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AUG 1 1 1970 -11 22 AM

INTERSTATE COMMERCE COMMISSION

AGREEMENT

Dated as of August 1, 1970

Between

THE CHESSEE CORPORATION

and

THE CHESAPEAKE AND OHIO RAILWAY COMPANY

Covering

1,600 100-Ton Open Top Hopper Cars

THIS AGREEMENT, dated as of August 1, 1970, by and between THE CHESSIE CORPORATION, a Delaware corporation (Manufacturer), and THE CHESAPEAKE AND OHIO RAILWAY COMPANY, a Virginia corporation (C&O):

W I T N E S S E T H :

The Manufacturer and C&O heretofore entered into a letter Agreement dated August 1, 1970 (a copy of which letter Agreement is made a part hereof by reference), whereunder the Manufacturer agreed to construct and deliver to C&O at Russell, Kentucky, and C&O agreed to accept and pay for the following railroad equipment (Cars):

1,600 100-ton open top hopper cars, to bear C&O road numbers 60000 - 61599, inclusive (Lot 51).

Delivery of the Cars by the Manufacturer to C&O is scheduled to begin on or about August 24, 1970. However, inasmuch as C&O has not as yet consummated financing arrangements (pursuant to an Equipment Trust Agreement to be dated as of August 1, 1970), it is not in position to accept delivery of and pay for the Cars under the terms of the letter Agreement at this time. C&O represents that such financing arrangement will be consummated, however, on or before November 30, 1970. C&O, in order that it may use the Cars pending completion of such financing arrangement, has arranged with the Manufacturer to give it temporary custody and possession of the Cars upon their completion, solely as a bailee of the Cars, and the Manufacturer is willing to do so upon the terms and conditions hereinafter stated.

In consideration of the premises, the Manufacturer hereby delivers to C&O and C&O hereby accepts from the Manufacturer the Cars as

of the date each of them is delivered to C&O at the delivery point, for the period terminating on the earlier of November 30, 1970, or the date of consummation of said financing arrangement. On such termination date, this Agreement shall automatically be cancelled and superseded without further action by or notice to any party concerned.

Title to the Cars shall remain in the Manufacturer and C&O's right and interest therein is and shall be solely that of possession, custody and use as bailee under this Agreement. Transfer of title shall be effected only at the time of delivery of the bills of sale. C&O, without expense to the Manufacturer, will promptly cause this Agreement to be filed with the Interstate Commerce Commission for recordation under Section 20c of the Interstate Commerce Act. In addition, C&O shall do such other acts as may be required by law, or reasonably requested by the Manufacturer, for the protection of the Manufacturer's title to and interest in the Cars.

C&O agrees that it will permit no liens of any kind to attach to the Cars; and that it will

(a) indemnify and save harmless the Manufacturer from any and all claims, expenses, or liabilities of whatsoever kind; and

(b) pay any and all taxes, fines, charges, and penalties that may accrue or be assessed or imposed upon the Cars or the Manufacturer because of its ownership or because of the use, operation, management or handling of the Cars by C&O during the term of this Agreement. C&O's obligations contained in this paragraph shall survive the termination of this Agreement.

C&O will, at its own expense, keep and maintain the Cars in good order and running condition and will at its option repair or replace

or promptly pay to the Manufacturer the purchase price in cash of those Cars which may be damaged or destroyed by any cause during the term of this Agreement.

Prior to the delivery of each Car to C&O under this Agreement it will be numbered with a road number as hereinbefore indicated, and there shall be plainly, distinctly, permanently and conspicuously marked upon each side of each Car, in contemplation of said financing arrangement, the following legend in letters not less than one inch in height:

"CHESAPEAKE AND OHIO RAILWAY THIRD EQUIPMENT TRUST OF 1970,
MANUFACTURERS HANOVER TRUST COMPANY, TRUSTEE, OWNER, LESSOR"

C&O hereby agrees to indemnify the Manufacturer against any liability, loss or expense incurred by it as a result of the placing of the aforementioned markings on the Cars.

In case, during the continuance of this Agreement, such markings shall at any time be removed, defaced or destroyed on any Car, C&O shall immediately cause the same to be restored or replaced.

* * * * *

C&O agrees with the Manufacturer that the execution by the Manufacturer of this Agreement or the delivery by the Manufacturer to C&O of the Cars, as contemplated by this Agreement, shall not relieve C&O of its obligations to accept, take and pay for the Cars in accordance with the terms of the letter Agreement or impair any of the Manufacturer's rights under the letter Agreement.

Attest:

THE CHESSIE CORPORATION


Assistant Secretary

By 
Treasurer

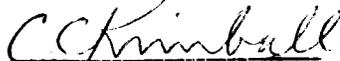
Attest:

THE CHESAPEAKE AND OHIO RAILWAY COMPANY


Assistant Secretary

By 
Treasurer

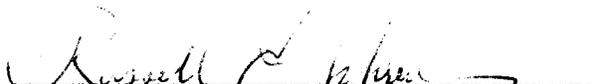
APPROVED AS TO FORM


GENERAL ATTORNEY

8/7/70

STATE OF MARYLAND)
) SS:
CITY OF BALTIMORE)

On this 10th day of August, 1970, before me personally appeared L. C. ROIG, JR., to me personally known, who, being by me duly sworn, says that he is the Treasurer of THE CHESSIE CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Russell E. Schreiber, Notary Public
My Commission expires July 1, 1974.

STATE OF MARYLAND)
) SS:
CITY OF BALTIMORE)

On this 10th day of August, 1970, before me personally appeared L. C. ROIG, JR., to me personally known, who, being by me duly sworn, says that he is the Treasurer of THE CHESAPEAKE AND OHIO RAILWAY COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Russell E. Schreiber, Notary Public
My Commission expires July 1, 1974.