

LAW OFFICES

ALVORD AND ALVORD

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

ROBERT W. ALVORD
ALBERT H. GREENE
CARL C. DAVIS*
CHARLES T. KAPPLER
THOMAS A. FRAZIER, JR.
ROBERT S. HOPE
JOHN H. DOYLE
MILTON C. GRACE *

* NOT A MEMBER OF D. C. BAR

200 WORLD CENTER BUILDING

918 SIXTEENTH STREET, N.W.

WASHINGTON, D. C.

20006

November 18, 1976

8582

RECORDATION NO.

Filed & Recorded

OF COUNSEL
JESS LARSON

MAILING ADDRESS
ALVORD"

TELEPHONE
AREA CODE 202
393-2266

INTERSTATE COMMERCE COMMISSION

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ICC Washington, D. C.

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OPERATION BR.

Interstate Commerce Commission
Washington, D.C. 20423

Gentlemen:

Enclosed for recordation under the provisions of Section 20c of the Interstate Commerce Act, as amended, are one executed copy and two certified true copies of a Lease Agreement dated as of October 5, 1976.

A general description of the railroad equipment covered by the enclosed document is attached hereto and marked Schedule A.

The names and addresses of the parties to the Lease Agreement are, as follows:

Lessee: Atlanta & St. Andrews Bay Railway Company
P.O. Box 729
514 East Main Street
Dothan, Alabama 36301

Lessor: SSI Rail Corp.
Two Embarcadero Center
San Francisco, California 94111

The undersigned is authorized agent for the Lessor for the purpose of submitting the enclosed document for recordation and has knowledge of the matters set forth therein.

Please return the executed copy of the Lease Agreement to Ronald E. Roden, Esq., Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603 or to the bearer of this letter.

C. J. Kowalski
Ronald E. Roden

Interstate Commerce Commission
November 18, 1976
Page Two

Also enclosed is a remittance in the amount of \$50.00 to cover the required recordation fee.

Very truly yours,

ALVORD AND ALVORD
for the Lessor

By Charles T. Kappler
Charles T. Kappler

SCHEDULE A

Fifty (50) 70-ton, 50'6" single sheath boxcars (AAR Mechanical Designation XM) bearing identifying numbers ASAB 7100 through ASAB 7149, both inclusive.

Fifty (50) 100-ton, 60'10" single sheath boxcars (AAR Mechanical Designation XM) bearing identifying numbers ASAB 8000 through ASAB 8049, both inclusive.

Interstate Commerce Commission
Washington, D.C. 20423

11/19/76

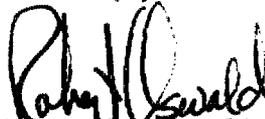
OFFICE OF THE SECRETARY

Ronald E. Roden, Esq.
Chapman and Cutler
111 West Monroe Street
Chicago, Illinois 60603

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 11/19/76 at 10:30am, and assigned recordation number(s) 8582

Sincerely yours,


Robert L. Oswald
Secretary

Enclosure(s)

SE-30
(5/76)

RECORDATION NO. 8582 Filed & Recorded

NOV 19 1976 10 30 AM

INTERSTATE COMMERCE COMMISSION

CERTIFICATE

STATE OF ILLINOIS)
)
COUNTY OF COOK) SS

I KATHY HARRIS of the City of Chicago in the State of Illinois, Notary Public, do hereby certify that I have compared the attached copy of the Lease Agreement dated as of October 5, 1976 between SSI Rail Corp., as Lessor and Atlanta & Saint Andrews Bay Railway Company, as Lessee, with the original of said Lease Agreement and that the attached copy is a true and correct copy in all respects.

Date: November 18, 1976

Kathy Harris
Notary Public

(Notarial Seal)

My commission expires:

NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXPIRES FEB. 9 1980
ISSUED THRU ILLINOIS NOTARY ASSOC.

LEASE AGREEMENT

THIS LEASE AGREEMENT, made as of this. *Oct 5*....., 1976, between SSI RAIL CORP., a Delaware corporation, Two Embarcadero Center, San Francisco, California 94111 ("SSI"), as Lessor, and Atlanta & Saint Andrews Bay Railway Company, an Alabama 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 event has occurred and is continuing which constitutes an Event of Default as defined in this Agreement or would constitute such an Event of Default but for the requirement that notice be given or lapse of time or both, this Agreement shall be automatically extended on a year to year basis; provided, however, that SSI or Lessee may by written notice delivered to the other not less than ninety (90) days prior to the end of the initial lease term for any scheduled Boxcar or any specified termination date during the extended term terminate this Agreement.

C. If Lessee decides to go out of the freight business, Lessee may terminate the Lease at any time on giving six (6) months prior written notice to SSI.

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 agreed to by Lessee. 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 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. Due to the nature of railroad operations in the United States, SSI can neither control nor determine when the Boxcars leased hereunder will actually be available to Lessee for its use on its railroad tracks.

B. Lessee agrees that so long as it shall have on lease any boxcars, it shall not lease any boxcars from any other party until it shall have received all of the Boxcars on the Schedule or Schedules. Lessee shall give preference to SSI and shall load the Boxcars leased from SSI prior to loading boxcars leased from other parties or purchased by Lessee subsequent to the date of this Agreement 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. Notwithstanding the execution of any Schedules, the delivery of Boxcars to Lessee shall be subject to manufacturer's delivery schedules, financing satisfactory to SSI and the mutual acknowledgment of the parties that the addition of such Boxcars is not likely to reduce utilization of all Boxcars on lease to Lessee to less than 87.5 per cent in any calendar quarter.

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 during the term of this Agreement prepare and file 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 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 in the Official Railway Equipment Register and the Universal Machine Language Equipment Register. SSI shall, if requested by Lessee, perform on behalf of Lessee, 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. Correspondence from railroads using such Boxcars shall be addressed to Lessee at such address as SSI and Lessee shall select.

D. All record keeping performed by Lessee or SSI 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.

5. MAINTENANCE, TAXES AND INSURANCE

A. SSI will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each Boxcar during its lease term and any extension thereof, including but not limited to repairs, maintenance, storage and servicing unless the same is occasioned by the fault of Lessee while a Boxcar is in the possession of Lessee. Lessee hereby transfers and assigns to SSI for and during the term of this Lease all of its right, title and interest in, under and to any warranty, whether express or implied, in respect to the Boxcars, to the extent the same is assignable and for so long as no event of default of SSI has occurred and is continuing. 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 made payable to SSI.

B. Lessee may make those repairs authorized in or by existing rules and regulations of AAR and/or ICC, but shall not otherwise make or permit others to make any other repairs, alterations, improvements or additions to the Boxcars without SSI's prior written consent. Title to any such alteration, improvement or addition occurring in the course of or as a result of normal and customary maintenance shall be and remain in SSI.

C. SSI shall, at its own expense, make or cause to be made all inspections, maintenance and repairs of the Boxcars as may be required by any applicable governmental laws or regulations, or as may be required by the insurance policies pertaining to the Boxcars. 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 and to comply with the above requirements.

D. Lessee will at all times while this Agreement is in effect and at its own expense, cause to be carried and maintained all risk, property damage, and public liability insurance coverages on the Boxcars subject hereto only while such cars are on the tracks and property of the Lessee.

E. SSI agrees to pay all taxes, assessments and other governmental charges of whatsoever kind or character and by whomsoever payable on or relating to each Boxcar and on the lease, sale, ownership, use, shipment, transportation, delivery or operation thereof or the exercise of any option, election or performance of any obligation by SSI hereunder, which may be accrued, levied, assessed or imposed during the lease term or which remain unpaid as of the date of delivery of such Boxcar to Lessee, and all taxes of any kind imposed by any federal, state or local taxing authority against SSI on or measured by any amount payable hereunder, except taxes on net income imposed on Lessee. SSI will comply with all state and local laws requiring the filing of ad valorem tax returns on the Boxcars and, if any tax is to be assessed or billed to Lessee, SSI will cause such billings to be made to SSI.

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 except as provided in Section 6A(v), (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 85 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 monies earned by the Boxcars prior to their initial loading.

(ii) In the event utilization exceeds 85 per cent in any calendar year, SSI shall receive an amount equal to the SSI Base Rental plus an amount equal to three-fourths of the payments earned in excess of the SSI Base Rental. For the purpose hereof and except as provided in Section 6A(v), 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 85 per cent and the denominator of which is the utilization for such calendar year. (The above determination of SSI Base Rental insures that Lessee will, if utilization is greater than 85 per cent in any calendar year, receive one-fourth of all the payments made by other railroads for use or handling of the Boxcars in excess of the SSI Base Rental.)

(iii) 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.

(iv) In the event 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 destroyed boxcar will be removed from the coverage of this Agreement as of the date that payment of car hire payments ceased.

(v) If and when incentive per diem is extended beyond the present six (6) months application, the equivalent of any and all incentive per diem earnings accruing as a result of such extension of the incentive per diem application period beyond the present six (6) months shall be divided equally between Lessee and SSI and shall be excluded from all other rental payment computations. Any monies accruing to Lessee under this provision shall be considered payable to Lessee from straight car hire and mileage earnings. This provision shall become effective with the date of any such extension of incentive per diem.

(vi) Any Boxcars not on lessee's tracks and not earning per diem for 35 consecutive days will be removed from this lease on the 36th day for the purpose of computing car (or fleet) utilization until such car or cars shall be reinstated or restored to per diem-earning service.

B. The calculations required above shall be made within three 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, Lessee shall prepare drafts and deposit drafts or other payment

forms covering car rentals, in the bank on or by the 25th of each month. Lessee shall then pay to SSI by the 30th of each month 80 percent of the total car hire earnings including actual car mileage earnings when available and estimated earnings based on the current national average miles per day when actual is unavailable. At the time the month's first remittance is made, Lessee shall report for the same month, the dollar figure for 100 percent of the revenue earned. Ten percent of the total car hire revenue shall be remitted to SSI thirty (30) days or one month after the initial monthly payment and the remaining ten percent should be remitted to SSI sixty (60) days or two months after the initial payment. Since the parties desire to adjust the amounts paid pursuant to the above more frequently than at the end of each calendar year, Lessee shall within three (3) months after the end of each calendar quarter, calculate on a cumulative quarterly basis, the approximate amount of rental payment due Lessee. Any amounts payable pursuant to the preceding sentence shall be paid promptly following such calculations, provided, however, that following each cumulative quarterly calculation, any amount paid to either party in excess of the amounts required by such quarterly calculations shall be promptly refunded to the appropriate party.

C. In the event the utilization rate in any calendar quarter is less than an amount equal to 87.5 percent, SSI may, at its option and upon not less than 30 days prior written notice to Lessee, terminate this Agreement.

D. If any Boxcar remains on Lessee's railroad tracks for more than seven (7) days, 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, except when such Boxcar is awaiting its initial load.

E. SSI may, at its option, terminate this Agreement 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 monies 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.

7. POSSESSION AND USE

A. So long as Lessee shall not be in default under this Lease, 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 freight railroad business. Lessee agrees that to the extent it has 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 are 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 except further that this section shall in no manner diminish the obligations of SSI under Sections 3A and 5 of this Agreement.

B. Lessee will not directly or indirectly create, incur, assume, or suffer to exist any mortgage, pledge, lien, charge, encumbrance, or other security interest or claim on or with respect to the Boxcars, title thereto, or any interest therein or in this Agreement or Schedule or amendment thereto and will keep the Boxcars free and clear of any and all liens, charges and encumbrances which may be levied against or imposed upon it (other than encumbrances arising from acts of SSI) and will if requested by SSI obtain and deliver to SSI concurrently with the delivery of the Boxcars a waiver of any such liens or claims as to the Boxcars in recordable form satisfactory to SSI. Lessee will promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrances, security interest, or claim if the same shall arise at any time.

8. DEFAULT REMEDIES UPON DEFAULT

A. Each of the following shall constitute an event of default by Lessee:

(i) Lessee shall make or permit any unauthorized assignment or transfer of this Agreement, or

(ii) If any representation or warranty made by Lessee herein or any statement or certificate furnished by Lessee in connection with this Agreement proves untrue in any material respect as of the date of the making thereof, and shall not be made good within thirty (30) days after notice thereof to Lessee, or

(iii) A decree or order by a court having jurisdiction over Lessee shall have been entered and remain in force undischarged and unstayed for sixty (60) days:

(a) Adjudging Lessee a bankrupt or insolvent,

(b) Approving as properly filed a petition seeking re-organization of Lessee under the Bankruptcy Act or any other state or federal law,

(c) Directing the appointment of a receiver or liquidator or trustee in bankruptcy or insolvency of Lessee or of the property of the Lessee, or

(d) Directing the winding up or liquidation of the affairs of Lessee;

(iv) Lessee shall:

(a) Institute proceedings to be adjudged a voluntary bank-

rupt or insolvent,

(b) Consent to the filing of a bankruptcy or insolvency proceeding against it,

(c) File a petition or answer or consent seeking reorganization or readjustment under the Bankruptcy Act or any other state or federal law, or otherwise invoke any law for the aid of debtors, or consent to the filing of any such petition,

(d) Consent to the appointment of a receiver or liquidator or trustee in bankruptcy or insolvency of its property or any substantial portion of its property;

(e) Make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or

(f) Take any corporate action in furtherance of any of the aforesaid purposes;

(v) Nonpayment of lease payments for a period of ten (10) days after notice;

(vi) A petition against Lessee in a proceeding under bankruptcy laws or other insolvency laws (as now or hereafter in effect) in any jurisdiction within the United States or elsewhere shall be filed and shall not be withdrawn or dismissed within sixty (60) days thereafter, or if, under the provisions of any law providing for reorganization or winding up of corporations which may apply to Lessee, any court of competent jurisdiction shall assume jurisdiction, custody or control of Lessee or of any substantial part of the property of any of them and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed, or unterminated for a period of sixty (60) days.

B. Upon the occurrence of any event of default by Lessee, SSI may, at its option, terminate this Agreement and may:

(i) Proceed by appropriate court action to enforce performance by Lessee of this Agreement or to recover damages for a breach thereof (and Lessee agrees to bear SSI costs and expenses, including reasonable attorney's fees, in securing such enforcement), or

(ii) 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 agents enter upon any premises where the Boxcars may be located and take possession of them and henceforth 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.

C. Each of the following shall constitute an event of default by SSI:

(i) A decree or order by a court having jurisdiction over SSI shall have been entered and remain in force undischarged and unstayed for sixty (60) days:

(a) Adjudging SSI a bankrupt or insolvent,

(b) Approving as properly filed a petition seeking re-organization of SSI under the Bankruptcy Act of any other state of federal law,

(c) Directing the appointment of a receiver or liquidator or trustee in bankruptcy or insolvency of SSI or of the property of SSI, or

(d) Directing the winding up or liquidation of the affairs of SSI;

(ii) SSI shall:

(a) Institute proceedings to be adjudged a voluntary bankrupt or insolvent,

(b) Consent to the filing of a bankruptcy or insolvency proceeding against it,

(c) File a petition or answer or consent seeking re-organization or readjustment under the Bankruptcy Act or any other state or federal law, or otherwise invoke any law for the aid of debtors, or consent to the filing of any such petition,

(d) Consent to the appointment of a receiver or liquidator or trustee in bankruptcy or insolvency of the property or any substantial portion of its property,

(e) Make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or

(f) Take any corporate action in furtherance of any of the aforesaid purposes;

(iii) A petition against SSI in a proceeding under bankruptcy laws or any other insolvency laws (as now or hereafter in effect) in any jurisdiction within the United States or elsewhere shall be filed and shall not be withdrawn or dismissed within sixty (60) days thereafter, or if, under the provisions of any law providing for reorganization or winding up of corporations which may apply to SSI any court of competent jurisdiction shall assume jurisdiction, custody or control of SSI or of any substantial part of the property of SSI and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed, or unterminated for a term of sixty (60) days; or

(iv) Default by SSI in the performance of its obligations hereunder for a period of ten (10) days after notice.

D. Upon the occurrence of any event of default by SSI, Lessee may, at its option, terminate this Agreement.

9. TERMINATION

At the expiration or termination of this Agreement as to any Boxcars set forth on a Schedule attached hereto, Lessee will surrender possession of such Boxcars to SSI by delivering same to SSI. The assembling, delivery, storage and transporting of the Boxcars shall be at the expense and risk of 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 (1) upon delivery of such Boxcars to Lessee's railroad line subsequent to termination of this Agreement, or (ii) upon removal by another railroad line which has physical possession of the Boxcar at the time of or subsequent to the termination of this Agreement as to such Boxcar.

(i) 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 within five (5) working days remove Lessee's railroad markings from the Boxcars and place thereon such markings as may be designated by SSI. 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 days free storage on its railroad tracks for SSI or the subsequent lessee of any terminated Boxcar.

(ii) If such Boxcars are not on the railroad line of Lessee upon termination, all costs of assembling, delivering, storing, and transporting such Boxcars, except as provided above, to Lessee's railroad line or the railroad line of a subsequent lessee shall be borne by SSI.

10. INDEMNITIES

SSI will defend, indemnify and hold harmless Lessee from and against (a) any and all loss or damage of or to the Boxcars, usual wear and tear excepted, unless occurring while Lessee has possession of Boxcars and (b) any claim, cause of action, damage, liability, cost or expense (including legal fees and costs) to which the Boxcars may be subject or which may be incurred in any manner by or for the account of any such Boxcar (unless occurring through the fault of Lessee):

(i) Relating to the Boxcars or any part thereof, including without limitation the construction, purchase, delivery, acceptance or rejection, installation, ownership, sale, 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);

(ii) By reason or as a result of any act of SSI for itself or as agent or attorney-in-fact for Lessee hereunder;

(iii) As a result of claims for patent infringement; or

(iv) As a result of claims for strict liability in tort.

11. WARRANTIES AND COVENANTS

Lessee represents, warrants and covenants that:

(i) Lessee is a corporation duly organized and validly existing in good standing under the laws of the State of Alabama and has the corporate power and authority, and is duly qualified and authorized to do business wherever necessary, to carry on its present business and operations and to own or hold under lease its properties and to perform its obligations under this Agreement.

(ii) There is no law, rule or regulation and no charter provision of Lessee, and no provision in any existing mortgage, indenture, contract or agreement, order, judgment or decree binding on Lessee which would be contravened by the execution, delivery or performance by Lessee of this Agreement.

(iii) No mortgage, deed of trust, charter, lease, or any other lien or security interest of any nature whatsoever which now covers or affects any property or interests therein of Lessee now attaches or hereafter will attach to the Boxcars or in any manner affects or will affect adversely SSI's right, title and interest therein.

(iv) No approval or further action is required from or by any public regulatory body with respect to the entering into or performance by Lessee of this Agreement.

(v) There is no action or proceeding pending or threatened against Lessee 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 condition, financial or otherwise, of Lessee.

(vi) Lessee is not a party to any agreement or instrument or subject to any charter or other corporate restrictions which individually or in the aggregate will materially adversely affect Lessee's financial condition, business or operations or will adversely affect the ability of Lessor to perform its obligations under this Lease.

(vii) There is no fact which Lessee has not disclosed to SSI in writing which materially adversely affects nor, so far as the Lessee can now reasonably foresee, will materially affect the business, condition or any material portion of the properties of the Lessee or the ability of the Lessee to perform its obligations under this Agreement.

(viii) Lessee will indemnify and hold harmless SSI from and against any and all damage as a result of any act of Lessee for itself or as agent or attorney-in-fact for SSI in the preparation and maintenance of records as defined in Paragraph 4 above.

12. CONDITIONS PRECEDENT TO EXECUTION, LEASE SCHEDULES

A. No change shall have occurred after the date of this Agreement in applicable law or regulations thereunder or administrative interpretations thereof which would make it illegal for the parties to enter into this Agreement or any Schedule hereto.

B. There shall exist no event of default, or event which with notice, or lapse of time, or both, would constitute an event of default under this Agreement.

C. Both parties shall have received such other documents and evidence with respect to the transaction as either of them or respective counsel may reasonably request in order to establish that the consummation of the transactions contemplated by this Agreement are lawful in all respects.

D. Lessee shall have received appropriate certificates or other evidence of insurance as required by Section 5D.

13. 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 to the property, 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. Each party shall furnish to the other, promptly upon their 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 Interstate Commerce Commission.

14. DELAY AND WAIVER

No failure or delay by SSI shall constitute a waiver or otherwise affect or impair any right, power or remedy available to SSI nor shall any waiver or indulgence by SSI 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. The exercise of any right, power or remedy shall in no event constitute a cure or waiver of any default under this Agreement nor prejudice SSI in the exercise of any rights hereunder unless in the exercise of such right all obligations of Lessee under this Agreement are fully performed.

15. NOTICES

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 SSI Rail Corp., Two Embarcadero Center, San Francisco, California, 94111, Attention: President and to Lessee, P. O. Box 729, 514 East Main Street, Dothan, Alabama, 36301, Attention: Chairman.

16. GOVERNING LAW

This Agreement and the leasing contemplated hereby shall be governed by and construed according to the laws of the State of California, provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

17. SUCCESSORS AND ASSIGNS

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 that Lessee may not without the prior written consent of SSI assign this 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.

18. ADDITIONAL DOCUMENTS

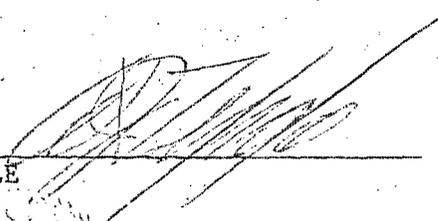
Both parties agree to execute additional documents contemplated by this transaction and such other documents which either may from time to time reasonably request in furtherance of this Agreement.

19. It is expressly understood and agreed by the parties hereto that the agreement constitutes a usage 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.

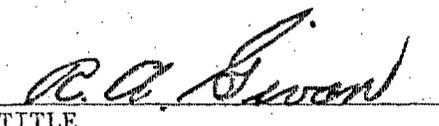
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the year and date first above written.

SSI RAIL CORP.

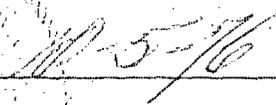
ATLANTA & SAINT ANDREWS BAY
RAILWAY COMPANY



TITLE



TITLE


DATE: 

DATE: _____

EQUIPMENT SCHEDULE

SSI Rail Corp. hereby leases the following Boxcars to The Atlanta & St. Andrews Bay Railway Company pursuant to that certain Lease Agreement dated as of 1976

A.A.R. Mech. Desig.	Description	Numbers	Dimensions			Doors Width	No. of Cars
			Length	Inside Width	Height		
XM	Box, 10" End of Car Cushioning and 70 ton Trucks		50' 06"	9' 06"	11' 02"	10'	100
	Box, 15" End of Car Cushioning and 100 ton Trucks		60'	9' 06"	11' 05"	10'	100

SSI RAIL CORP.

[Signature]

 PRESIDENT
 (TITLE)

DATE: 10-5-76

ATLANTA & ST. ANDREWS BAY RAILWAY COMPANY

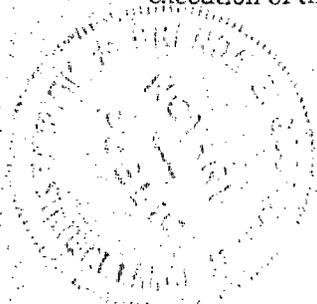
[Signature]

 Chairman
 (TITLE)

DATE: 10-5-76

STATE OF Alabama }
COUNTY OF Houston }

On this 12th day of November 1976, before me personally appeared R. A. Givan, to me personally known, who being by me duly sworn says that such person is Chairman of Atlanta & Saint Andrews Bay Rwy. Co., 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.

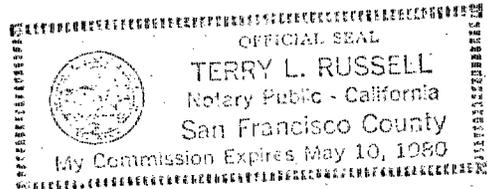


Brenda E. Goodman
Notary Public

My Commission Expires 7-30-1978

STATE OF California }
COUNTY OF San Francisco }

On this 8th day of November 1976, before me personally appeared William 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 L. Russell
Notary Public