

EQUIPMENT LEASE AGREEMENT

RECORDATION NO. _____ Filed & Recorded
OCT 1 1971 - 11 52 AM
INTERSTATE COMMERCE COMMISSION

THIS EQUIPMENT LEASE AGREEMENT, hereinafter referred to as the "Agreement", dated as of September 16, 1971, by and between GATX-Armco-Boothe, a partnership consisting of GATX/Boothe Corporation, a Delaware corporation, and Armco/Boothe Corporation, an Ohio corporation, sole partners organized pursuant to the Uniform Partnership Law of the State of Ohio, hereinafter referred to as "Lessor", and Appalachian Power Company, a Virginia corporation, hereinafter referred to as "Lessee".

W I T N E S S E T H :

1. LEASING

1.1 In consideration of the covenants herein contained, Lessor agrees to lease to Lessee and Lessee agrees to hire from Lessor such unit or units of equipment, hereinafter referred to as "Unit" or "Units", described in the Equipment Lease Schedule or Schedules, hereinafter referred to as "Schedule", to be attached hereto and to become a part hereof as same are executed from time to time by the parties hereto.

2. TERM, RENT AND PAYMENT

2.1 The lease of and rent for each Unit shall commence on the day specified in the Schedule pertaining thereto and shall continue for the period specified as the "term" in the Schedule.

2.2 The rental for each Unit shall be in the amount set forth in the Schedule and shall be payable at the times set forth in said Schedule.

to examine each Unit.

4.2 Without demand Lessee shall:

4.2.1 immediately notify Lessor of each accident arising out of the alleged or apparent improper manufacturing, functioning or operation of any Unit, the time, place and nature of the accident and damage, the names and addresses of the parties involved and persons injured.

4.2.2 notify Lessor in writing, within ten (10) days after any day on which any tax lien shall attach to any Unit, of the location of such Unit, on such day.

4.3 Lessee shall provide Lessor with the following financial reports: (a) as soon after the close of each fiscal year as practicable, two copies of American Electric Power Company's annual report to shareholders, including a balance sheet and profit and loss statement certified to by a recognized firm of certified public accountants; and (b) as soon after the close of each fiscal year as practicable, two copies of Lessee's balance sheet and profit and loss statement certified to by a recognized firm of certified public accountants.

5. IDENTIFICATION MARKS

The Lessee will cause each Unit to be kept numbered with the identifying number set forth in the pertinent Schedule and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of such Unit, in letters not less than one inch in height, the following words:

"GATX-Armco-Boothe,
Owner, Lessor"

or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Unit and the rights of the Lessor under this Agreement. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such names and words shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Lessee will not change the identifying number of any Unit except in accordance with a statement of new identifying numbers to be substituted therefor, which statement previously shall have been filed with the Lessor by the Lessee and filed, recorded or deposited in all public offices where this Agreement will have been filed, recorded or deposited.

Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Units as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Units to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by them of the same or a similar type for convenience of identification of their rights to use the Units as permitted under this Agreement.

6. DISCLAIMER OF WARRANTIES: COMPLIANCE WITH LAWS AND RULES; MAINTENANCE; AND INDEMNIFICATION

6.1 THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO

THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee. Lessee's acceptance of delivery of the Units shall be conclusive evidence as between the Lessee and the Lessor that all Units described in the Acceptance Supplement are in all the foregoing respects satisfactory to the Lessee and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

6.2 The Lessee agrees, for the benefit of the Lessor, to comply in all respects with all laws of the jurisdictions in which the Units may be operated, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation and the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units. In the event that such laws or rules require the alteration of the Units or in case any equipment or appliance on any such Unit shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Unit in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, changes, additions and replacements at its own expense; and the Lessee agrees at its own expense to use, maintain and operate such Unit in full compliance with

such laws, regulations, requirements and rules so long as it is subject to this Agreement; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property or rights of the Lessor.

6.3 The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Agreement in good order and repair.

6.4 Any and all additions to any Unit and any and all parts installed on or replacements made to any Unit shall be considered accessions to such Unit and, at the cost and expense of the Lessee, full ownership thereof free of any lien, charge, security interest or encumbrance shall immediately be vested in the Lessor as their respective interests appear in the Unit itself.

6.5 The Lessee agrees to indemnify and save harmless, the Lessor against any charge or claim made against the Lessor and against any expense, loss or liability (including but not limited to counsel fees and expenses, patent liabilities, penalties and interest) which the Lessor may incur in any manner by reason of entering into or the performance of this Agreement or by reason of the ownership of any Unit, or which may arise in any manner out of or as the result of the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any Unit under this Agreement. The Lessee further agrees to indemnify and save harmless the Lessor against any

charge, claim, expense, loss or liability on account of any accident in connection with the operation, use, condition, possession or storage of any Unit resulting in damage to property or injury to any person. The indemnities arising under this paragraph shall survive payment of all other obligations under this Agreement or the termination of this Agreement.

7. CASUALTY LOSS

7.1 In the event that any Unit is lost, stolen, destroyed or, in Lessee's opinion, damaged beyond repair, Lessee shall, on the first rental payment date occurring after 30 days following such casualty loss (herein referred to as the "settlement date"), pay Lessor a sum equal to the applicable Casualty Loss Value as indicated on the Table of Casualty Loss Values in the pertinent Schedule, multiplied by the Original Cost of the Unit (as defined below) so lost, stolen, destroyed or damaged, in which event if Lessee is not in default the rental next due and all future rents payable under this Agreement and attributable to said Unit shall be abated. The Original Cost for each such Unit shall be the total cost to Lessor thereof shown in the pertinent Schedule.

7.2 Lessee may self insure, provided that each Unit shall have a value of less than \$200,000 and Lessee's net worth shall be at least \$15,000,000.

8. TAXES

8.1 During the term of this Agreement Lessee shall pay and discharge, when due, all license fees, assessments and sales, use, rentals, property and other tax or taxes now or hereafter

imposed by any State, Federal or local government on any Unit or on its use or payments hereunder, or on this Agreement, (excluding, however, taxes on, or measured by, the net income of Lessor or any assignee of Lessor) whether the same be payable by or billed or assessed to Lessor or to Lessee, together with any penalties or interest in connection therewith if due to Lessee's fault.

8.2 If under local law Lessee may not make any such payments, Lessee will promptly notify Lessor and Lessee shall reimburse Lessor on demand for all payments thereof made by Lessor. If any such license, assessment or tax is, by law, to be assessed or billed to Lessor, Lessee at its expense shall do any and all things to be done by Lessor in connection with the levy, assessment, billing or payment thereof and is hereby authorized by Lessor to act for and on behalf of Lessor in any and all such respects including, but not limited to, the contest or protest, in good faith, of the validity or the amount thereof.

8.3 Lessee shall to the extent practicable cause all billings of such fees, assessments and taxes of Lessor to be made to Lessor in care of Lessee and shall from time to time on request of Lessor, submit written evidence of the payment of all such fees, assessments and taxes.

9. RETURN OF UNITS UPON EXPIRATION OF TERM

9.1 As soon as practicable on or after the expiration of the term of this Agreement, the Lessee will (unless the Units are sold to the Lessee), at its own cost and expense, at the request of the Lessor, deliver possession of any Units to the Lessor upon such storage tracks of the Lessee as the Lessee may

designate and permit the Lessor to store such Unit on such tracks for a period not exceeding three months and transport the same, at any time within such three-month period, to any reasonable place on the lines of track owned or leased by the Lessee as directed by the Lessor; the movement and storage of the Units to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units.

10. EVENTS OF DEFAULT

10.1 Lessee shall be in default if it shall fail to pay its rent within 10 days of when due or shall fail within thirty (30) days after written notice to perform or observe any other covenant, term or condition of this agreement, or shall become insolvent or bankrupt or admit in writing its inability to pay its debts as they mature, or shall make an assignment for the benefit of its creditors. Any bankruptcy, re-organization, arrangement,

designate and permit the Lessor to store such Unit on such tracks for a period not exceeding three months and transport the same, at any time within such three-month period, to any reasonable place on the lines of track owned or leased by the Lessee as directed by the Lessor; the movement and storage of the Units to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units.

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insolvency or other like proceeding (local, state or Federal) for relief of debtors which shall be instituted by or against Lessee or substantially all of its property or any transfer or assignment by Lessee of its interest hereunder (except as permitted in the Section 14) or of all or substantially all of its property shall constitute an event of default; provided, however, that if such proceeding is instituted against Lessee it shall not be an event of default if dismissed or nullified within thirty (30) days of such institution.

11. REMEDIES UPON DEFAULT

11.1 Upon any event of default the Lessor, at its option may,

11.1.1 proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Agreement or to recover damages for the breach thereof,

11.1.2 by notice in writing to the Lessee terminate this Agreement whereupon all right of the Lessee to or in the use of the Units shall absolutely cease and determine as though this Agreement has never been made, but the Lessee shall remain liable as hereinafter provided, and thereupon the Lessor may, by itself or by its agents, enter upon the premises of the Lessee or other premises where any of the Units may be located and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purpose whatever; but the Lessor shall, nevertheless, have a right to re-

cover from the Lessee any and all amounts which under the terms of this Agreement may be then due or which may have accrued to the date of such termination; and also to recover forthwith from the Lessee, (i) as damages for loss of the bargain and not as a penalty, a sum which represents the excess of the present worth, at the time of such termination, of the aggregate fixed rentals for the Units which would otherwise have accrued hereunder from the date of such termination to the end of the then current term of this Agreement over the then present worth of the fair rental value of the Units for such period, such present worth to be computed in each case on the basis of a discount equal to the then prime commercial loan rate in effect on 90-day loans to responsible and substantial borrowers at Manufacturers Hanover Trust Company, New York, New York, or any successor thereof (hereinafter called the "MHTC Rate") at the time of such termination; and (ii) any damages in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Agreement other than for the payment of rental.

11.2 The remedies in this Agreement provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law.

12. RETURN OF UNITS UPON DEFAULT

12.1 If this Agreement shall terminate pursuant to Section 12 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

A. forthwith place such Units upon such storage tracks of the Lessee as the Lessor reasonably may designate,

B. permit the Lessor to store such Units on such tracks at the risk of the Lessee until such Units have been sold, leased or otherwise disposed of by the Lessor, and

C. transport the same to any place on the lines of railroad operated by it or any of its affiliates or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Agreement, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser the rights of inspection granted

under this sentence.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 12, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

13. ASSIGNMENT BY LESSOR

13.1 Lessee acknowledges and understands that the terms and conditions of this Agreement have been fixed by Lessor in anticipation of its being able to assign its interest under this Agreement and in and to all or some of the Units leased hereunder to a bank(s) or other lending institution(s), or an agent or trustee representing such banks or institutions, or to others having an interest in the leased Units or this transaction, all or some of which will rely upon and be entitled to the benefit of the provisions of this paragraph; and Lessee agrees with Lessor and with such bank(s) or other lending institution(s) and/or such other party (for whose benefit this covenant is expressly made) and in consideration of the provisions hereof, as follows: (i) to recognize any such assignment, (ii) to accept the directions or demands of such assignee in place of those of Lessor, (iii) to surrender any leased property only to such assignee, (iv) to pay all rent payable hereunder and to do any and all things required of Lessee hereunder and not to terminate this Agreement notwithstanding any default by Lessor or the existence of any offset

as between Lessor and Lessee or the existence of any other liability or obligation of any kind or character on the part of Lessor to Lessee whether or not arising hereunder; and (v) to execute any consents or other documents to accomplish the foregoing.

14. ASSIGNMENT AND SUBLEASE BY LESSEE

14.1 Without the prior consent of Lessor, Lessee shall not assign this Agreement nor its leasehold interest thereunder; provided, however, that Lessee from time to time may sublease or let the Units to other utilities. *TWR*

15. OPTIONS

15.1 Purchase and renewal options of Lessee, if any, shall be those appearing in the pertinent Schedule. *JAM*

16. APPLICABLE LAW

16.1 The provisions of this Agreement and all the rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by Section 20 c of the Interstate Commerce Act. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent that prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any

other jurisdiction to the extent permitted by applicable law. Lessee and Lessor hereby waive any provision of law which renders any provision hereof prohibited or unenforceable in any respect. No term or provision of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which the enforcement of the change, waiver, discharge, or termination is sought. This Agreement shall constitute an agreement to lease, and nothing herein shall be construed as conveying to Lessee any right, title or interest in any Unit except as a lessee.

17. REPRESENTATIONS, WARRANTIES AND COVENANTS OF LESSEE;
OPINION OF COUNSEL OF LESSEE

17.1 Lessee represents, warrants and covenants with respect to this Agreement that:

17.1.1 Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation, and is duly qualified and authorized to do business in the state where the Units will be located and wherever the nature of its activities or properties require such qualification and authorization.

17.1.2 Lessee has the full power, authority and legal right to execute, deliver and perform the terms of this Agreement. This Agreement has been duly authorized by all necessary corporate action, if required, of Lessee and constitutes a valid and binding obligation of Lessee, enforceable in accordance with its terms.

17.1.3 No registration with, or approval of, any governmental agency or commission is necessary

for the execution, delivery or performance by Lessee of the terms of this Agreement or for the validity and enforceability thereof or with respect to the obligations of Lessee hereunder insofar as Lessee is concerned, or if required, all such registrations and approvals have been or will be duly made or obtained and certified copies thereof shall be delivered to Lessor.

17.1.4 There is no action or proceeding pending or, insofar as Lessee knows, threatened against Lessee or any of its subsidiaries before any court or administrative agency which in its opinion might result in any materially adverse effect on the business or condition or operations of Lessee or such subsidiary.

17.1.5 Neither the execution and delivery of this Agreement or of any Schedule thereto nor fulfillment of, or compliance with, the terms and provisions thereof, will contravene any current judgment, decree, order, franchise, or permit applicable to Lessee.

17.1.6 Lessee is fully familiar with all the covenants, terms and conditions of this Agreement.

17.2 Lessor shall receive on or before the commencement of the lease term from Lessee a favorable opinion of Lessee's counsel to the effect that:

17.2.1 Lessee is a corporation duly organized, existing and in good standing under the laws of the state of the incorporation and has the corporate power and authority to lease the Units and conduct its business and to enter into this Agreement and any Schedule thereto

and consummate all transactions contemplated in this Agreement and such Schedule and related documents;

17.2.2 This Agreement and any Schedule thereto have been duly authorized (including any consent of shareholders required by law or by the charter or by-laws of Lessee or otherwise), executed and delivered and are valid, legally-binding obligations, in accordance with their respective terms, of Lessee;

17.2.3 No governmental approval is necessary for the execution and delivery of this Agreement and any Schedule thereto or the validity and enforceability thereof, insofar as Lessee is concerned, or if any such approval is necessary, specifying such approval and that it has been obtained;

17.2.4 The execution and delivery of this Agreement and any Schedule thereto and the fulfillment of and compliance with the terms and provisions thereof will not constitute a default under or conflict with Lessee's charter or by-laws or, to the best of such counsel's knowledge and belief, any terms, conditions or provisions of any promissory note, indenture or other agreement or instrument to which Lessee is a party or by which Lessee may be bound, and will not violate the provisions of any applicable law or administrative regulation or any court decree issued in respect of Lessee;

17.2.5 To the best of such counsel's knowledge and belief, there are no actions, lawsuits or proceedings pending, nor threatened against Lessee or before or by any government or department, commission, agency or other instrumentality which might materially adversely affect

the business, properties or assets, or the condition, financial or otherwise, of Lessee.

18. INTEREST ON OVERDUE RENTALS, DAMAGES AND OTHER OBLIGATIONS

18.1 Anything to the contrary herein contained notwithstanding, any nonpayment of rentals, damages or other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay also interest equal to three percentage points above the MHTC rate per annum or the maximum rate enforceable in accordance with applicable law, whichever is less, on the overdue rentals, damages or other obligations for the period of time during which they are overdue.

19. SURVIVAL OF COVENANTS

19.1 No obligation of Lessor hereunder shall survive the term of the lease of any Unit to the Lessee or sooner termination of this Agreement, and should Lessor permit the use of any Unit beyond the term specified therefor, the obligations of Lessee hereunder shall continue and such permissive use shall not be construed as a renewal of the term thereof nor as a waiver of any right or continuation of any obligation of Lessor hereunder, and Lessor may take possession of any such Unit at any time upon demand after thirty (30) days' notice. Any cancellation or termination by Lessor, pursuant to the provisions of this Agreement, any Schedule, supplement or amendment hereto or the lease of any Unit hereunder, shall not release Lessee from any then outstanding obligations to Lessor hereunder.

20. FEDERAL INCOME TAXES

20.1 It is the intent of the parties to this Agreement that the Lessor shall at all times be considered to be the owner of all of the Units which are the subject of this Agreement for

all Federal income tax purposes and that Lessor shall be entitled to claim any of the methods of depreciation in Section 167(b) of the Internal Revenue Code with respect to each Unit. 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 facilitate accomplishment of this intent.

20.2 In the event that (a) there shall be a reinstated investment tax credit ("RITC") substantially similar to the so-called Job Development Act proposed by President Nixon on August 15, 1971, (b) during the term of this Agreement such RITC shall be applicable to some or all of the Units subject to this Agreement, and (c) such RITC can be passed through or assigned by a lessor to a lessee, Lessor agrees with Lessee that it shall pass through or assign such RITC to Lessee ("RITC Assignment"); provided, however, that any tax benefits that Lessor may now or then have in respect of such Units by virtue of Lessor's being the owner and original user thereof shall not in any way be diminished by such RITC Assignment; and provided, further, that Lessor makes no representation to Lessee as to whether a RITC shall be enacted or as to whether such RITC, if enacted, shall have application to this transaction.

21. SUCCESSORS AND ASSIGNS

21.1 Subject to the provisions of Sections 6 and 11, this Agreement shall be binding upon and shall inure to the benefit of Lessor and Lessee, and their respective successors and assigns.

22. NOTICES

22.1 All demands, notices and other communications under

this Agreement, or any Schedules or amendment thereto shall be in writing, and shall be deemed to have been duly given and personally delivered or when deposited in a receptacle for the receipt of mail which is maintained under the exclusive control of the United States Post Office Department and when sent by prepaid telegraph or telex and addressed as follows:

If to Lessor:

GATX-Armco-Boothe
 Bank of America Center
 555 California Street
 San Francisco, California 94104
 Attention: Contracts Administration

If to Lessee:

Appalachian Power Company
 P. O. Box 18
 Bowling Green Station
 New York, New York 10004
 Attention: Vice President - Finance

or at such address as may hereafter be furnished in writing by either party to the other.

23. RECORDING

23.1 The Lessor will cause this Agreement and any assignment hereof or thereof to be duly filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and to be duly deposited with the Registrar General of Canada in accordance with Section 148 of the Railway Act of Canada and to cause notice of such deposit to be duly given in the Canada Gazette pursuant to said Section 148. This Agreement shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance

hereunder of any Unit.

24. CAPTIONS

24.1 The captions in this Agreement are for convenience of reference only, and shall not define or limit any of the terms or provisions hereof.

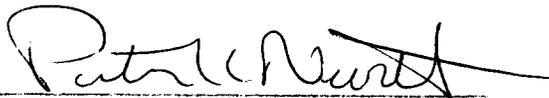
25. EXECUTION

25.1 This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument. Although this Agreement is dated as of September 10, 1971, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

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

GATX-Armco-Boothe,
by GATX/Boothe Corporation,
a general partner

(Corporate Seal)

By 
Peter K. Nevitt
President

Attest:


Thompson W. Ryan
Assistant Secretary

Appalachian Power Company

(Corporate Seal)

By 
Its Vice President

Attest:


Assistant Secretary

State of New York)
County of New York) ss:

On this 29 day of September, 1971, before me personally appeared Peter K. Nevitt, to me known and known to me to be the person who executed the foregoing instrument, who, being duly sworn by me, did for himself depose and say that he is a President of GATX/Boothe Corporation; that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation; that said corporation is a general partner of GATX-Armco-Boothe, a general partnership organized under the Uniform Partnership Law of the State of Ohio that the foregoing instrument was executed on behalf of and with authorization of said partnership by such corporation acting by authority of its Board of Directors; and he did duly acknowledge to me that the foregoing instrument was so executed as the free act and deed of said partnership.

Notary Public

Theresa C. Sweet

(Notarial Seal)

THERESA C. SWEET
Notary Public, State of New York
ID. 888258115
Qualifies in Essex County
Commission Expires March 30, 1972

State of New York)
County of New York) ss:

On this 29 day of September, 1971, before me personally appeared J.P. Maloney to me personally known, who, being by me duly sworn, said he is a Vice-President of Appalachian Power 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.

John F. Di Lorenzo, Jr.
Notary Public

(Notarial Seal)

JOHN F. DI LORENZO, JR.
NOTARY PUBLIC, STATE OF NEW YORK
ID. 888258115
Qualifies in New York County
Commission Expires March 30, 1972

Acceptance Supplement No.
to Schedule No. 1
Dated as of September 16, 1971
To Equipment Lease Agreement
Dated as of September 16, 1971
Between GATX-Armco-Boothe
and
Appalachian Power Company

This Acceptance Supplement is executed pursuant to that certain Equipment Lease Agreement ("Agreement") dated as of September 10, 1971, between GATX-Armco-Boothe and Appalachian Power Company.

The terms used herein shall have the meaning given to such terms in the aforesaid Agreement in accordance with the terms thereof.

Lessor and Lessee do hereby confirm that the Unit or Units described in Lease Schedule No. 1 ("Schedule") and more specifically described in Annex A to this Acceptance Supplement has or have been delivered as of this date and that the Agreement with respect to said Unit or Units shall commence as of said date.

Lessee confirms that said Unit or Units has or have been examined by a duly appointed and authorized representative of Lessee and that such examination shows the following marking on each Unit:

GATX-Armco-Boothe
Owner and Lessor

as well as the ARR railroad identification number.

Lessee confirms that on the aforesaid date of delivery (i) the Unit or Units described herein was or were duly accepted by Lessee as a Unit or Units for leasing under the Agreement

(ii) said Unit or Units became subject to and governed by the terms of the Agreement and Schedule, and (iii) Lessee became obligated to pay the rent provided for in the Agreement, Schedule and herein with respect to said Unit or Units to Lessor.

GATX-Armco-Boothe, a partnership,
by GATX/Boothe Corporation,
a general partner:

By Patrick A. Smith
Its President

Appalachian Power Company

By _____
Its _____

<u>Type</u>	<u>Quantity</u>	<u>Lessee's Road Numbers (Inclusive)</u>	<u>Unit Price</u>	<u>Total Price</u>
			\$	\$

Aggregate total price of Units accepted pursuant to this
Acceptance Supplement

\$ _____

Schedule No. 1 dated as of September 16, 1971 to
Equipment Lease Agreement dated as of September 10, 1971
between

GATX-Armco-Boothe

and

Appalachian Power Company

1. Description of Unit to be Leased: One new railroad flat car, load capacity of 520,000 lbs., manufactured by McDowell-Wellman International, AAR road number AEPX - 1004.
2. Estimated Cost: \$186,000
The actual cost shall not exceed the estimated cost by 5% without the prior consent of Lessor.
3. Original Term: 15 years.
4. Rental: 180 consecutive, level, monthly payments, each in an amount equal to 1.036% of actual cost, commencing on the date of acceptance of the Unit.
5. Purchase and Renewal Options: Provided that this Agreement has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may, by written notice delivered to the Lessor not less than four months prior to the end of the original term of this Lease or any extended term hereof, as the case may be, elect:
 - (i) to extend the term of this Agreement in respect of the Unit for an additional period of five years commencing on the scheduled expiration of the term of this Agreement or extended term hereof, as the case may be, at a rental payable in 60 monthly payments each payable monthly in advance, each in an amount equal to the following percentages of the original cost of the Unit: during the first five-year period, 0.33%; and

during the second five-year period, 0.27%;

(ii) to purchase the Unit at the end of the original term of this Agreement for a purchase price equal to the "Fair Market Value" as of the end of such term.

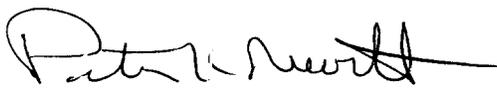
Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession and (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value. If on or before four months prior to the expiration of the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Value of the Units, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term Appraiser shall mean such independent appraiser as the Lessor and the Lessee may mutually agree upon, or failing such agreement, a panel of three independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third designated by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee.

The expenses and fee of the Appraiser shall be borne by the Lessee:

(iii) to purchase the Unit at the end of the second five year renewal period, pursuant to a conditional sales agreement, by making 60 consecutive monthly installment payments, each monthly in advance, each in an amount equal to 0.27% of original cost.

6. Casualty Loss Values: The Table of Casualty Loss Values for the Unit described in Section 1 of this Schedule No. 1 is attached hereto.

GATX-Armco-Boothe, a partnership,
by GATX/Boothe Corporation,
a general partner

By 
Peter K. Nevitt
President

(Corporate Seal)

Attest:

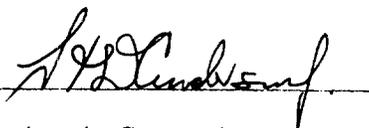

Thompson W. Ryan
Assistant Secretary

Appalachian Power Company

By 
Its Vice President

(Corporate Seal)

Attest:


Assistant Secretary

MONTH	SLV	% OF COST
0	1000000.00	100.0000
1	1000053.26	100.0053
2	1001044.22	100.1044
3	1002372.89	100.2373
4	1003039.27	100.3039
5	1003643.34	100.3643
6	1004185.12	100.4185
7	1004064.60	100.4065
8	1005081.79	100.5082
9	1005436.69	100.5437
10	1005729.28	100.5729
11	1005959.58	100.5960
12	1006127.59	100.6128
13	1006233.29	100.6233
14	1006276.71	100.6277
15	1006257.83	100.6253
16	1006176.65	100.6177
17	1006033.17	100.6033
18	1005827.40	100.5827
19	1005559.34	100.5559
20	1005228.99	100.5229
21	1004936.31	100.4936
22	1004381.36	100.4381
23	1003864.11	100.3864
24	1003284.57	100.3285
25	1002642.73	100.2643
26	1001938.59	100.1939
27	1001172.16	100.1172
28	1000343.42	100.0343
29	999452.41	99.9452
30	998499.09	99.8499
31	997483.46	99.7483
32	996405.55	99.6406
33	995265.34	99.5265
34	994062.84	99.4063
35	992798.33	99.2798
36	991470.95	99.1471
37	990081.55	99.0082
38	988629.86	98.8630
39	987115.88	98.7116
40	985539.59	98.5540
41	983921.02	98.3921
42	982280.15	98.2280
43	980436.98	98.0437
44	978611.52	97.8612
45	976723.76	97.6724
46	974773.70	97.4774
47	972761.35	97.2761
48	970686.70	97.0687
49	968549.76	96.8550
50	966350.52	96.6351
51	964088.98	96.4089
52	961765.16	96.1765
53	959379.33	95.9379
54	956930.61	95.6931
55	954419.89	95.4420
56	951846.88	95.1847
57	949211.57	94.9212
58	946513.96	94.6514
59	943754.05	94.3754
60	940931.86	94.0932

Table of Casualty Loss Values
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Original 15 Year Term

Determine Casualty Loss Values by moving decimal in middle column of figures 4 places to the left. Disregard the column on the right under heading "% of Cost". Disregard figures corresponding to "Month 0".

61	938947.37	93.8247
62	935100.58	93.5121
63	932091.43	93.2091
64	929320.11	92.9022
65	925886.43	92.5886
66	922090.46	92.2690
67	919432.19	91.9432
68	916111.63	91.6112
69	912728.77	91.2729
70	909283.61	90.9234
71	905776.16	90.5776
72	902256.41	90.2256
73	898574.37	89.8574
74	894880.02	89.4880
75	891123.39	89.1123
76	887304.45	88.7304
77	883423.23	88.3423
78	879479.70	87.9480
79	875473.80	87.5474
80	871405.77	87.1406
81	867275.36	86.7275
82	863082.66	86.3083
83	858827.65	85.8828
84	854510.35	85.4510
85	850130.76	85.0131
86	845688.87	84.5689
87	841184.68	84.1185
88	836618.20	83.6618
89	831989.41	83.1989
90	827298.34	82.7298
91	822544.97	82.2545
92	817729.30	81.7729
93	812851.34	81.2851
94	807911.09	80.7911
95	802900.53	80.2900
96	797843.68	79.7844
97	792716.54	79.2717
98	787527.09	78.7527
99	782275.30	78.2275
100	776901.33	77.6901
101	771585.00	77.1585
102	766146.38	76.6146
103	760645.45	76.0645
104	755082.23	75.5082
105	749450.72	74.9457
106	743768.91	74.3769
107	738018.81	73.8019
108	732206.41	73.2206
109	726331.71	72.6332
110	720394.72	72.0395
111	714395.43	71.4395
112	708333.85	70.8334
113	702209.97	70.2210
114	696023.79	69.6024
115	689775.32	68.9775
116	683464.55	68.3465
117	677091.49	67.7091
118	670650.13	67.0650
119	664158.48	66.4158
120	657598.52	65.7599
121	650976.29	65.0976
122	644291.73	64.4292
123	637544.90	63.7545

Table of Casualty Loss Values
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Original 15 Year Term

124	630735.77	63.0736
125	623864.34	62.3864
126	616930.61	61.6931
127	609934.59	60.9935
128	602876.27	60.2876
129	595755.66	59.5756
130	588572.74	58.8573
131	581327.54	58.1328
132	574020.04	57.4020
133	566650.24	56.6650
134	559218.15	55.9218
135	551723.76	55.1724
136	544167.07	54.4167
137	536548.09	53.6548
138	528866.81	52.8867
139	521123.24	52.1123
140	513317.37	51.3317
141	505449.21	50.5449
142	497518.75	49.7519
143	489525.99	48.9526
144	481470.94	48.1471
145	473353.59	47.3354
146	465173.95	46.5174
147	456932.01	45.6932
148	448627.77	44.8629
149	440261.24	44.0261
150	431832.41	43.1832
151	423341.29	42.3341
152	414787.87	41.4788
153	406172.16	40.6172
154	397494.14	39.7494
155	388753.84	38.8754
156	379951.23	37.9951
157	371086.34	37.1086
158	362159.14	36.2159
159	353169.05	35.3170
160	344117.86	34.4118
161	335003.78	33.5004
162	325827.40	32.5827
163	316588.73	31.6589
164	307287.76	30.7288
165	297924.49	29.7924
166	288498.93	28.8499
167	279011.07	27.9011
168	269460.92	26.9461
169	259848.47	25.9849
170	250173.73	25.0174
171	240436.69	24.0437
172	230637.35	23.0637
173	220775.71	22.0776
174	210851.79	21.0852
175	200865.56	20.0866
176	190817.04	19.0817
177	180706.22	18.0706
178	170533.11	17.0533
179	160297.71	16.0299
180	150000.00	15.0000

Table of Casualty Loss Values
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Original 15 Year Term

MONTH	SLV.	% OF COST
2	152220.20	122.2220
1	151952.40	121.9524
2	153224.34	122.2243
3	154414.75	122.9432
4	155724.59	123.8164
5	156953.55	124.6357
6	158121.64	125.4211
7	159168.85	126.1120
8	160155.19	126.7721
9	161060.65	127.3738
10	161885.25	127.9235
11	162628.90	128.4193
12	163291.80	128.8612
13	163873.77	129.2492
14	164374.86	129.5832
15	164795.08	129.8634
16	165134.43	130.0896
17	165392.90	130.2619
18	165570.49	130.3803
19	165667.21	130.4442
20	165683.20	130.4554
21	165618.03	130.4120
22	165472.13	130.3143
23	165245.36	130.1636
24	164937.71	129.9585
25	164549.18	129.6995
26	164079.78	129.3865
27	163529.51	129.0197
28	162898.30	128.5989
29	162180.34	128.1242
30	161393.44	127.5956
31	160519.67	127.0131
32	159565.03	126.3707
33	158529.51	125.6803
34	157413.12	124.9421
35	156215.85	124.1439
36	154937.71	123.2918
37	153578.09	122.3858
38	152138.80	121.4259
39	150618.03	120.4120
40	149016.39	99.3443
41	147333.88	98.2220
42	145570.49	97.0470
43	143726.23	95.8175
44	141801.29	94.5341
45	139795.00	93.1967
46	137708.20	91.8055
47	135540.44	90.3623
48	133291.80	88.8612
49	130962.29	87.3082
50	128551.91	85.7013
51	126060.66	84.0404
52	123488.52	82.3257
53	120835.52	80.5570
54	118101.64	78.7344
55	115280.88	76.8579
56	112391.20	74.9275
57	109414.75	72.9432
58	106357.38	70.9249
59	103219.13	68.8127
60	100000.00	66.6000

Table of Casualty Loss Values

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First 5 Year Renewal Term

Determine Casualty Loss Values by moving decimal in middle column of figures 4 places to the left. Disregard the column on the right under heading "% of Cost". Disregard figures corresponding to "Month 0".

MONTH	SLV	% OF COST
0	100000.00	100.0000
1	100972.13	100.9721
2	101823.06	101.8231
3	102732.79	102.7328
4	103521.31	103.5213
5	104248.63	104.2486
6	104914.75	104.9148
7	105519.67	105.5197
8	106063.39	106.0634
9	106545.94	106.5459
10	106967.21	106.9672
11	107327.32	107.3273
12	107626.23	107.6262
13	107863.93	107.8639
14	108048.44	108.0484
15	108155.74	108.1557
16	108209.84	108.2098
17	108222.73	108.2227
18	108134.43	108.1344
19	108004.92	108.0049
20	107814.21	107.8142
21	107562.29	107.5623
22	107249.18	107.2492
23	106874.86	106.8749
24	106439.34	106.4393
25	105942.62	105.9426
26	105384.72	105.3847
27	104765.57	104.7656
28	104085.25	104.0852
29	103343.72	103.3437
30	102546.98	102.5478
31	101677.85	101.6778
32	100751.91	100.7519
33	99765.57	99.7656
34	98719.83	98.7188
35	97629.29	97.6293
36	96439.34	96.4393
37	95208.28	95.2082
38	93915.85	93.9158
39	92562.29	92.5623
40	91147.54	91.1475
41	89671.58	89.6716
42	88134.43	88.1344
43	86536.87	86.5361
44	84876.58	84.8765
45	83155.74	83.1557
46	81373.77	81.3738
47	79536.68	79.5366
48	77626.23	77.6262
49	75667.66	75.6667
50	73633.88	73.6339
51	71545.92	71.5459
52	69396.72	69.3967
53	67186.34	67.1863
54	64914.75	64.9148
55	62581.97	62.5820
56	60187.98	60.1882
57	57732.79	57.7328
58	55216.39	55.2164
59	52638.88	52.6388
60	50000.00	50.0000

Table of Casualty Loss Values
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Second 5 Year Renewal Term

Determine Casualty Loss Values by moving decimal in middle column of figures 4 places to the left. Disregard the column on the right under heading "% of Cost". Disregard figures corresponding to "Month 0".