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INTERSTATE COMMERCE COMMISSION

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SHORT-TERM LEASE OF RAILROAD EQUIPMENT NO. 1

Dated as of December 23, 1974

between

C.I.T. Financial Services, Inc.

and

Ohio Power Company

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SHORT-TERM LEASE OF RAILROAD EQUIPMENT NO. 1  
dated as of December 23, 1974, between C.I.T.  
FINANCIAL SERVICES, INC., a Delaware corporation  
(hereinafter called the Lessor), acting through  
its agent, C.I.T. Leasing Corporation, a Delaware  
corporation, and OHIO POWER COMPANY (hereinafter  
called the Lessee).

WHEREAS the Lessee has assigned to the Lessor, pur-  
suant to an Assignment of Purchase Agreement dated as of the  
date hereof (hereinafter called the Assignment), certain of  
its interest in a certain supplemental contract dated as of  
December 3, 1974, among the Lessee, American Electric Power  
Service Corporation (hereinafter called the Agent) and  
Bethlehem Steel Corporation (hereinafter called the Builder)  
which incorporates by reference a certain contract dated  
as of September 27, 1974, between the Agent and the Builder (here-  
inafter individually called the Supplemental Contract and  
the Original Contract. respectively, and together called  
the Purchase Agreement) in which Supplemental Contract,  
the Agent has designated the Lessee as the purchaser of  
the units of railroad equipment covered thereby;

WHEREAS the Lessor has accepted said Assignment  
and proposes to purchase from the Builder such units of  
railroad equipment described in Schedule A hereto (hereinafter  
called the Units) as are delivered and accepted under the terms  
of this Lease;

WHEREAS the Lessee desires to lease from the Lessor  
such number of Units as are so delivered and accepted hereunder,  
at the rentals and for the terms and upon the conditions  
hereinafter provided;

NOW, THEREFORE, in consideration of the premises  
and of the rentals to be paid and the covenants hereinafter  
mentioned to be kept and performed by the Lessee, the Lessor  
hereby leases the Units to the Lessee upon the following  
terms and conditions:

§ 1. Net Lease. This Lease is a net lease and,  
except as herein provided, the Lessee shall not be entitled  
to any abatement of rent, reduction thereof or setoff  
against rent, including, but not limited to, abatements,  
reductions or setoffs due or alleged to be due by reason  
of any past, present or future claims of the Lessee  
against the Lessor under this Lease or the Builder or

otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or the bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

§ 2. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units. The Lessee will cause its agent or an employee of the Lessee to inspect the same, and if such Unit is found to be acceptable, to execute and deliver to the Lessor a certificate of acceptance (hereinafter called the Certificate of Acceptance), stating that such Unit has been inspected and accepted on behalf of the Lessee and the Lessor on the date of such Certificate of Acceptance and is marked in accordance with § 5 hereof, whereupon such Unit shall be deemed to have been accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The Lessor will cause each Unit to be delivered to the Lessee at the point or points specified in Schedule A hereto. Units shall not be delivered to or accepted by the Lessee subsequent to March 31, 1975, and the Lessor shall reassign to Lessee on April 2, 1975, its rights to purchase any remaining balance of Units, under the Assignment, not delivered or accepted as herein provided prior to March 31, 1975.

§ 3. Rentals. The Lessee agrees to pay to the Lessor, as rental for each Unit subject to this Lease, (i) an initial installment of rent payable on April 2, 1975, and (ii) two consecutive additional instalments payable on July 2, 1975, and October 2, 1975.

The initial instalment of rent shall be in an amount equal to .0355% (computed on a per diem basis commencing with and including the date of acceptance of each Unit under this Lease to and including April 2, 1975) of the Purchase Price (as hereinafter defined) of each such Unit and the two consecutive additional rental instalments shall be in arrears each in an amount equal to 3.194% of the Purchase Price of each Unit then subject to this Lease. For purposes of this Lease, Purchase Price shall mean, with respect to Units, the base price per Unit as set forth in Schedule A hereto, which base price is subject to such increase or decrease as may be agreed upon by the Builder, the Lessor and the Lessee.

If on or before September 30, 1975, legislation is enacted pursuant to which the Lessor shall be entitled to the benefit of an investment credit as set forth below pursuant to Section 38 and related sections of the Internal Revenue Code of 1954 with respect to the Purchase Price of any Unit then subject to this Lease greater than a 4% investment credit (hereinafter called a Substitute Credit), with no reduction in the tax basis of such Unit below its Purchase Price on account of the allowance of such tax credit, the rental for each such Unit shall be as follows:

<u>Substitute Credit Rate</u>	<u>Initial Instalment of Rent (computed as set forth in the immediately preced- ing paragraph)</u>	<u>Two consecutive additional rental instalments (com- puted as set forth in the immediately preceding paragraph)</u>
7%	.0355%	3.066%
10%	.0355	2.935

If, however, the tax basis of a Unit must be reduced below the Purchase Price for each Unit then subject to this Lease in order to have the benefit of such Substitute Credit as set forth below, then the rental for each such Unit shall be as follows:

<u>Substitute Credit Rate</u>	<u>Initial Instalment of Rent (computed as set forth in the immediately preced- ing paragraph)</u>	<u>Two consecutive additional rental instalments (com- puted as set forth in the immediately preceding paragraph)</u>
4%	.0355%	3.275%
7%	.0355	3.194
10%	.0355	3.113

The Lessor and the Lessee agree that the Casualty Value (as defined in § 7 hereof) and the Termination Value (as defined in § 10 hereof) have been computed on the assumption that the Lessor

shall be entitled to the 4% investment credit. If for the reason set forth in the immediately preceding paragraph, the Lessor becomes entitled to a Substitute Credit as set forth above, the Casualty Value and the Termination Value shall be appropriately adjusted.

If any of the rental payment dates referred to above is not a business day the rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and all other days on which banking organizations in New York, New York, are authorized or obligated to remain closed.

The Lessor hereby instructs the Lessee to make all the payments provided for in this Lease directly to it at such address as shall from time to time be specified in writing by the Lessor. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph in New York Clearing House funds.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of acceptance of such Unit hereunder and, subject to the provisions of §§ 6, 7, 9, 10, 13 and 17 hereof, shall terminate on the earlier of (i) the date on which the final payment of rent in respect thereof is due pursuant to § 3 hereof, and (ii) the date on which the Long-Term Lease of Railroad Equipment No. 1 to be dated as of December 23, 1974, between the Lessor and the Lessee with respect to the Units substantially in the form attached to the Letter Agreement dated January 15, 1975, between the Lessor and the Lessee (hereinafter called the Long-Term Lease) is executed and delivered and becomes effective.

§ 5. Identification Marks. The Lessee will cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto, or in the case of any Unit not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "Owned by C.I.T. Financial Services, Inc." 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 Lessor's title to and property in such Unit and the rights of the Lessor under this Lease. The Lessee will not place any such Unit in

operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, defaced or destroyed. The Lessee will not change the identifying number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished Lessor an opinion of counsel to the effect set forth in subparagraph (i)D of § 15 hereof in respect of such statement.

Except as provided in the immediately preceding paragraph, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Units may be lettered with the names or initials or other insignia customarily used by the Lessee, its affiliates, or its sublessees.

§ 6. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state, federal or foreign taxes or foreign withholdings (other than any United States federal income tax payable by the Lessor in consequence of the receipt of payments provided for herein and other than the aggregate of all state income taxes or franchise taxes measured by net worth or by net income based on such receipts, or gross income or gross receipts taxes [other than gross receipts or gross income taxes in the nature of sales or use taxes], up to the amount of any such taxes which would be payable to the state in which the Lessor has its principal place of business without apportionment to any other taxing jurisdiction, except, but only to the extent that, any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or registration, documentation and license fees, assessments, duties, charges, fines or penalties (all such expenses, taxes, withholdings, registration, documentation and license fees, assessments, duties, charges, fines and penalties being hereinafter called impositions) hereafter levied, imposed or assessed upon or in connection with or measured by this Lease or any possession, storage, purchase, sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all impositions which may be levied, imposed or assessed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Lessor solely by

reason of its purchase or ownership thereof and will keep at all times all and every part of such Unit free and clear of all impositions which might in any way affect the title of the Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Lessor, adversely affect the title, property or rights of the Lessor hereunder. The Lessor agrees fully to cooperate with the Lessee in any such contest, which would be at the Lessee's expense. If any impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of an invoice therefor. The obligations of the Lessee to pay all impositions shall be deemed a rental obligation.

In the event any reports with respect to impositions are required to be made, the Lessee will either make such reports in such manner as to show the interest of the Lessor in such Units or notify the Lessor of such requirement and make such reports in such manner as shall be satisfactory to the Lessor, provided, however, that if the Lessee is not permitted to make such reports on behalf of the Lessor, it will so notify the Lessor and will furnish to the Lessor all information necessary for the Lessor to make such reports.

The representations, indemnities and agreements of the Lessee provided for herein, including without limitation §§ 6, 9 and 17 hereof, and the Lessee's obligation thereunder, shall survive the expiration or other termination of this Lease and are expressly made for the benefit of, and shall be enforceable by the Lessor.

§ 7. Payment for Casualty Occurrences; Insurance.  
In the event that during the term of this Lease or until such Unit shall have been returned pursuant to § 14 hereof, any Unit shall be or become worn out, lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise under authority of law and such taking or requisition shall have exceeded 120 days or shall extend beyond the term of this Lease (such occurrences being hereinafter called Casualty Occurrences), the Lessee shall promptly and fully notify the Lessor with respect thereto. On the rental payment date next succeeding such notice or within 60 days if such Unit is being returned under § 14 hereof the Lessee shall pay to the Lessor an amount

equal to the accrued rental in respect of such Unit to and including the date payment is due pursuant to this sentence plus a sum equal to the Casualty Value (as hereinafter defined) of such Unit as of the date such payment is due, if payment is due on a rental payment date, and as of the next preceding rental payment date if payment is not due on a rental payment date, in each case in accordance with the schedule set out below. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue and the term of this Lease as to such Unit shall terminate. The Lessor shall, after payment by the Lessee of a sum equal to the Casualty Value of any Unit which shall have suffered a Casualty Occurrence, and any other amounts then due hereunder, execute and deliver to the Lessee a bill of sale (without warranties other than against the Lessor's acts) for such Unit. In the event that any Unit is taken or requisitioned under authority of law as set forth in the first sentence of this paragraph but such taking does not exceed 120 days nor extend beyond the end of the term of this Lease, the Lessee shall notify the Lessor of such taking or requisition and all of the Lessee's obligations under this Lease with respect to such Unit, including but not limited to rental with respect thereto pursuant to § 3 hereof, shall continue as if such taking or requisition had not occurred. All payments received by the Lessor or the Lessee in respect of such taking or requisition for the use of such Unit during the term of this Lease shall be paid over to, or retained by, the Lessee.

The Casualty Value of each Unit as of any rental payment date or such other date on which such Casualty Value is payable shall be that percentage of the Purchase Price of such Unit as is set forth in the following schedule opposite such rental payment date or such other date:

<u>Date</u>	<u>Percentage</u>
July 2, 1975	102.618%
October 2, 1975	103.136

Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

The Lessee will procure and maintain at its sole cost and expense at all times during the continuance of this Lease (and thereafter so long as any Unit is at the risk of the Lessee), insurance coverage for comprehensive general liability (including contractual liability with respect to the "hold harmless" or indemnification agreement between the Lessee and the Lessor contained in § 9 hereof), physical damage, theft, fire with extended coverage and any other insurance as may be reasonably required by the Lessor for the benefit of the Lessor as its interests appear, in amounts, against risks, in form and with insurance companies or underwriters as shall be satisfactory to the Lessor from time to time and shall deliver to the Lessor satisfactory evidence of such insurance coverage; provided, however, Lessee shall not be required to maintain physical damage, theft, or fire with extended coverage insurance in an amount in excess of the applicable Casualty Value of the Units and provided, further, however, that the comprehensive general liability insurance may contain a \$50,000 deductible provision per occurrence and the physical damage, theft, fire with extended coverage insurance may contain a \$100,000 deductible provision per occurrence. Without limiting the foregoing, each insurance policy shall provide that it will not be invalidated as against the Lessor because of any violation of a condition or warranty of the policy or application therefor by the Lessee and that it may be altered or cancelled by the insurer only after thirty (30) days advance written notice to, and that losses in excess of \$250,000 shall be adjusted only with the consent of, the Lessor or its assigns. All liability policies shall name the Lessor as an insured. All policies covering loss or damage to the Units shall provide that payment thereunder for any such loss or damage shall be made to the Lessor and the Lessee as their interests may appear. If the Lessee shall fail to provide and furnish any of said insurance, the Lessor may, after reasonable notice to Lessee and a reasonable opportunity, under the circumstances, to correct or provide such insurance procure such insurance and the Lessee shall, upon demand, reimburse the Lessor for all outlays for such insurance with interest thereon computed at the rate of 14% per annum or such lesser maximum rate as is permitted by applicable law. The Lessee may provide for any such insurance under blanket insurance policies maintained by the Lessee with respect to other properties owned or leased by it.

Any insurance proceeds as the result of insurance carried by the Lessee or condemnation payments received by the Lessor in respect of Units suffering a Casualty Occurrence shall be deducted from the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to this § 7. If the Lessor shall receive any such insurance proceeds or condemnation payments after the Lessee shall have made payments with respect to a Unit pursuant to this § 7 without deduction for such insurance proceeds or such condemnation payments, the Lessor shall pay all such insurance proceeds with respect to a Unit to the Lessee and shall pay such condemnation payments to the Lessee up to an amount equal to the Casualty Value paid by the Lessee with respect to a Unit and any balance of such condemnation payments shall remain the property of the Lessor. All insurance proceeds received by the Lessor in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

§ 8 [Omitted]

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification. 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; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to

assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Builder under the provisions of Paragraphs 2 and 3 of the Purchase Agreement. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that the Units described therein 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.

The Lessee agrees, for the benefit of the Lessor, to comply in all respects (including without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that such laws or rules require any alteration, replacement or addition of or to any part on any Unit, the Lessee will conform therewith at its own expense; 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 under this Lease.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit in good order and repair.

Any and all additions to any Unit and any and all parts installed on and additions and replacements made to any Unit shall constitute accessions to such Unit and, at the cost and expense of the Lessee, full ownership thereof free from any lien, charge, security interest or encumbrance shall immediately be vested in the Lessor.

The Lessor (which term as used herein shall include the Lessor's successors, assigns, agents and servants) shall have no responsibility or liability to the Lessee, its successors or assigns, or to any other person, with respect to

any or all liabilities (as "liabilities" is hereinafter defined), and the Lessee hereby assumes liability for, and hereby agrees, at its own cost and expense, to indemnify, protect, defend, save and keep harmless the Lessor from and against, any and all liabilities, other than the Lessor's obligation to pay to the Builder and the Lessee, as the case may be, the Purchase Price for all Units delivered and accepted in accordance with the terms hereof. The term "liabilities" as used herein shall include any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including reasonable legal fees and expenses, of whatsoever kind and nature, imposed on, incurred by or asserted against the Lessor, in any way relating to or arising out of this Lease, the Purchase Agreement, the Assignment or the manufacture, purchase, acceptance, ownership, transporting, delivery, lease, possession, control, use, operation, condition, testing, servicing, maintenance, repair, improvement, replacement, storage, sale, return or other disposition of the Units (including, without limitation, (a) any inadequacy or deficiency or defect therein, including latent defects, whether or not discoverable by the Lessor or the Lessee, or any claim for patent, trademark or copyright infringement, (b) any accident in connection therewith resulting in damage to property or injury or death to any person, including but not limited to, employees and agents of the Lessee, (c) any strict liability in tort and (d) any interruption of service, loss of business or consequential damages resulting therefrom). The Lessee agrees to give the Lessor and the Lessor agrees to give the Lessee prompt written notice of any of the liabilities hereby indemnified against. The Lessee's obligations under this paragraph shall be those of a primary obligor whether or not the Lessor is also indemnified with respect to the same matter by any other person. The indemnities arising under this paragraph shall survive payment of all other obligations under this Lease and the expiration or termination of this Lease.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax, gross receipts tax, or gross income tax returns) to be filed by the Lessor with any federal, state or other regulatory authority by reason of the ownership by the Lessor of the Units or the leasing thereof to the Lessee.

§ 10. Default. If, during the continuance of this Lease, one or more of the following events (each such event being hereinafter sometimes called an Event of Default) shall occur:

(a) default shall be made in payment of any part of the rental provided in § 3 hereof, and such default shall continue for ten days;

(b) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of possession of the Units, or any thereof;

(c) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein, and such default shall continue for 20 days after written notice from the Lessor to the Lessee specifying the default and demanding that the same be remedied;

(d) any representation or warranty made by the Lessee in this Lease or in any document or certificate furnished the Lessor in connection herewith or pursuant hereto shall prove to be incorrect at any time in any material respect and such condition shall continue unremedied for a period of 15 days after written notice thereof by the Lessor to the Lessee specifying the default and demanding that the same be remedied;

(e) the Lessee shall consent to the appointment of a receiver, trustee or liquidator of itself or of a substantial part of its property, or the Lessee shall admit in writing its inability to pay its debts generally as they come due, or shall make a general assignment for the benefit of creditors, or the Lessee shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws (as now or hereinafter in effect) or an answer admitting the material allegations of a petition filed against the Lessee in any such proceeding, or the Lessee shall by voluntary petition, answer or consent seek relief under the provisions of any other bankruptcy or other similar law (other than a law which does not provide for or permit any readjustment or alteration of the Lessee's obligations hereunder), as now or hereafter in effect, providing for the reorganization or winding-up of corporations, or providing for an agreement, composition, extension or adjustment with its creditors;

(f) an order, judgment or decree shall be entered by any court of competent jurisdiction appointing, without the consent of the Lessee, a receiver, trustee or

liquidator of the Lessee or of any substantial part of its property, or any substantial part of the property of the Lessee shall be sequestered, or any creditor of the Lessee shall commence to foreclose a lien, charge or other encumbrance against any Unit, and any such order, judgment or decree of appointment or sequestration or foreclosure action shall remain in force undismitted, unstayed and unvacated for a period of 90 days after the date of entry thereof;

(g) a petition against the Lessee in a proceeding under the Federal bankruptcy laws or other insolvency laws (other than a law which does not provide for or permit any readjustment or alteration of the Lessee's obligations hereunder), as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within 90 days thereafter, or if, under the provisions of any law (other than a law which does not provide for or permit any readjustment or alteration of the Lessee's obligations hereunder), as now or hereafter in effect, providing for reorganization or winding-up of corporations which may apply to the Lessee, any court of competent jurisdiction shall assume jurisdiction, custody or control of the Lessee or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of 90 days; or

(h) an Event of Default (as defined therein) shall have occurred and be continuing under a Lease of Equipment No. 2 dated as of December 23, 1974, to be entered into by the Lessor and the Lessee covering the lease of certain units of railroad equipment manufactured by Greenville Steel Car Company;

then, in any such case, the Lessor, at its option, may:

(i) 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 Lease or to recover damages for the breach thereof including net after-tax losses of federal and state income tax benefits to which the Lessor would otherwise be entitled under this Lease; or

(ii) by notice in writing to the Lessee terminate this Lease on any rental payment date, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor, subject to the applicable provisions of law, may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be 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 recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify in such notice of termination:

(x) an amount equal to the excess, if any, of the Termination Value (as hereinafter defined) for the Units as of the rental payment date specified for payment in such notice over the Fair Market Rental Value as defined in § 13 hereof of the Units (reasonably determined by an independent expert in the valuation of railroad equipment selected by the Lessor) for the remainder of the term of this Lease after discounting such Fair Market Rental Value quarterly to present worth as of the payment date specified in such notice at the rate of 9.7% per annum, or (y) an amount equal to the excess, if any, of the Termination Value as of the rental payment date specified for payment in such notice over the Fair Market Sales Value as defined in § 13 hereof of the Units (reasonably determined by an independent expert in the valuation of railroad equipment selected by the Lessor); provided, however, that in the event the Lessor shall have sold any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding provisions of this subparagraph (ii) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty (in lieu of rent otherwise due under § 3 hereof for such Unit due for the portion of the term of this Lease beginning on or after the rental payment date next following the date on which such sale occurs), any unpaid rent due under § 3 hereof for such Unit due for periods up to and including such rental payment date plus an amount equal to the excess, if any, of the Termination Value for such Unit, as of such rental payment date, over the net proceeds of such sale, together with interest on such unpaid rent and the amount of such excess as provided in § 18 hereof from the rental payment date as of which such Termination Value is computed until the date of actual payment.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable legal fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The Termination Value of each Unit as of any rental payment date shall be that percentage of the Purchase Price of such Unit as is set forth in the following schedule opposite such rental payment date:

<u>Date</u>	<u>Percentage</u>
July 2, 1975	102.618%
October 2, 1975	103.136

The remedies in this Lease 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 the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

§ 11. Return of Units Upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall upon notice from the Lessor 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 and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged to return the Unit or Units so interchanged) transport or cause the Units to be transported to such point or points as the Lessor may reasonably designate;

(b) place such Units upon such storage tracks as the Lessor reasonably may designate; and

(c) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge for rent or storage until such Units have been sold, leased or otherwise disposed of 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 Lease, and upon application to any court of equity having jurisdic-

tion 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, at its own cost and expense, maintain and keep the Units in good order and repair and 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.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, 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.

§ 12. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. All the rights of the Lessor hereunder (including, but not limited to, the rights under §§ 6, 7, 10 and 17 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Lessor's assigns (including the partners or any beneficiary of any such assignee if such assignee is a partnership or a trust, respectively).

This Lease and the Lessee's right and interest herein, and in the options to renew this Lease and in the rights, obligations and options to purchase the Units as herein provided shall be completely prior to each and every deed of trust or mortgage or other security instrument and each such instrument, whether heretofore, now or hereafter in existence shall in all respects be subject and subordinate to this Lease and the Lessee's right and interest herein and in such renewals, rights, obligations and options.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, which consent shall not be unreasonably withheld, the Lessee shall not assign or transfer its leasehold interest under this

Lease in the Units or any of them, except as herein provided. The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or resulting from claims against the Lessor not related to the ownership of the Units) upon or with respect to any Unit, including any accession thereto, or the interest of the Lessor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the immediately succeeding paragraph.

So long as the Lessee shall not be in default under this Lease, the Lessee may at any time and from time to time sublet the Units or any one or more of them and may also assign this Lease in its entirety, or in respect of one or more Units, to any other subsidiary of American Electric Power Company, Inc. but no such sublease or assignment shall release the Lessee from its obligations hereunder. In addition, the Lessee and any of its affiliates shall be entitled to the possession and use of the Units in accordance with the terms hereof, and the Lessee may also furnish the Units or any part thereof for use upon lines of railroad over which they have trackage rights and upon connecting and other carriers in the usual interchange of traffic, or to others than railroad companies.

§13. Fair Market Sales Value and Fair Market Rental Value. For purposes of § 10 Fair Market Sales Value hereof 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 or (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. Fair Market Rental Value for the purposes of § 10 hereof 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 lessee-user (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, the cost of removal from the location of current use shall not be a reduction from such value.

§ 14. Return of Units upon Expiration of Term. As soon as practicable on or after the expiration of the original ~~or extended~~ term of this Lease with respect to any Unit not purchased by the Lessee, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks as the Lessor may reasonably designate, or, in the absence of such designation, as the Lessee may select, 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 lines of railroad, or to any connecting carrier for shipment, all as directed by the Lessor, the movement and storage of such 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 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. 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. Each Unit returned to the Lessor pursuant to this § 14 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction.

§ 15. Opinion of Counsel. On each date for payment for Units pursuant to the Purchase Agreement, there will be delivered two counterparts of the following:

- (i) the written opinion of Messrs. Borden & Ball, special counsel for the Lessee, addressed to the Lessor, in scope and substance satisfactory to the Lessor and its counsel, to the effect that:

A. the Lessee is a corporation legally incorporated, validly existing and in good standing under the laws of the State of Ohio with corporate power to own its properties and to carry on its business as now conducted, and to enter into the Supplemental Contract, the Assignment and this Lease;

B. the Supplemental Contract, the Assignment and this Lease have been duly authorized, executed and delivered by the Lessee and constitute legal, valid and binding agreements of the Lessee, enforceable in accordance with their respective terms and the Assignment effectively conveys to the Lessor any right, title or interest which the Lessee may have in and to any of the Units, free at the time such Units become subject to this Lease from all claims, liens security interests or other encumbrances (other than the rights of the Lessor and the Lessee under this Lease and any such claims, liens, security interests and other encumbrances otherwise arising from any acts or omissions of the Lessor);

C. the Agent is a corporation legally incorporated, validly existing and in good standing under the laws of the State of New York with corporate power to enter into the Original Contract, the Supplemental Contract and to designate the Lessee purchaser of the Units under the Supplemental Contract; and the Original Contract, the Supplemental Contract and the Acknowledgment of Notice of Assignment attached to the Assignment have been duly authorized, executed and delivered by the Agent and constitute legal, valid and binding agreements of the Agent in its capacity as agent;

D. this Lease has been duly filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act and such filing and recordation will protect the interest of the Lessor in and to the Units and no filing, recording or deposit (or giving of notice) with any other federal, state or local government or agency thereof is necessary in order to protect the interest of the Lessor in and to the Units in the United States of America;

E. no approval is required from any public regulatory body (including, without limitation, the

Securities and Exchange Commission under the Public Utility Holding Company Act of 1935) with respect to the entering into or performance of this Lease;

F. the Units are not "facilities used for the generation, transmission, or distribution of electric energy for sale" within the meaning of Section 2(a) (3) of the Public Utility Holding Company Act of 1935;

G. the entering into and performance of this Lease by the Lessee will not result in any breach of, or constitute a default under the Mortgage and Deed of Trust dated as of December 1, 1940, originally between the Lessee and Bankers Trust Company and R. Gregory Page, as trustees, as amended and supplemented, or to such counsel's knowledge under any other indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Lessee is a party or by which it may be bound;

H. no mortgage, deed of trust, or other lien of any nature whatsoever which now covers or affects, or which may hereafter cover or affect, any property or interests therein of the Lessee, now attaches or hereafter will attach to the Units or in any manner affects or will affect adversely the Lessor's right, title and interest therein; provided, however, that such liens may attach to the leasehold interest of the Lessee hereunder in and to the Units;

In giving the opinion set forth above, Messrs. Borden & Ball may rely upon the opinion of Messrs. Brigham & Brigham as to matters governed by the laws of Ohio.

(ii) the written opinion of Messrs. Brigham & Brigham, special Ohio counsel for the Lessee, addressed to the Lessor, in form and substance satisfactory to the Lessor and its counsel, to the effect that no authorization or approval required from The Public Utilities Commission of Ohio; with respect to the entering into and performance of this Lease.

(iii) the written opinion of counsel for the Builder, addressed to the Lessor, in scope and substance satisfactory to the Lessor and its counsel, to the effect that:

A. the Builder is a duly organized and existing corporation in good standing under the laws of its jurisdiction of incorporation and has the power and authority to own its properties and to carry on its business as now conducted;

B. the Purchase Agreement has been duly authorized, executed and delivered by the Builder and is a legal and valid instrument binding upon the Builder and enforceable against the Builder in accordance with its terms;

C. the Acknowledgement of Notice of Assignment attached to the Assignment has been duly authorized, executed and delivered by the Builder and is a legal and valid instrument binding upon the Builder; and

D. at the time of inspection of the Units under the Purchase Agreement, such Builder had legal title to such Units and good and lawful right to sell such Units and title to such Units was free from all claims, liens, security interests and other encumbrances (other than those created by the Purchase Agreement and Assignment and other than the rights of the Lessor and the Lessee under the Lease and any such claims, liens, security interests and other encumbrances otherwise arising from any acts or omissions of the Lessor or the Lessee); the bill or bills of sale from the Builder transferring all of its right, title and interest in and to such Units have been duly authorized, executed and delivered by the Builder and are valid and effective to transfer all right, title and interest of the Builder in and to such Units, free of all claims, liens, security interests and encumbrances of any nature of, or arising from, through or under, the Builder, except those created by the Purchase Agreement and Assignment; and

(iv) the written opinion of counsel for the Lessor, addressed to the Lessee, to the effect that:

A. the Lessor is a corporation legally incorporated and validly existing, in good standing under the laws of the jurisdiction of its incorporation, with corporate power to enter into this Lease; and

B. this Lease and the Assignment have been duly authorized, executed and delivered by the Lessor and constitute the legal, valid and binding agreements of the Lessor, enforceable in accordance with their respective terms.

In giving the opinions specified in subparagraphs (i)D, (iii)B and (iv)B of this § 15, counsel may qualify any opinion to the effect that any agreement is a legal, valid and binding instrument enforceable in accordance with its terms by a general reference to limitations as to enforceability imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally.

§ 16. Recording. The Lessee, at its own expense, will cause this Lease to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor for the purpose of proper protection, to its satisfaction, of the Lessor's interest in the Units, or for the purpose of carrying out the intention of this Lease; and the Lessee will promptly furnish to the Lessor evidences of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Lessor. This Lease shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

§ 17. Federal Income Taxes. [Omitted]

§ 18. Interest on Overdue Rentals. Anything to the contrary herein notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, an amount equal to 14% per annum of the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

§ 19. Quiet Enjoyment. The Lessor covenants that if, and so long as, the Lessee keeps and performs each and every covenant, condition and agreement to be performed or observed by it hereunder, the Lessee shall quietly enjoy the Units leased hereunder without hindrance or molestation by the Lessor or any other person lawfully claiming the same by, through or under the Lessor.

§ 20. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when mailed, first class certified, addressed as follows:

(a) if to the Lessor, at 650 Madison Avenue,  
New York, N. Y.. Attention of the President,  
and

(b) if to the Lessee, at P.O.Box 18, Bowling Green Station,  
New York, N. Y. 10004, Attention of Financial Vice  
President

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

§ 21. Severability; Effect and Modification of Lease. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such 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.

This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee.

§ 22. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Lessor shall be deemed to be the original counterpart. Although for convenience this Lease is dated as of the date first set forth above, 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.

§ 23. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

C.I.T. FINANCIAL SERVICES, INC.,

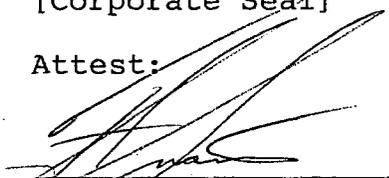
by C.I.T. LEASING CORPORATION, as Agent,

by

  
Vice President

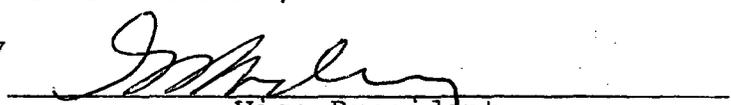
[Corporate Seal]

Attest:

  
Assistant Secretary

OHIO POWER COMPANY,

by

  
Vice President

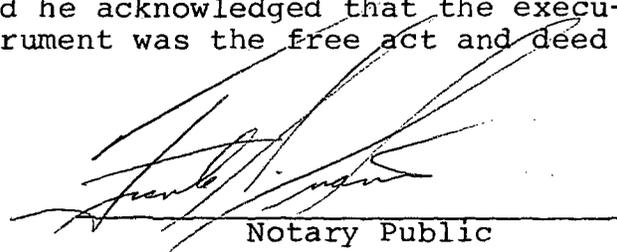
[Corporate Seal]

Attest:

  
Assistant Secretary

STATE OF NEW YORK,     )  
                                  )    ss.:  
COUNTY OF NEW YORK,    )

On this 3<sup>rd</sup> day of ~~January~~ 1975, before me personally appeared NIKITA Zdanow, to me personally known, who, being by me duly sworn, says that he is a Vice President of C.I.T. LEASING 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.



Notary Public

[Notarial Seal]

FRANK C. SUARINO  
Notary Public, State of New York  
No. 60-9234595  
Qualified in Westchester County  
Commission Expires March 30, 1976

STATE OF NEW YORK,        )  
                                  )    ss.:  
COUNTY OF NEW YORK,    )

On this *2nd* day of *January*, 1975, before me personally appeared *G P Meloney*, to me personally known, who, being by me duly sworn, says that he is a Vice President of OHIO 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.

*William J. Prochaska*  
\_\_\_\_\_  
Notary Public

[Notarial Seal]

WILLIAM J. PROCHASKA  
Notary Public, State of New York  
Qualified in Richmond County  
Certificate filed in New York County  
No. 43-8445550  
Commission Expires March 30, 19 *76*

SCHEDULE A TO LEASE

<u>Type</u>	<u>Quantity</u>	<u>Place of Delivery</u>	<u>Lessee's Road Numbers (Both Inclusive)</u>	<u>Unit Base Price</u>	<u>Total Base Price</u>
4,000 cu. ft. triple hopper coal cars	377	Manufacturer's Plant at Johnstown, Pa.	AEPX 1124-1500	\$25,000	\$9,425,000