CHARLES P. TURNBURKE
VICE PRESIDENT FINANCE

NATIONAL RAILWAY UTILIZATION CORP.
1100 Centre Square East / 1500 Market Street / Philadelphia, Pennsylvania 19102 / (215) 569-2220

August 8, 1978

RECORDATION NO. 9630 Filed & Recorded

AUG 8 1978 - 10 25 AM

INTERSTATE COMMERCE COMMISSION

AUG 8 1978

Date .....

Fee $ 50

ICC Washington, D. C.

Interstate Commerce Commission
12th and Constitutional Ave., N.W.
Washington, D.C. 20423

Attention: Mrs. Lee, Room 1227

Dear Mrs. Lee:

I transmit for filing the following document:

Lease Agreement dated August 8, 1978 between Girard Leasing Corporation, Lessor, and Pickens Railroad Company and National Railway Utilization Corporation, as Lessees, covering Forty-four (44) 50' 6" 70-ton boxcars bearing Road Numbers MNJ 120941 through MNJ 120984 (both inclusive).

The address for Pickens Railroad Company is P. O. Box 216, Pickens, South Carolina 29671. The address for National Railway Utilization Corporation is now 1100 Centre Square East, 1500 Market Street, Philadelphia, PA. 19102.

The address for Girard Leasing Corporation is Girard Plaza, Philadelphia, PA. 19101.

Enclosed herewith is the original and two copies together with a check in the amount of $50.00 in payment of the filing fee.

Please return the original and one copy to Carl F. Muller, Esq., P. O. Box 10207, Greenville, S.C. 29603, with the recording certification data stamped thereon.

Very truly yours,

Charles P. Turnburke

CPT/cmh

Enclosures

RECEIVED
AUG 8 10 22 AM '78
I.C.C.
OPERATION BR.

Courtesy - Christine M. Lee

Interstate Commerce Commission

Washington, D.C. 20423

8/8/78

OFFICE OF THE SECRETARY

Charles P. Turnburke
National RYW. Utilization Corp.
1100 Centre Square East
1500 Market Street
Phila. Pa. 19102

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 8/8/78 at 10:25am and assigned recordation number(s) 9630

Sincerely yours,

H.G. Homme, Jr.,
Acting Secretary

Enclosure(s)

SE-30-T
(2/78)

EQUIPMENT LEASE

LEASE NO. M-039

EQUIPMENT LEASE dated as of August 8, 1978, between GIRARD LEASING CORPORATION (hereinafter called "Lessor"), a Pennsylvania corporation having a place of business at N.W. Corner Bala Avenue & City Line Avenue, Bala Cynwyd, PA 19004, and National Railway Utilization Corporation a South Carolina corporation with its principal place of business at 1100 Centre Square E. 1500 Market Street Philadelphia, PA 19102, and Pickens Railroad Company a South Carolina corporation with its principal place of business at 402 Cedar Rock Street, Pickens, S.C. 29671 (collectively called "Lessee").

In consideration of the mutual covenants hereinafter contained, Lessor and Lessee agree as follows:

1. DEFINITIONS - The following terms shall, unless the context otherwise requires, have the following meanings for all purposes of this Lease:

(a) "EQUIPMENT" means the equipment described on each Rental Schedule now or hereafter executed pursuant to this Lease, and owned or to be owned by Lessor and leased by Lessor to Lessee or ordered by Lessor for lease to Lessee as provided herein.

(b) "ACQUISITION COST" of any item of Equipment means an amount equal to the sum of (i) the purchase price of such item of Equipment paid by Lessor, plus (ii) any excise, sales and use tax on or with respect to such item of Equipment, plus (iii) any costs, expenses, and fees paid or incurred by Lessor in obtaining and transporting such item of Equipment to Lessee.

(c) "CERTIFICATE OF INSPECTION AND ACCEPTANCE" means a certificate substantially in the form attached hereto and marked "Exhibit A" to be executed by Lessee, and dated the date of Lessee's acceptance for lease hereunder of any Equipment delivered to Lessee.

(d) "RENTAL SCHEDULE" means a schedule to be executed by Lessor and Lessee, substantially in the form attached hereto and marked "Exhibit B", setting forth a full description of Equipment to be leased hereunder, its Acquisition Cost, the amount of rent payable by Lessee with respect thereto, the lease term thereof, the Lease Commencement Date with respect thereto, and such other details as Lessor and Lessee may desire.

(e) "CASUALTY OCCURRENCE" and "STIPULATED LOSS VALUE" shall have the meanings specified in Section 14 hereof.

(f) "EVENTS OF DEFAULT" shall have the meaning specified in Section 20 hereof.

(g) "LEASE COMMENCEMENT DATE" with respect to an item of Equipment means the date of the commencement of the lease term of such item, and shall be the date such item is accepted by Lessee for lease hereunder.

2. AGREEMENT FOR LEASE OF EQUIPMENT - Lessor shall lease to Lessee and Lessee shall lease from Lessor such Equipment as may be mutually agreed, in the manner and upon the terms and conditions specified in this Equipment Lease. Lessee shall evidence its request to Lessor to order particular items of Equipment for lease to Lessee hereunder by executing and delivering a Rental Schedule for such Equipment to Lessor. Lessee's execution of such Rental Schedule shall obligate Lessee to lease the Equipment described therein from Lessor.

INTERSTATE COMMERCE COMMISSION
AUG 8 1978 -10 25 AM
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3. DELIVERY AND ACCEPTANCE OF EQUIPMENT - Lessor and Lessee understand that the manufacturer or vendor of the Equipment will deliver the Equipment to the place of delivery specified in the Rental Schedules and such delivery shall be deemed to be delivery of the Equipment by Lessor to Lessee hereunder. Lessor hereby authorizes Lessee as its agent to accept for Lessor, and in Lessor's name, the Equipment from said manufacturer or vendor upon delivery. Upon such delivery, Lessee shall cause an inspector or inspectors of Lessee to inspect the Equipment, and if it is found to be acceptable, to accept delivery of such Equipment and execute and deliver to Lessor a Certificate of Inspection and Acceptance stating that such Equipment has been inspected and accepted on behalf of Lessee and Lessor on the date of such Certificate and is marked in accordance with Section 9 hereof, whereupon such Equipment shall be deemed to have been delivered to and accepted by Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

4. NO WARRANTIES BY LESSOR - As between Lessor and Lessee, Lessee's acceptance for lease hereunder of any Equipment as evidenced by its execution of a Certificate of Inspection and Acceptance with respect thereto shall constitute Lessee's acknowledgement that such Equipment (a) is of a size, design, capacity and manufacture acceptable to Lessee for lease hereunder, (b) is suitable for Lessee's purposes, (c) is in good order, repair, and condition, and (d) is subject to all of the terms and conditions of this Lease. LESSOR HEREBY MAKES NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS AS TO ANY MATTER WHATSOEVER, INCLUDING WITHOUT LIMITATION, THE TITLE TO, OR CONDITION OF, ANY EQUIPMENT, ITS MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. In no event shall any defect in, or unfitness of, any Equipment relieve Lessee of the obligation to pay rent or to make any other payments required hereunder or of any other obligation hereunder. Without limiting the generality of the foregoing, Lessor shall not be liable for any defects, either latent or patent, in any of the Equipment, or for any direct or consequential damage therefrom, and shall not be liable to Lessee for loss of use of any of the Equipment or for any interruption in Lessee's business occasioned by Lessee's inability to use any of the Equipment for any reason whatsoever. However, Lessor will take any reasonable steps within its power to make available to Lessee any manufacturer's or similar warranty applicable to the equipment and make any assignment or other transfer of rights in and to such warranty.

5. LEASE TERM - The lease term of each item of Equipment shall commence on the Lease Commencement Date thereof and shall, unless sooner terminated pursuant to the provisions of Sections 14, 19 or 20 hereof, be for the period specified on the Rental Schedule therefor including the number of days remaining in any partial first period if the Lease Commencement Date occurs on other than the first day of a regular rental period. Lessee may extend the lease term of each item of Equipment for the extended term(s) specified on the Rental Schedule therefor by giving Lessor written notice of Lessee's intention to so extend at least 180 days prior to the expiration of the original term and each succeeding extended term, provided that at the time of the giving of each such notice no Event of Default hereunder has occurred and is continuing and provided that the lease term of such item of Equipment has not been sooner terminated as aforesaid. Notwithstanding the foregoing, the provisions of Section 11 shall apply as between Lessor and Lessee with respect to any Equipment from the time the Equipment is ordered by Lessor. Lessee hereby authorizes Lessor to insert the Lease Commencement Date for an item of Equipment on the Rental Schedule therefor when such item has been accepted by Lessee for lease hereunder. The words "lease term" as used in this Lease shall, for all purposes of this Lease, and unless the context otherwise requires, be deemed to include each extended term referred to above.

6. RENT - Lessee's obligation to pay rent for each item of Equipment shall commence on the Lease Commencement Date thereof. Lessee agrees to pay Lessor throughout the lease term of each item of Equipment, the rent specified for each item of Equipment on the Rental Schedule therefor. If the Lease Commencement Date of an item of Equipment occurs on other than the first day of a rental period, the rent for the partial first period of the lease term of such item shall be determined by dividing the amount of regular period rent for such item by the number of days in a regular rental period and multiplying the quotient by the number of days remaining in said partial first period, including the Lease Commencement Date, and such partial first period's rent shall be payable with the first full period's payment of rent. Lessee hereby authorizes Lessor to insert the amount of such partial first period's rent for each such item of Equipment in the Rental Schedule therefor when such item has been accepted by Lessee for lease hereunder. The rents specified on the Rental Schedule(s) shall be payable unconditionally, without any deduction, counterclaim, set-off, further notice or demand, and together with all other payments due under this lease shall be payable directly to Lessor at Lessor's address or to such other party or at such other address as Lessor may from time to time designate in writing.

7. ERRORS IN ACQUISITION COST - In the event that at the time an item of Equipment is accepted by Lessee for lease hereunder it becomes known that the actual Acquisition Cost of such item differs from the Acquisition Cost figure for same inserted on the Rental Schedule for such item at the time such item was ordered for lease hereunder, Lessee hereby authorizes Lessor to make the necessary corrections in such Acquisition Cost figure and to also make any necessary adjustments or corrections necessitated thereby in the rent figures for such item set forth on such Rental Schedule. In the event that the actual Acquisition Cost of such item exceeds the Acquisition Cost figure for same inserted on the Rental Schedule by more than ten per cent (10%) thereof Lessor shall so notify Lessee in writing, and within fifteen (15) days thereafter either party, at its option, may cancel the lease of such item by giving written notice thereof to the other party; provided, however, that if, for any reason, Lessor is unable to cancel its purchase order for such item or revoke its commitment to the vendor thereof to purchase same, without cost or penalty, the lease of such item may be cancelled by Lessee only with the written consent of Lessor.

8. LESSEE'S REPRESENTATIONS AND WARRANTIES - Lessee represents and warrants that (a) at the time Lessor becomes owner of the Equipment, the Equipment will not have been used by Lessee for purposes other than testing; (b) Lessee is a corporation legally incorporated and validly existing, in good standing, under the laws of its state of incorporation set forth above, with full corporate power to enter into this Lease and to pay and perform its obligations hereunder; (c) this Lease has been duly authorized, executed and delivered by Lessee and constitutes the valid, legal and binding obligation of Lessee, enforceable in accordance with its terms; (d) all approvals have been received which are required from any public regulatory body or from any parent or affiliate of Lessee or from any person, firm or corporation with respect to the entering into or performance of this Lease; (e) the entering into and performance of this Lease by Lessee, and the leasing of the Equipment hereunder by Lessee, will not result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance in or upon any Equipment pursuant to, any indenture, 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 interest therein of Lessee, now attaches or hereafter will attach to the Equipment leased hereunder or in any manner affects or will affect adversely Lessor's right, title and interest therein; and (f) there are no suits or proceedings pending, or to the knowledge of Lessee threatened, in any court or before any regulatory commission, board or other administrative governmental agency against or affecting Lessee, which will have a material adverse effect on the financial condition or business of Lessee.

9. IDENTIFICATION MARKS - Lessee shall, at Lessee's expense, affix or attach to the Equipment a sign, stencil, plaque, legend, tag or other form of notice to disclose Lessor's ownership of the Equipment or that the Equipment is leased, and Lessee shall keep and maintain such sign, stencil, plaque, legend, tag or other form of notice affixed or attached to the Equipment throughout the lease term thereof. In addition, Lessee will cause each piece of Equipment to be kept numbered with identifying number as set forth in Exhibit "B" hereto. Lessee will not allow the name of any persons, association or corporation to be placed on any Equipment as a designation or as a claim of ownership other than that of Lessor; provided, however, that Lessee may cause such Equipment to be lettered with the names or initials or other insignia customarily used by Lessee on equipment used by it of the same or a similar type for convenience or identification of its rights to use such Equipment as permitted under this Lease.

10. FEES AND TAXES - Lessee agrees to pay promptly when due, and to indemnify and hold Lessor harmless from, all license, title and registration fees whatsoever, all levies, imposts, duties, charges or withholdings whatsoever, and all sales, use, personal property, stamp and other taxes whatsoever (together with any penalties, fines or interest thereon) whether assessed, levied or imposed by any governmental or taxing authority against or upon Lessor or otherwise, with respect to any Equipment or the purchase, acquisition, ownership, delivery, leasing, possession, use, operation, control, return or other disposition thereof, or the rents, receipts or earnings arising therefrom, or with respect to this Lease, excluding, however, any federal, state or local taxes levied on Lessor's net income, as net income is presently determined under the Federal Internal Revenue Code. In the event any such fees, levies, imposts, duties, charges or taxes are paid by Lessor, or if Lessor be required to collect or pay any thereof, Lessee shall reimburse Lessor therefor (plus any penalties, fines or interest thereon) promptly upon demand. Lessor will file all personal property tax returns covering the Equipment, and unless and until Lessor notifies Lessee in writing to the contrary, Lessor will pay the personal property taxes levied or assessed thereon directly to the levying authority. Lessee will, promptly upon being invoiced by Lessor, reimburse Lessor for the full amount of such personal property taxes so paid by Lessor. In the event Lessor should request Lessee in writing to pay such personal property taxes directly, Lessee agrees that it will do so promptly, upon receipt of such notice. All of the obligations of Lessee under this Section with respect to any fees, levies, imposts, duties, charges, withholdings and taxes (together with any penalties, fines or interest thereon) assessed, levied, imposed or accrued prior to the expiration or other termination of this Lease or the lease term of all Equipment leased hereunder shall continue in full force and effect notwithstanding such expiration or other termination and are expressly made for the benefit of, and shall be enforceable by, Lessor.

11. INDEMNIFICATION BY LESSEE - Lessee agrees to indemnify and hold Lessor harmless against any and all claims, demands, liabilities, losses, damages and injuries, of whatsoever kind, and all fees (including attorney's fees), costs, expenses, penalties, and interest, relating to, resulting from, or in any way arising out of

(a) Lessor's purchase, acquisition and ownership of, and title to, any Equipment;

(b) the possession, maintenance, condition (including without limitation, latent and other defects whether or not discoverable by Lessor), use, operation, control, loss, damage, destruction, removal, return, storage, surrender, sale or other disposition of any Equipment;

(c) any accident in connection with the possession, operation, use, condition, control, return or storage of any Equipment resulting in damage to property or injury to any person;

(d) all costs, charges, damages or expenses for royalties and/or claims and expenses of litigation, arising out of or in any way connected with the assertion of any claim or demand based upon any infringement or alleged infringement of any patent or other right, by or in respect of any Equipment; and

(e) strict liability in tort.

The indemnification by Lessee under this Section 11 shall survive the payment of all other obligations under, and the termination of, this Lease and the lease term of all Equipment leased hereunder.

12. USE OF EQUIPMENT - Lessee warrants and agrees that the Equipment will at all times be used and operated under and in compliance with the laws of the jurisdictions in which the Equipment may be located and operated, the Interchange Rules of the Association of American Railroads, if applicable, and in compliance with all lawful acts, rules, regulations and orders of any judicial, legislative or regulatory body having power to regulate or supervise the use of the Equipment including, but not limited to, the rules and regulations of the United States Department of Transportation and the Interstate Commerce Commission. Lessee further warrants and agrees that the Equipment will be used upon its lines or railroad or upon lines of railroad over which Lessee has trackage or other operating rights or over which railroad equipment of Lessee is regularly operated pursuant to contract or upon other railroads in the usual interchange of traffic (if such interchange is customary at the time); provided, however, that Lessee will not permit the assignment of any Equipment to service involving the regular operation and maintenance thereof outside of the United States of America except for temporary use in the Dominion of Canada in the ordinary interchange of traffic. Lessee shall not permit any liens, charges or encumbrances to be placed on or levied against the Equipment other than liens, charges or encumbrances placed thereon by Lessor or by persons claiming against Lessor but not Lessee. Lessee agrees to procure and maintain in effect all licenses, certificates, permits and other approvals and consents required by federal, state, county, municipal, or foreign laws and regulations in connection with the possession, use, operation and maintenance of the Equipment. Lessee agrees that without Lessor's prior written consent Lessee will not assign or transfer its rights under this Lease, or sublease any of the Equipment, except and then only so long as the Lessee shall not then be in default under this Lease (and subject to this Lease and to the rights of Lessor hereunder, and without releasing the Lessee from its obligations hereunder) Lessee may sub-lease all of the equipment to a railroad provided that: (1) such sub-lease is subject to the jurisdiction of the Interstate Commerce Commission; (2) that such sub-lessee shall subject the rights of the sub-lessee under such sub-lease to the rights of the Lessor under this Lease in respect of the equipment covered by such sub-lease in the event of the happening of an Event of Default under this Lease, and (3) the Lessee shall notify Lessor of any such sub-lease, specifying the equipment by car number and the identity of the sub-lessee. In the event of the happening of an Event of Default hereunder, Lessor may, in addition to other remedies provided for herein, enforce the rights of the Lessee under any such sub-lease for the account of the Lessor in the Lessee's name.

13. IMPROVEMENT, MAINTENANCE AND REPAIR OF EQUIPMENT - Lessee will, at its own expense, (a) maintain the Equipment in good and safe operating order, repair and condition, and in accordance with the requirements of any governmental authority, domestic or foreign, having jurisdiction thereof, (b) will pay for all fuel, service, inspections, overhauls, replacements, substitutions, materials and labor necessary or desireable for the proper use, repair, operation and maintenance of the Equipment, and (c) will keep the Equipment protected from the elements when not in use. Lessee, at its sole cost and expense, may modify and make additions or improvements to the Equipment, provided that (i) such alterations, modifications, additions or improvements doe not eliminate the multi-use capabilities of the Equipment, or reduce the value or utility of the Equipment or impair the certification, performance, safety, quality, capability, use or character of the Equipment, (ii) Lessee

promptly notifies Lessor in writing of the nature of any such alterations, modifications, additions and improvements, (which modifications, additions and improvements shall, unless and until removed by Lessee at the request of Lessor, automatically become the sole property of Lessor and subject to the terms of this Lease, and included in the term "Equipment", and (iii) upon the termination of the lease term of any Equipment as to which such alterations, modifications, additions and improvements have been made, Lessee, if requested to do so by Lessor, shall remove any such alterations, modifications, additions and improvements, and restore such Equipment to its original condition as of the Lease Commencement Date with respect thereto, reasonable wear and tear only being excepted.

14. LOSS, DAMAGE OR DESTRUCTION OF EQUIPMENT - Lessee shall bear all risks of damage to, or loss or destruction of, any Equipment during the lease term thereof and until such Equipment has been returned to Lessor pursuant to the provisions of Sections 18 or 20, whichever is applicable. Except as otherwise herein expressly provided, no such damage to, or loss or destruction of, any Equipment, shall impair any obligation of Lessee to Lessor, under this Lease, including, without limitation, the obligation to pay rent. In the event that any item of equipment shall become lost, stolen, destroyed or irreparably damaged from any cause whatsoever, or in any item of Equipment or Lessor's title thereto shall be requisitioned or seized by any governmental authority (each such occurrence being hereinafter called a "Casualty Occurrence") during the lease term of such item and until such item has been returned to Lessor in accordance with the provisions of Section 18 or 20 hereof, whichever is applicable, Lessee shall promptly notify Lessor in writing of such fact, fully informing Lessor of all details with respect thereto, and shall, within thirty (30) days after such Casualty Occurrence, pay Lessor an amount equal to the sum of (i) the accrued rent payable for such item from the date of such Casualty Occurrence up to and including the date of such payment, plus (ii) pay Lessor therefor in cash the "Stipulated Loss Value" as set forth in Schedule A or any subsequent schedules which may hereafter be made a part thereof. Upon such payment this lease shall terminate with respect to the Equipment or part thereof so paid for and Lessee thereupon shall become entitled thereto.

Any insurance proceeds received as the result of a Casualty Occurrence with respect to an item of Equipment shall be applied first in reduction of any then unpaid obligation of Lessee to Lessor hereunder and secondly in reduction of Lessee's obligation to pay the "Stipulated Loss Value" for such item, if not already paid by Lessee to Lessor, or, if already paid by Lessee, to the reimbursement of Lessee for its payment of such "Stipulated Loss Value" and the balance of the insurance proceeds, if any, shall be paid to Lessee, if Lessee is not then in default hereunder. In the event that an item of Equipment has been damaged, but not irreparably, Lessee at the option of Lessor shall:

(a) place the same in good repair, condition and working order; or

(b) replace the same with like property in good repair, condition and working order, which property shall thereupon become subject to this Lease.

In the event of such damage which can be repaired or equipment which can be replaced, Lessor shall, if no Event of Default has occurred and continuing hereunder, release to Lessee the proceeds of any insurance received by Lessor as a result of such damage for the purpose of reimbursing Lessee for the costs of repairing or restoring such item, upon receipt by Lessor of evidence, satisfactory to Lessor, that such repair or restoration has been completed, and an invoice therefor.

15. PASS-THROUGH OF INVESTMENT TAX CREDIT - Lessor agrees to make such elections, and to duly execute, file or deliver to Lessee such documents as shall be necessary to effectuate such elections as may from time to time be necessary during the term of this Lease to transfer to Lessee the benefit of any investment credit that may be, or become, available under the Code with respect to the Equipment.

16. ANNUAL REPORTS - On or before March 1 of each year, commencing with March 1 next following the date hereof, Lessee will cause to be furnished to Lessor, if requested, an accurate statement, as of the preceding January 1, (a) showing the amount, description and identifying numbers of all items of Equipment that may have suffered a Casualty Occurrence during the preceding twelve (12) months (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition and state of repair of such items as Lessor may reasonably request, (b) certifying that all items of Equipment have been marked as required by Section 9 hereof, and (c) certifying that all items of Equipment continue to remain within the territorial limitations provided in Section 12 hereof. Lessor shall have the right at its sole cost and expense, by its authorized representatives upon reasonable notice to Lessee, to inspect the items of Equipment and Lessee's records with respect thereto, at such times as shall be reasonably necessary to confirm to Lessor the existence and proper maintenance thereof during the continuance of this Lease.

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17. INSURANCE - Lessee will maintain, at its sole cost and expense, at all times during the lease term of any Equipment, and until such Equipment has been returned to Lessor in accordance with the provisions of the Sections 18 or 20, whichever is applicable, with reputable insurers acceptable to Lessor (a) insurance in an amount not less than the "Stipulated Loss Value" (hereinbefore defined) of each such item of Equipment leased hereunder, insuring against loss and/or damage to such Equipment arising out of any risk covered by fire, windstorm, explosion, and extended coverage and against such other risks as are customarily insured against by companies owning property of a similar character and engaged in a business similar to that engaged in by Lessee, and (b) comprehensive public liability and property damage insurance in amount of $6.0 million, single limit coverage, insuring against liability for death, bodily injury and property damage resulting from ownership, maintenance, use or operation of the Equipment. All insurance policies shall (i) name Lessor as an additional insured, with losses under the physical loss and/or damage policies to be payable to Lessor and Lessee (and also to an assignee of Lessor, if request by such assignee) as their respective interests may appear, (ii) provide that the policies will not be invalidated as against Lessor (or as against any assignee of Lessor) because of any violation of a condition or warranty of the policy or application therefor by Lessee, and (iii) provide that the policies may only be materially altered or cancelled by the insurer after thirty (30) days prior written notice to Lessor and to any assignee of Lessor. Lessee shall deliver to Lessor, prior to the Lease Commencement Date for any item of Equipment (or at such other time or times as Lessor may request) a certificate or other evidence of the maintenance of all such insurance satisfactory to Lessor, provided however, that Lessor shall be under no duty to examine such certificate or other evidence of insurance, or to advise Lessee in the event that its insurance is not in compliance with this Lease. In the event of failure on the part of Lessee to provide and furnish any of the aforesaid insurance, Lessor may procure such insurance and Lessee shall, upon demand, reimburse Lessor for all expenditures made by Lessor for such insurance, together with interest thereon computed at the rate of twelve percent (12%) per annum (or the maximum per annum rate of interest permitted by law, whichever is less), from the date of Lessor's payment until reimbursed by Lessee. The comprehensive physical loss or damage insurance policy or policies shall also provide that upon receipt by the insurer from Lessor of any written notice of the occurrence of an Event of Default hereunder, any proceeds payable by said insurer with respect to any loss or destruction of, or damage to, any Equipment, shall be payable solely to Lessor (and to any assignee of Lessor, if requested by such assignee) from the date of said insurer's receipt of such written notice, up to the date said insurer received written notice from Lessor that said Event of Default is no longer continuing hereunder.

18. RETURN OF EQUIPMENT - Upon the expiration or termination of the lease term of any Equipment, whether by the passage of time or otherwise, Lessee will forthwith surrender and return possession of such Equipment to Lessor, in its original condition as of the Lease Commencement Date therefore, reasonable wear and tear only being excepted, by (a) placing such Equipment upon such storage tracts as Lessor reasonably may designate, (b) permitting Lessor to store such Equipment on such tracks at the risk of Lessee for up to 180 days, and (c) transport such Equipment to any connecting carrier for shipment, all as directed by Lessor and at the risk of Lessee.

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19. LESSOR'S OWNERSHIP - Lessee acknowledges and agrees that it has not, and by the execution of this Lease it does not have or obtain, and by payments and performance hereunder it does not and will not have or obtain, any title to the Equipment, nor any property right or interest, legal or equitable, therein, except its rights as Lessee hereunder and subject to the terms hereof. If Lessee is unable to return, or is prevented from returning, any Equipment to Lessor upon the expiration or termination of the lease term thereof as required under Section 18 hereof, for any reason whatsoever, including, but not limited to, the assertion by any third party of any claim against such Equipment, or of any right with respect thereto, then, in any such event, Lessee shall forthwith notify Lessor in writing of such fact, such Equipment shall, for all purposes of this Lease be deemed to have been the subject of a Casualty Occurrence, and Lessee shall pay Lessor the amounts provided in Section 14 hereof, with respect to such Equipment, at the time, in the manner, and with the consequences provided in such Section.

20. EVENTS OF DEFAULT - If, during the continuance of the Lease, one or more of the following events (hereinafter called "Events of Default") shall occur:

(a) Default shall be made in the payment of any rent hereunder, or default shall be made in the payment of any obligation provided for in this Lease, and any such default shall continue for more than five (5) days after written notice thereof to Lessee;

(b) Lessee shall default in the observance and/or performance of any other covenant, condition and agreement on the part of Lessee to be observed and/or performed under this Lease and such default shall continue for thirty (30) days after the written notice from Lessor to Lessee specifying the default and demanding the same to be remedied;

(c) Any representation or warranty made by Lessee herein or in any document or certificate furnished to Lessor in connection herewith or pursuant hereto shall at any time prove to be incorrect when made in any material respect;

(d) Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of Lessee's rights and obligations hereunder, or Lessee shall make or permit any unauthorized sublease or transfer of any Equipment, or the possession of same;

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(e) Lessee shall make an assignment for the benefit of its creditors, or cease being in substantially the same line or lines of business in which Lessee is presently engaged, or cease doing business as a going concern, or become insolvent or bankrupt or admit in writing its inability to pay its debts as they mature, or consent to the appointment of a trustee or receiver, or a trustee or a receiver shall be appointed for Lessee or for a substantial part of Lessee's property without Lessee's consent and such appointment shall not be dismissed for a period of sixty (60) days, or bankruptcy, reorganization, insolvency, arrangement, or liquidation proceedings shall be instituted by or against Lessee and, if instituted against Lessee, shall not be discharged or dismissed for a period of thirty (30) days, or Lessee's corporate existence shall terminate; or

(f) Any obligation of Lessee for the payment of borrowed money or for the acquisition of assets by lease, conditional sale or similar arrangement, shall not be paid or refinanced at maturity, whether by acceleration or otherwise, or shall be declared to be due and payable prior to the stated maturity thereof by reason of default or other violation of the terms of any promissory note or agreement evidencing or governing such obligation;

then, in any such case, Lessor, at its option, may do any one or more of the following:

(1) declare this Lease in default upon written notice to Lessee, whereupon, the entire amount of rent remaining to be paid over the balance of the lease term of all Equipment then leased hereunder, computed from the date of Lessee's default, shall become immediately due and payable;

(2) proceed by appropriate court action or actions at law or in equity or in bankruptcy to enforce performance by Lessee of the covenants and terms of this Lease and/or to recover damages for the breach thereof;

(3) terminate this Lease upon written notice to Lessee;

(4) whether or not this Lease be so terminated, and without notice to Lessee, repossess the Equipment wherever found, with or without legal process, and for this purpose Lessor and/or its agents may enter upon any premises of or under control or jurisdiction of Lessee or any agent of Lessee without liability for suit, action or other proceeding by Lessee (any damages occasioned by such repossession being hereby expressly waived by Lessee) and remove the Equipment therefrom.

With respect to any Equipment returned to Lessor, or repossessed by Lessor pursuant to subparagraph (4) above, Lessor may hold or use such Equipment for any purpose whatsoever if this Lease has been terminated, or if it has not been terminated, Lessor shall either sell same at a private or public, cash or credit sale, or re-lease same for such term and upon such rental as shall be solely determined by Lessor. In the event of the sale or re-leasing by Lessor of any such Equipment, Lessee shall be liable for, and Lessor may forthwith recover from Lessee as liquidated damages for breach of this Lease, and not as a penalty, an amount equal to such sum of (X) the entire amount of rent which would have accrued for the balance of the lease term of such Equipment, computed from the date of Lessee's default, plus (Y) an amount equal to the percentage of the Acquisition Cost to Lessor of such Equipment, shown as the last percentage factor on the Schedule A ("Stipulated Loss Value") applicable to such Equipment, (which amount represents Lessor's estimate, as of the date of the execution of this Lease, of what the minimum value of such Equipment would be at the end of the lease term), less (Z) the proceeds of any sale or re-leasing of such Equipment, after first deducting therefrom all costs and expenses of repossession, storage, repairs, reconditioning, sale, re-leasing, attorneys' fees and collection fees with respect to such Equipment.

If Lessee fails to deliver any Equipment to Lessor or Lessor is unable, for any reason, to effect repossession of any Equipment, then with respect to such Equipment, Lessee shall be liable for, and Lessor may forthwith recover from Lessee as liquidated damages for breach of this Lease, and not as a penalty, an amount equal to the sum of the amounts specified in items (X) and (Y) above for such Equipment.

Whether or not any Equipment is returned to, or repossessed by Lessor, as aforesaid, Lessee shall also be liable for, and Lessor may forthwith recover from Lessee, all unpaid rent and other unpaid sums that accrued prior to the date of Lessee's default. In addition to the foregoing, Lessor may also recover from Lessee all costs and expenses, including without limitation reasonable attorneys' fees and fees of collection agencies, incurred by Lessor in exercising any of its rights or remedies hereunder.

Since pursuant to the foregoing Lessor may receive or recover payment of the amounts specified in subparagraph (1) and items (X) and (Y) above earlier than Lessor would otherwise be entitled to receive or recover same but for Lessee's default, such amounts shall be discounted to their then present value at the rate of six percent (6%) per annum, and there shall be added to such amounts, after such discount, interest at the rate specified in Section 23.1 hereof from the date of Lessee's default up to the date of the payment of such amounts to Lessor.

In the event that any court of competent jurisdiction determines that any provision of this Section 20 is invalid or unenforceable in whole or in part, such determination shall not prohibit Lessor from establishing its damages sustained as a result of any breach of this Lease in any action or proceeding in which Lessor seeks to recover such damages. Any repossession or resale of any Equipment shall not bar an action for damages for breach of this Lease, as hereinbefore provided, and the bringing of an action or the entry of judgement against Lessee shall not bar Lessor's right to repossess any or all Equipment.

The remedies herein provided in favor of Lessor, shall not be deemed to be exclusive, but shall be cumulative and shall be in addition to all other remedies in Lessor's favor existing in law, in equity or in bankruptcy.

21. ASSIGNMENT AND MORTGAGE - Lessor may assign this Lease, and may grant a mortgage on, or security interest in, any Equipment to any such assignee, in whole or in part, without notice to, or the consent of, Lessee. Each such assignee shall have all of the rights but none of the obligations of Lessor under this Lease and Lessee shall, upon receipt of written notice thereof, recognize each such assignment and mortgage or security interest and shall accept and comply with the directions or demands given in writing by any such assignee. Lessee shall not assert against such assignee any defense, counterclaim or set-off that Lessee may have against Lessor. However, nothing herein shall relieve Lessor from its obligations to Lessee hereunder. After any such assignment this Lease may not be amended or modified without the prior written consent of any such assignee. Upon any assignment of this Lease or the granting of any mortgage on, or security interest in, any of the Equipment, Lessor or its assignee may record any instruments relating to the assignment, mortgage, or security interest desired by Lessor or such assignee in accordance with the laws of appropriate jurisdictions.

22. RECORDING AND FILING: EXPENSES - Prior to the delivery and acceptance of any of the Equipment, Lessee will, at Lessee's cost and expense, cause this Lease and any assignment hereof to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. In addition, Lessee will, upon demand of Lessor, at Lessee's cost and expense, do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will re-file, re-register, re-record or re-deposit whenever required) any and all further instruments required by law in the United States or requested by Lessor (or any assignee of Lessor) including, without limitation, financing statements under the Uniform Commercial Code (which, notwithstanding the intent of Lessor and Lessee that this is a true lease, Lessor shall have

the right to file wherever and whenver Lessor requires), for the purpose of proper protection to the satisfaction of Lessor, (and/or of Lessor's assignee) of Lessor's title to any Equipment (and/or of Lessor's assignee's security interest, if any, in any of the Equipment) or for the purpose of carrying out the intention of this Lease. Lessee will also pay, or will upon demand reimburse Lessor, for all of the reasonable out-of-pocket costs and expenses incurred by Lessor in connection with this Lease and/or Lessor's purchase of any of the Equipment for lease hereunder, and for all fees and costs of any attorney specially retained by Lessor to take any action or proceeding to enforce the terms of this Lease.

23. MISCELLANEOUS -

23.1. LATE CHARGES ON OVERDUE PAYMENTS - Any nonpayment of rent or other amounts due hereunder shall result in the obligation on the part of Lessee promptly to pay also an amount equal to twelve percent (12%) per annum (or the maximum per annum rate of interest permitted by law, whichever is less) of the overdue rent or other amounts for the period of time during which they are overdue.

23.2. NOTICES - Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States mails, certified, return receipt requested, postage prepaid, addressed to either party at its address set forth herein, or to such other address as either party shall hereafter furnish to the other in writing.

23.3 ENTIRE AGREEMENT; SEVERABILITY: EFFECT AND MODIFICATION OF LEASE - This Lease constitutes the entire agreement between the parties with respect to the leasing of the Equipment. 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. 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 officers of Lessor and Lessee.

23.4 EXECUTION IN COUNTERPARTS - This Lease and any Rental Schedules hereunder may be executed in several counterparts, only one of which shall be conspicuously marked "original" and shall be deemed to be the original, which such original shall be delivered to Lessor or its assigns. If this Lease or any Rental Schedule is executed in several counterparts, all counterparts other than that marked original shall be conspicuously marked "duplicate".

23.5 GOVERNING LAW - Lessor and Lessee agree that this Lease shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

23.6 LESSOR'S RIGHT TO PERFORM FOR LESSEE - If Lessee fails to duly and promptly perform any of its obligations under this Lease (except for the payment of rent) or fails to comply with any of the covenants or agreements contained herein, Lessor may itself perform such obligations or comply with such covenants or agreements, for the account of Lessee without thereby waiving any default, and any amount paid or expense (including reasonable attorneys' fees) incurred by Lessor in connection with such performance or compliance shall, together with interest thereon at the rate of twelve percent (12%) per annum (providing such rate does not exceed the maximum rate permitted by law, in which event the maximum rate permitted by law shall apply) be payable by Lessee to Lessor on demand.

23.7 AGREEMENT FOR LEASE ONLY - Lessor and Lessee agree that this Lease is and is intended to be a true lease (and not a lease intended as security or a lease in the nature of a security interest) and further agree to treat same as a true lease for all purposes, including, without limitation, legal, tax, clerical and accounting.

24. OPTION TO RENEW AND PURCHASE - Upon the expiration of the initial term with respect to each Rental Schedule, provided that Lessee has paid all rentals and all other sums then due by Lessee to Lessor, or which would become due upon request of Lessor, as required under the provisions of this Lease, and provided that no Event of Default, and no event which with the giving of notice or lapse of time, or both, would constitute such an Event of Default, has occurred and then remains unremedied to Lessor's satisfaction, Lessee shall have the option, exercisable on at least 180 days prior written notice to Lessor, to renew the Lease term with respect to all, but not less than all (except for items that have been destroyed and for which Lessor has received payment of the Stipulated Loss Value with respect thereto) of the Equipment then subject to said Rental Schedule for three (3) successive additional terms (each of which being herein called a "Renewal Term") of one year each at a rental for each such Renewal Term, at a rate that would be obtained in an arms-length transaction between an informed and willing prospective lessee and an informed and willing lessor under no compulsion to lease (said rate being herein called the "Fair Rental Rate").

Upon the expiration of the initial term or any Renewal Term with respect to each Rental Schedule, provided that Lessee has paid all rentals and all other sums then due by Lessee to Lessor, or which would become due upon request of Lessor as required under the provisions of this Lease, and provided that no Event of Default, and no event which with the giving of notice or lapse of time, or both, would constitute such an Event of Default, has occurred and then remains unremedied to Lessor's satisfaction, Lessee shall have the optio exercisable on at least 180 days prior written notice to Lessor, to purchase all, but not less than all (except for items that have been destroyed and for which Lessor has received payment of the Stipulated Loss Value with respect thereto) of the Equipment then subject to said Rental Schedule, for an amount, payable on or before such expiration date, which is equal to: (a) in the case of an option exercised upon the expiration of the initial term, the greater of 35% of the Acquisition Cost or an amount that would be obtained in an arms-length transaction between an informed and willing buyer and an informed and willing seller under no compulsion to sell (said amount being herein called the "Fair Market Value" and (b) in the case of an option exercised upon the expiration of any renewal term, the Fair Market Value.

If, on or before a date 135 days prior to the expiration of the initial term or any Renewal Term with respect to each Rental Schedule, Lessor and Lessee are unable to agree upon a determination of the Fair Rental Rate or the Fair Market Value of the Equipment, Lessee shall have no obligation to renew this Lease or purchase the Equipment. However, if Lessee wishes to proceed with its option, such value shall be determined in accordance with the procedure for Appraisal.

Appraisal shall mean a procedure whereby two recognized independent equipment appraisers, one chosen by Lessee and one by Lessor shall mutually agree upon the amount in question. Lessor or Lessee, as the case may be, shall deliver a written notice to the other party appointing its appraiser within 15 business days after receipt from the other party of a written notice appointing that party's appraiser. If within 15 days after appointment of the two appraisers as described above, the two appraisers are unable to agree upon the amount in question, a third recognized independent appraiser shall be chosen within five days thereafter by the mutual consent of such first two appraisers or, if such first two appraisers fail to agree upon the appointment of a third appraiser, such appointment shall be made by an authorized representative of the American Arbitration Association or any organization successor thereto. The decision of the appraisers so appointed and chosen shall be given within a period of ten (10) days after the selection of such third appraiser The average of the three appraisals arrived at by said three appraisers shall be binding and conclusive on Lessor and Lessee. Lessor and Lessee shall pay the fees and expenses of the respective appraisers appointed by them and shall share equally the fees and expenses of the third appraiser, if any, and those of the American Arbitration Association, if applicable.

After a determination of the Fair Rental Rate or the Fair Market Value of the Equipment has been made in accordance with the procedure described above, Lessee shall exercise its option to renew the lease for the Fair Rental Rate or to purchase the Equipment for the Fair Market Value thereof (or in the case of a purchase upon the expiration of the initial term, for the greater of 35% of the Acquisition Cost or the Fair Market Value) by delivering written notification of such exercise to Lessor not less than ninety (90) days prior to the expiration of the term of each Rental Schedule.

If Lessee has elected to purchase the Equipment pursuant to this option and provided Lessee is not then in default hereunder, Lessee shall purchase from Lessor and Lessor shall sell to Lessee, without recourse or warranty, the Equipment for a cash consideration equal to the Fair Market Value thereof.

If Lessee has elected to renew the Lease pursuant to this option, the renewal rentals shall be payable on the same day of each rental period consistent with the rental payment dates of the original term of the Lease commencing with the first rental period after the expiration of the initial term and continuing until the expiration of the Renewal Term(s).

Upon payment of the Fair Market Value, (or in the case of a purchase upon the expiration of the initial term, for the greater of 35% of the Acquisition Cost or the Fair Market Value) Lessor shall, upon request of Lessee, execute and deliver to Lessee or to Lessee's assignee or nominee, a bill of sale (without representations or warranties except that the Equipment is free and clear of all claims, liens, security interests and other encumbrances by or in favor of any person claiming through or under Lessor) for the Equipment, and for such other documents as may be required to release the Equipment from the terms and scope of this Lease and to transfer title thereto to Lessee or such assignee or nominee, in such form as may reasonably be requested by Lessee, all at Lessee's expense.

IN WITNESS WHEREOF, Lessor and Lessee, each pursuant to the due authority, have caused these presents to be signed in their respective names by their duly authorized officers and their corporate seals, if applicable, to be hereunder affixed and duly attested, as of the date first above written. The obligations of National Railway Utilization Corp. and Pickens Railroad Company as lessees hereunder are joint and several.

GIRARD LEASING CORPORATION
(LESSOR)

ATTEST:
By S B Chamberlain

By D. A. Wrigley
Its Vice-President

NATIONAL RAILWAY UTILIZATION CORPORATION
(LESSEE)

(Corporate seal)
ATTEST:
By John M. Sterling Jr.
(Secretary)

By
Its Vice - President

PICKENS RAILROAD COMPANY
(LESSEE)

(Corporate seal)
ATTEST:
By John M. Sterling Jr.
(Secretary)

By
Its Vice - President

Schedule A ("Stipulated Loss Value") to Equipment Lease No. M-039 , dated August 8, 19 78, between GIRARD LEASING CORPORATION ("Lessor") and NATIONAL RAILWAY UTILIZATION CORPORATION & PICKENS RAILROAD COMPANY ("Lessee").

During the rental period indicated in Column 1, the Stipulated Loss Value for that time is an amount equal to the percentage of the Acquisition Cost of the Equipment (as those terms are defined in the Lease) shown in Column 2.

COLUMN 1	COLUMN 2	COLUMN 1	COLUMN 2
1	102.00	15	72.32
2	98.73	16	69.90
3	97.03	17	67.41
4	95.28	18	64.85
5	93.49	19	62.22
6	91.64	20	59.52
7	89.75	21	56.75
8	87.79	22	53.91
9	85.78	23	50.99
10	83.71	24	47.99
11	81.59	25	44.92
12	79.13	26	41.76
13	76.99	27	38.52
14	74.69	28 and thereafter	35.00

If noted here, this Schedule A is applicable to Rental Schedule No. (s) _____ only, otherwise to all Rental Schedules of the Lease not having specifically noted Schedule A's.

Lessee (initial) RJK

Lessee (initial) RJK

Lessor (initial)

EXHIBIT A

CERTIFICATE OF INSPECTION AND ACCEPTANCE

Rental Schedule No. _____

Pursuant to Equipment Lease (Lease No. _____) dated as of _____, 19___, (the "Lease") by and between _____ ("LESSOR") and _____ ("LESSEE").

The undersigned, being the duly authorized representative of the Lessor and Lessee hereby CERTIFIES that the following units of equipment (the "Equipment") referred to in the Lease between the Lessor and the Lessee,

Quantity	Description	Road Number

have been duly delivered to the Lessor in good order and duly inspected and accepted by the undersigned as of the date hereof on behalf of the Lessor, and have thereby been duly delivered by the Lessor to the Lessee and have been duly accepted and inspected by the undersigned on said date on behalf of the Lessee as conforming in all respects with the requirements and provisions of the Lease.

_____ Date

_____ Duly Authorized Representative of Lessor and Lessee

_____ Title

_____ Date

_____ Duly Authorized Representative of Lessor and Lessee

_____ Title

EXHIBIT B

RENTAL SCHEDULE NO._____ to Equipment Lease No._____, dated _____, 19___, (the "Lease") by and between the undersigned, the terms and conditions of which are hereby incorporated herein by reference. Lessee hereby (a) authorizes Lessor to order for lease to Lessee the equipment described herein (the "Equipment") and to insert hereon the Lease Commencement Date and the partial first period's rent (if any) for such Equipment upon Lessee's acceptance of same for lease, (b) agrees to lease such Equipment from Lessor effective the Lease Commencement Date thereof and for the lease term specified below, and (c) agrees to pay Lessor the rent, in the amounts and at the times specified below, for each item of Equipment. All of the terms used herein which are defined in the Lease shall have the same meaning as so defined.

DESCRIPTION	ROAD NUMBER	ACQUISITION COST

This Rental Schedule is for a term of _____ quarters (plus _____ days partial first period term) and the Lease Commencement Date is _____, 19___. The partial first period rent of $_____ is payable together with $_____ regular quarterly rent on the _____ day of _____, 19___, followed by equal payment of regular rent on the _____ day of each quarter thereafter until a total rent of $_____ has been paid. Lessee has the option of extending this Lease for up to _____ years pursuant to paragraph 24 of the Lease, if applicable.

Name and address of Vendor of Equipment:_____

_____

_____ (LESSOR)

By_____
(authorized signature)

Date_____

Its_____
(title)

_____ (LESSEE)

By_____
(authorized signature)

Its_____
(title)

Date_____

_____ (LESSEE)

By_____
(authorized signature)

Its_____
(title)

Date_____

RENTAL SCHEDULE NO. S-01 to Equipment Lease No. M-039, dated August 8, 1978, (the "Lease") by and between the undersigned, the terms and conditions of which are hereby incorporated herein by reference. Lessee hereby (a) authorizes Lessor to order for lease to Lessee the equipment described herein (the "Equipment") and to insert hereon the Lease Commencement Date and the partial first period's rent (if any) for such Equipment upon Lessee's acceptance of same for lease, (b) agrees to lease such Equipment from Lessor effective the Lease Commencement Date thereof and for the lease term specified below, and (c) agrees to pay Lessor the rent, in the amounts and at the times specified below, for each item of Equipment. All of the terms used herein which are defined in the Lease shall have the same meaning as so defined.

DESCRIPTION	ROAD NUMBER	ACQUISITION COST
44 - 50'6" 70-ton Type XM Railroad Boxcars	MNJ-120941 through MNJ-120984 inclusive	$ 1,565,476

This Rental Schedule is for a term of 28 quarters (plus -0- days partial first period term) and the Lease Commencement Date is August 8, 1978. The partial first period rent of $ -0- is payable together with $ 70,716.00 regular quarterly rent on the 8th day of November, 1978, followed by equal payment of regular rent on the 8th day of each quarter thereafter until a total rent of $ 1,980,047.86 has been paid. Lessee has the option of extending this Lease for up to 3 years pursuant to paragraph 24 of the Lease, if applicable.

Name and address of Vendor of Equipment: Southern Iron and Equipment Co.-Division of Evans Transportation Company
5522 New Peachtree Road, P.O. Box 81067, Atlanta, GA 30341

GIRARD LEASING CORPORATION (LESSOR) By D. A. Wrigley (authorized signature)

Date August 8, 1978 Its Vice President (title)

NATIONAL RAILWAY UTILIZATION CORP. (LESSEE) By (authorized signature)

Its Vice-President (title)

Date August 8, 1978

PICKENS RAILROAD COMPANY (LESSEE) By (authorized signature)

Its Vice-President (title)

Date August 8, 1978

STATE OF SOUTH CAROLINA :
: ss.
COUNTY OF GREENVILLE :

On this 8th day of August, 1978, before me personally appeared John M. Sterling, Jr., to me personally known, who, being by me duly sworn, said that he is a Secretary of National Railway Utilization Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on this day 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.

Carl Frederick Muller
Notary Public

My Commission Expires: 01/11/88

STATE OF SOUTH CAROLINA :
: ss.
COUNTY OF GREENVILLE :

On this 8 day of August, 1978, before me personally appeared John M. Sterling, Jr., to me personally known, who, being by me duly sworn, said that he is a Secretary of Dickens Railroad Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on this day 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.

Carl Frederick Miller
Notary Public

My Commission Expires: 01/11/88

STATE OF :
: ss.
COUNTY OF :

On this day of , 1978, before me personally appeared , to me personally known, who, being by me duly sworn, said that he is a of , that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on this day 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

My Commission Expires:

STATE OF Pennsylvania :
: ss.
COUNTY OF Philadelphia :

On this 8th day of August, 1978, before me personally appeared D. A. Wrigley, to me personally known, who, being by me duly sworn, said that he is a Vice President of Girard Leasing Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on this day 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.

Bertha M. Burkhard
Notary Public

My Commission Expires:

BERTHA M. BURKHARD, Notary Public
PHILADELPHIA, PHILADELPHIA COUNTY
MY COMMISSION EXPIRES APR. 20, 1982
Member, Pennsylvania Association of Notaries

I hereby certify that I am not an Officer or Director of the above named Corporation.