patent or otherwise) cause of action, damage, liability, fines, cost or expense (including legal fees and cost) which may be asserted against Lessee with respect to the Boxcars (other than loss or physical damage) unless occurring through the fault of Lessee, including without limitation the construction, purchase and delivery of the Boxcars to Lessee's railroad line, ownership, leasing or return of the Boxcars, or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects, if any, are latent or are discoverable by SSI or Lessee).

B. Any expense of any kind whatsoever incurred by Lessee, which is required under the terms of this Agreement to be borne by SSI, shall be paid promptly by SSI to Lessee upon written request therefore by Lessee, including, but not limited to, costs, expenses, fees and charges relating to maintenance, repair or inspection performed or caused to have performed pursuant to governmental or AAR regulations as a result of this Agreement.

11. Representations, Warranties and Covenants

Lessee and SSI respectively represent, warrant and covenant that:

(i) Lessee and SSI are corporations duly organized, validly existing and in good standing under the laws of the state where they are incorporated and have the corporate power, authority and are duly qualified and authorized to do business wherever necessary, to carry out their present business and operations and to own or hold under lease their properties and to perform their obligations under this Agreement.

(ii) The entering into and performance of this Agreement as of the initial Boxcar date of delivery will not violate any judgment, order, law or regulation applicable to Lessee or SSI, or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Lessee or SSI or on the Boxcars pursuant to any instrument to which Lessee or SSI is a party or by which they or their assets may be bound.

(iii) There is no action or proceeding pending or threatened against Lessee or SSI before any court or administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or conditions, financial or otherwise, of Lessee or SSI.

(iv) There is no fact which Lessee has not disclosed to SSI, nor is Lessee a party to any agreement or instrument which, so far as the Lessee can now reasonably foresee, will materially adversely affect the ability of the Lessee to perform its obligations under this Agreement.

(v) Lessee has during the years 1964-1968 neither leased any boxcars nor purchased any new or rebuilt boxcars.

12. Inspection

SSI shall at any time during normal business hours have the right to enter the premises where the Boxcars may be located for the purpose of inspecting and examining the Boxcars to insure Lessee's compliance with its obligations hereunder. Lessee shall immediately notify SSI of any accident connected with the malfunctioning or operation of the Boxcars, including in such report the time, place and nature of the accident and the damage caused, the names and addresses of any persons injured and of witnesses, and other information pertinent to Lessee's investigation of the accident. Lessee shall also notify SSI in writing within five (5) days after any attachment, tax lien or other judicial process shall attach to any Boxcar. Lessee, upon SSI's written request shall furnish to SSI promptly upon its becoming available, a copy of its annual report submitted to the ICC and, when requested, copies of any other income or balance sheet statements required to be submitted to the ICC.

13. Miscellaneous

A. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Except for an assignment by SSI to its parent or a subsidiary or affiliate or an assignment to a financial or banking institution for indebtedness incurred by SSI, neither SSI nor Lessee may, without the prior written consent of the other, assign this Lease Agreement or any of its rights hereunder or sublease the Boxcars to any party, and any purported assignment or sublease in violation hereof shall be void.

B. Both parties agree to execute the documents contemplated by this transaction and such other documents as may be required in furtherance of any financing agreement entered into by SSI in connection with the acquisition of the Boxcars in order to confirm the financing party's interest in and to the Boxcars, this Agreement and Schedules hereto and to confirm the subordination provisions contained in Section 7 and in furtherance of this Agreement.

C. It is expressly understood and agreed by the parties hereto that this Agreement constitutes a lease of the Boxcars only and no joint venture or partnership is being created. Notwithstanding the calculation of rental payments, nothing herein shall be construed as conveying to Lessee any right, title or interest in the Boxcars except as a lessee only.

D. No failure or delay by SSI or Lessee shall constitute a waiver or otherwise affect or impair any right, power or remedy available to SSI or Lessee nor shall any waiver or indulgence by SSI or Lessee or any partial or single exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

E. This Agreement shall be governed by and construed according to the laws of the State of California.

F. All notices hereunder shall be in writing and shall be deemed given when delivered personally or when deposited in the United States mail, postage prepaid, certified or registered, addressed to the president of the other party at the address set forth above.

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

ITEL CORPORATION

by

S. C. Hill
Title: President

Date: 4/22/77

SSI RAIL CORP.,

by

[Signature]
Title: President

Date: 4/22/77

ASHLEY, DREW & NORTHERN RAILWAY COMPANY

by

[Signature]
Title: President

Date: 5/5/77

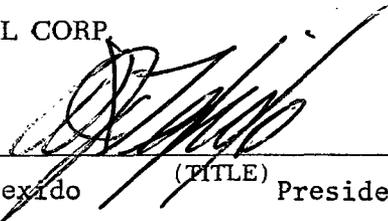
EQUIPMENT SCHEDULE

Railway Compa

SSI Rail Corp. hereby leases the following Boxcars to Ashley, Drew & Northern. pursuant to that certain Lease Agreement dated as of March 29, 1977.

A.A.R. Mech. Desig.	Description	Numbers	Dimensions			Doors Width	No. of Cars
			Length	Inside Width	Height		
XM	70 ton, Plate C, nailable steel floor, 50K fork truck load capacity, lading achors on door posts + spaced inside the car, free roller door, sliding sill with 20" travel	ADN 8000-8199	50'6"	9'6"	11'0"	10'	200

SSI RAIL CORP.



 W.J. Texido (TITLE) President

DATE: 4/22/77



S. R. Tedder

President

ASHLEY, DREW & NORTHERN RAILWAY CO.

DATE: 5/5/77

ASHLEY, DREW & NORTHERN RAILWAY COMPANY

CROSSETT, ARKANSAS

S. RUSSELL TEDDER
PRESIDENT

March 29, 1977

Mr. William J. Texido
President
SSI Rail Corp.
Two Embarcadero Center
San Francisco, California 94111

Dear Mr. Texido:

This letter shall modify that certain Agreement dated March 29, 1977 among ITEL Corporation, SSI Rail Corp., and the Ashley, Drew & Northern Railway Company.

"If Lessee so elects, SSI will perform car hire receivable record keeping functions for items of freight equipment, excluding the Boxcars, owned or leased by Lessee for a fee of \$20, per car per year payable quarterly in arrears. Such annual fee shall be adjusted as required in proportion to published change in the AAR labor billing rate."

Attest:

Ashley, Drew & Northern Railway Co.

by: *S. Russell Tedder*

Title: President

Date: 5/5/77

Attest:

SSI Rail Corp.

by: *[Signature]*

Title: President

Date: 4/22/77



STATE OF ... ARKANSAS }
COUNTY OF ... ASHLEY..... }

On this *5th* day of *May, 1977*, before me personally appeared ... *S. R. Tedder*..., to me personally known, who being by me duly sworn says that such person is *President* ... of *Ashley, Drew & Northern Ry.*, that the foregoing Lease Agreement was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Cora Sue Hill

Notary Public



STATE OF .. California..... }
COUNTY OF .. San Francisco.. }

On this .22. day of .April....., before me personally appeared *W. J. Texido*....., to me personally known, who being by me duly sworn says that such person is *President*..... of *SSI Rail Corp.*, that the foregoing Lease Agreement was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.

Terry J. Russell

Notary Public

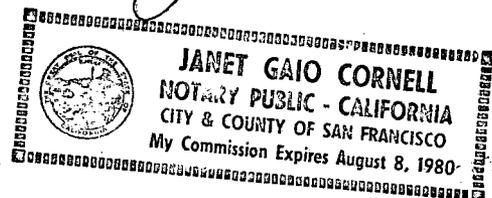


STATE OF .California.....
COUNTY OF ... San Francisco...

On this *22nd* day of *April*....., before me personally appeared *E. C. Hall*..., to me personally known, who being by me duly sworn says that such person is *Treasurer*... of *Itel Corporation*, that the foregoing Lease Agreement was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.

Janet Gaid Cornell

Notary Public



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39.7224
37.8516
35.9497
34.0163
32.0508
30.0527
28.0215
27.0262
27.5369
23.6799
20.5000

ITEL RAIL

55 Francisco
San Francisco, California 94133
(415) 955-9090
Telex 34234

December 5, 1983

Ms. Mildred Lee
Interstate Commerce Commission
12th and Constitution Avenues, N.W.
Washington, D.C. 20423

Dear Ms. Lee:

Per our conversation of December 5, 1983, please find enclosed the \$10.00 filing fee to cover the agreement given I.C.C. Recordation No. 8837.

Very truly yours,


Kathryn M. Thyret
Legal Assistant

KMT:dmm
Enclosure

ITEL RAIL

55 Francisco
San Francisco, California 94133
(415) 955-9090
Telex 34234

RECORDATION NO. *8137* Filed 1425

DEC 7 1983 -9 *CS* AM
INTERSTATE COMMERCE COMMISSION

November 17, 1983

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

Dear Ms. Mergenovich:

This is to request that you cross-index the Consolidated, Amended, and Restated Equipment Trust Agreement, dated as of January 1, 1982, which was filed under I.C.C. Recordation No. 14165, on September 20, 1983 at 3:00 p.m., with the following documents:

1. Lease between Itel Corporation, Rail Division and Apalachicola Northern Railroad, dated January 25, 1977 and filed under I.C.C. Recordation No. 8796, on April 27, 1977 at 12:45 p.m.
2. Lease between Itel Corporation, Rail Division and Arcata and Mad River Railroad, dated July 10, 1978, and filed under I.C.C. Recordation No. 10034, on January 19, 1979 at 2:10 p.m.
3. Lease between Itel Corporation, Rail Division and Atchison, Topeka and Santa Fe Railway Co., dated May 14, 1982, and filed under I.C.C. Recordation No. 13706, on July 26, 1982 at 1:45 p.m.
4. Lease between Itel Corporation, Rail Division and New Orleans Public Belt Railway, dated October 26, 1978, and filed under I.C.C. Recordation No. 10033, on January 19, 1979 at 2:10 p.m.
5. Lease between Itel Corporation, Rail Division and Atchison, Topeka and Santa Fe Railway Co., dated July 30, 1982, and filed under I.C.C. Recordation No. 13818, on October 26, 1982 at 12:40 p.m.

Ms. Agatha Mergenovich
November 17, 1983
Page Two

6. Lease between Itel Corporation, Rail Division and Cadiz Railroad, dated November 10, 1976, and filed under I.C.C. Recordation No. 8654, on January 10, 1977 at 2:05 p.m.
7. Lease between Itel Corporation, Rail Division and Camino, Placerville and Lake Tahoe Railroad Co., dated February 9, 1977, and filed under I.C.C. Recordation No. 8798 on April 27, 1977
8. Lease between Itel Corporation, Rail Division and Crab Orchard and Egyptian Railroad, dated June 21, 1978, and filed under I.C.C. Recordation No. 9936, on December 22, 1978 at 3:55 p.m.
9. Lease between Itel Corporation, Rail Division and Detroit, Toledo and Ironton Railway Co., dated March 10, 1981, and filed under I.C.C. Recordation No. 13077, on April 30, 1981 at 2:25 p.m.
10. Lease between Itel Corporation, Rail Division and East Camden and Highland, dated April 26, 1978, and filed under I.C.C. Recordation No. 9756, on October 11, 1978 at 2:45 p.m.
11. Lease between Itel Corporation, Rail Division and Green Bay and Western Railroad Company, dated October 21, 1981, and filed under I.C.C. Recordation No. 13554, on February 18, 1982 at 2:40 p.m.
12. Lease between Itel Corporation, Rail Division and Green Bay and Western Railroad Company, dated March 8, 1979, and filed under I.C.C. Recordation No. 10362, on May 10, 1979 at 2:00 p.m.
13. Lease between Itel Corporation, Rail Division and Maine Central Railroad Company, dated March 22, 1982, and filed under I.C.C. Recordation No. 13664, on June 16, 1982 at 10:10 a.m.
14. Lease between Itel Corporation, Rail Division and Maine Central Railroad Company, dated April 11, 1980, and filed under I.C.C. Recordation No. 11899, on June 11, 1980 at 11:25 a.m.
15. Lease between Itel Corporation, Rail Division and New Orleans Public Belt Railway, dated June 17, 1977, and filed under I.C.C. Recordation No. 8904, on July 26, 1977 at 9:15 a.m.

Ms. Agatha Mergenovich
November 17, 1983
Page Three

16. Lease between Itel Corporation, Rail Division and Port Huron and Detroit Railroad Co., dated February 22, 1977, and filed under I.C.C. Recordation No. 8799 on April 27, 1977 at 12:45 p.m.
17. Lease between Itel Corporation, Rail Division and Rahway Valley Railroad, dated September 19, 1978, and filed under I.C.C. Recordation No. 10111, on February 14, 1979 at 12:30 p.m.
18. Sublease between Texas Mexican Railroad Co. and Soo Line Railroad, dated April 11, 1983, and filed under I.C.C. Recordation No. 14066, on June 21, 1983 at 3:00 p.m.
19. Lease between Itel Corporation, Rail Division, and Soo Line Railroad Co., dated February 17, 1983, and filed under I.C.C. Recordation No. 14002 on April 11, 1983 at 1:05 p.m.
20. Lease between Itel Corporation, Rail Division and Texas Mexican Railroad Co., dated March 15, 1978, and filed under I.C.C. Recordation No. 9778, on October 17, 1978 at 3:30 p.m.
21. Lease between Itel Corporation, Rail Division and Toledo, Peoria and Western Railroad Co., dated September 10, 1980, and filed under I.C.C. Recordation No. 12314 on October 16, 1980 at 2:40 p.m.
22. Lease between Itel Corporation, Rail Division and Valley and Siletz Railroad, dated July 26, 1978, and filed under I.C.C. Recordation No. 10032 on January 19, 1979 at 2:10 p.m.
23. Lease between Itel Corporation, Rail Division and Providence and Worcester Co., dated March 13, 1978, and filed under I.C.C. Recordation No. 9924, on December 19, 1978 at 2:45 p.m.
24. Assignment between Providence and Worcester Company and Warwick Railway Corp., dated April 24, 1980, and filed under I.C.C. Recordation No. 9924-E, on October 17, 1980 at 12:45 p.m.
25. Lease between Itel Corporation, Rail Division and Arkansas and Louisiana Missouri Railroad, dated June 14, 1977, and filed under I.C.C. Recordation No. 9049, on October 21, 1977 at 1:05 p.m.

Ms. Agatha Mergenovich
November 17, 1983
Page Four

26. Lease between Itel Corporation, Rail Division and Atlanta and St. Andrews Bay Railway Co., dated May 5, 1978, and filed under I.C.C. Recordation No. 9703, on September 22, 1978 at 2:15 p.m.
27. Lease between Itel Corporation, Rail Division and Greenville and Northern Railroad Co., dated August 6, 1976, and filed under I.C.C. Recordation No. 9102, on November 25, 1977 at 1:15 p.m.
28. Lease between Itel Corporation, Rail Division and Marinette, Tomahawk and Western Railroad Co., dated December 23, 1977, and filed under I.C.C. Recordation No. 9406, on May 26, 1978 at 2:30 p.m.
29. Lease between Itel Corporation, Rail Division and North Louisiana and Gulf Railroad Co., dated July 21, 1977, and filed under I.C.C. Recordation No. 9073, on November 10, 1977 at 2:20 p.m.
30. Lease between Itel Corporation, Rail Division and Escanaba and Lake Superior Railroad Company, dated December 22, 1976, and filed under I.C.C. Recordation No. 8653, on January 10, 1977 at 2:20 p.m.
31. Lease between SSI Rail Corp. and Lake Erie, Franklin and Clarion Railroad, dated January 3, 1977, and filed under I.C.C. Recordation No. 8668, on January 21, 1977 at 2:30 p.m.
32. Lease between SSI Rail Corp. and Minnesota, Dakota and Western Railroad, dated July 26, 1978, and filed under I.C.C. Recordation No. 10129, on February 22, 1979 at 11:40 a.m.
33. Lease between SSI Rail Corp. and Pearl River Valley Railroad Co., dated March 24, 1976, and filed under I.C.C. Recordation No. 8487-A, on August 27, 1976 at 1:30 p.m.
34. Lease between SSI Rail Corp. and Sierra Railroad Co., dated September 27, 1978, and filed under I.C.C. Recordation No. 10152, on February 26, 1979 at 2:30 p.m.
35. Sublease between McCloud River Railroad Co. and Camino, Placerville and Lake Tahoe Railroad Co., dated January 24, 1980 and filed under I.C.C. Recordation No. 8819-G, on May 5, 1980 at 3:15 p.m.

36. Lease between SSI Rail Corp., and McCloud River Railroad Co., dated April 20, 1977, and filed under I.C.C. Recordation No. 8819, on May 11, 1977 at 1:15 p.m.
37. Lease between SSI Rail Corp., and City of Prineville Railway Co., dated April 26, 1977, and filed under I.C.C. Recordation No. 8896 on July 20, 1977.
38. Lease between Itel Corporation, Rail Division and Kyle Railways, Inc., dated February 17, 1982, and filed under I.C.C. Recordation No. 13666, on June 17, 1982 at 10:50 a.m.
39. Sublease between Kyle Railways, Inc. and Natchez Trace Railroad, dated February 18, 1982, and filed under I.C.C. Recordation No. 13666-B, on June 17, 1982 at 10:50 a.m.
40. Sublease between McCloud River Railroad Co. and Sierra Railroad Co., dated August 29, 1980, and filed under I.C.C. Recordation No. 8819-N, on September 16, 1980 at 1:35 p.m.
41. Lease between SSI Rail Corp. and Terminal Railway of Alabama, dated April 4, 1977, and filed under I.C.C. Recordation No. 8797, on April 27, 1977 at 12:45 p.m.
42. Lease between SSI Rail Corp. and Toledo, Peoria and Western Railroad Co., dated January 12, 1977, and filed under I.C.C. Recordation No. 8676, on January 24, 1977 at 2:45 p.m.
43. Lease between Itel Corp. and Ashley, Drew and Northern Railway Co., dated March 29, 1977, and filed under I.C.C. Recordation No. 8837 on May 27, 1977.
44. Lease between SSI Rail Corp. and Corinth and Counce Railroad Company, dated April 29, 1977, and filed under I.C.C. Recordation No. 8838, on May 27, 1977 at 1:45 p.m.
45. Lease between Itel Corporation, Rail Division and Green Bay and Western Railroad Co., dated April 22, 1981, and filed under I.C.C. Recordation No. 13073, on April 30, 1981 at 10:50 a.m.
46. Lease between Itel and Meridian and Bigbee Railroad Company, dated June 1, 1977, and filed under I.C.C. Recordation No. 9072, on November 10, 1977 at 2:20 p.m.

47. Lease between Itel Rail and Apache Railway, dated June 1, 1976, and filed under I.C.C. Recordation No. 8709, on February 23, 1977 at 11:40 a.m.
48. Lease between Itel Corporation, Rail Division and Clarendon & Pittsford Railroad Co., dated October 18, 1976, and filed under I.C.C. Recordation No. 8658, on January 12, 1977 at 1:45 p.m.
49. Lease between Itel Corporation, Rail Division and FMC/Chemical Group, dated December 3, 1976, and filed under I.C.C. Recordation No. 8809-A, on May 11, 1977 at 1:15 p.m.
50. Lease between SSI Rail Inc., and Green Mountain Railroad Co., dated January 2, 1976, and filed under I.C.C. Recordation No. 9050, on October 21, 1977 at 1:05 p.m.
51. Lease between Itel Corporation, Rail Division and Hartford & Slocumb Railway Co., dated July 1, 1975, and filed under I.C.C. Recordation No. 9168, on January 9, 1978 at 2:05 p.m.
52. Lease between Itel Corporation, Rail Division and Lake Erie, Franklin and Clarion Railroad, dated January 3, 1977, and filed under I.C.C. Recordation No. 8853-A, on June 1, 1977 at 1:10 p.m.
53. Lease between Itel Corporation, Rail Division and McCloud River Railroad, dated April 20, 1983, and filed under I.C.C. Recordation No. 14029, on May 27, 1983 at 1:40 p.m.
54. Lease between Itel Corporation, Rail Division and Mississippi Export Railway Co., dated April 25, 1978 and filed under I.C.C. Recordation No. 9460, on June 27, 1978 at 8:50 a.m.
55. Lease between Itel Corporation, Rail Division and Sabine River and Northern Railroad Co., dated December 23, 1977, and filed under I.C.C. Recordation No. 9407, on May 26, 1978 at 2:30 p.m.
56. Lease between Itel Corporation, Rail Division and Valdosta Southern Railway Co., dated March 26, 1976, and filed under I.C.C. Recordation No. 8343-A on May 25, 1976 at 10:45 p.m.

Ms. Agatha Mergenovich
November 17, 1983
Page Seven

57. Lease between Itel Corporation, Rail Division and Valdosta Southern Railway Co., dated December 23, 1977, and filed under I.C.C. Recordation No. 9408, on May 26, 1978 at 2:30 p.m.

58. Lease between Itel Corporation, Rail Division and Vermont Railway Co., dated December 4, 1975, and filed under I.C.C. Recordation No. 9279 on March 13, 1978 at 2:20 p.m.

Enclosed is a check in the amount of \$580.00 covering the appropriate cross-indexing fees. If you have any questions please feel free to contact me at (415) 955-0547.

Sincerely,



Patricia Salas Pineda
Counsel

PSP:dmm
Enclosures

ITEL RAIL CORPORATION
INDEX TO CROSS-INDEXING
REQUESTED
IN LETTER OF NOVEMBER 17, 1983

Each ICC Recordation No. listed below to be cross-indexed to (1) Recordation No. 14165, and (2) all Recordation Nos. listed below to be cross-indexed under Recordation No. 14165.

<u>ICC RECORDATION NO.</u>	<u>PARAGRAPH NO. IN LETTER OF NOVEMBER 17, 1983</u>
8343-A	56
8487-A	33
8653	30
8654	6
8658	48
8668	31
8676	42
8709	47
8796	1
8797	41
8798	7
8799	16
8809-A	49
8819	36
8819-G	35
8819-N	40
8837	43
8838	44

<u>ICC RECORDATION NO.</u>	<u>PARAGRAPH NO. IN LETTER OF NOVEMBER 17, 1983</u>
8853-A	52
8896	37
8904	15
9049	25
9050	50
9072	46
9073	29
9102	27
9168	51
9279	58
9400	57
9406	28
9407	55
9460	54
9703	26
9756	10
9778	20
9924	23
9924-E	24
9936	8
10032	22
10033	4
10034	2
10111	17
10129	32
10152	34

<u>ICC RECORDATION NO.</u>	<u>PARAGRAPH NO. IN LETTER OF NOVEMBER 17, 1983</u>
10362	12
11899	14
12314	21
13073	45
13077	9
13554	11
13664	13
13666	38
13666-B	39
13706	3
13818	5
14002	19
14029	53
14066	18

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Patricia Schumacker
Itel Rail Corporation
55 Francisco Street
San Francisco, Ca. 94133

Dear Ms. Schumacker

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 2/2/89 at 9:30am, and assigned recordation number(s) *

8219-D, ^E 8233-G, ^H 8298-F, ^G 8322-G, ^H 8343-N, ^O

8610-I, ^J
8669-N, ^O
8669-P, ^Q
8837-K, ^L
8838-W, ^X
8873-G, ^H
9050-I, ^J
9538-C, ^D
9553-C, ^D
10461-E, ^F
15558-B, ^C

Sincerely yours,

Narta L. McGee

Secretary

Enclosure(s)

* Destroyed