

ITEL

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Istel Rail Corporation

RECORDATION NO. _____ FILED _____

55 Francisco Street
San Francisco, California 94133
(415) 984-4000

May 10, 1988

MAY 13 1988 - 11 15 AM

INTERSTATE COMMERCE COMMISSION

Hon. Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, DC 20423

GA
Date 5/15/88
Fee 13
CC Washington, D.C.

Re: Schedule No. 1 dated May 5, 1988, to Master Lease No. 2200 dated May 5, 1988, between Istel Rail Corporation, Istel Railcar Corporation and The Ferdinand and Huntingburg Railroad Company

Dear Ms. McGee:

On behalf of Istel Rail Corporation, the above instrument, in four (4) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$13 recordation fee.

Please record this Schedule No. 1 under Master Lease No. 2200 dated May 5, 1988, between the aforementioned parties, which is being filed simultaneously this date.

The parties to the aforementioned instrument are listed below:

Istel Rail Corporation and
Istel Railcar Corporation (Lessor)
55 Francisco Street
San Francisco, California 94133

The Ferdinand and Huntingburg Railroad Company (Lessee)
55 Francisco Street
San Francisco, California 94133

This Schedule No. 1 covers nineteen (19) 50', 70-ton RBL railcars bearing reporting marks FRDN 2000-2018.

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the ICC fee receipt and acknowledgment letter.

Very truly yours,

Patricia Schumacker
Legal Department

PS:

MAY 13 1988 - 11 15 AM

LOT NO. 2200-01

INTERSTATE COMMERCE COMMISSION SCHEDULE NO. 1 TO MASTER LEASE NO. 2200-00

THIS SCHEDULE NO. 1 ("Schedule") to that certain Lease Agreement (the "Agreement") made as of May 5, 1988 between ITEL RAIL CORPORATION and ITEL RAILCAR CORPORATION, severally, as lessors, and THE FERDINAND AND HUNTINGBURG RAILROAD COMPANY, as lessee ("Lessee") is made this 5th day of May, 1988, between ITEL RAILCAR CORPORATION ("Lessor") and Lessee.

Lessor and Lessee agree as follows:

1. All terms defined in the Agreement shall have the meanings defined therein when used in Schedule No. 1.
2. Lessor hereby leases the following Cars to Lessee subject to the terms and conditions of the Agreement and this Schedule:

AAR Mech. Design.	Description	Reporting Marks and Numbers	Length	Dimensions Inside Width	Height	Door Width	Number of Cars
RBL	Refrigerated Boxcars with Dual Air Paks	FRDN 2000-2018	52'5"	9'4"	10'5"	16	19

Such Cars shall be remarked from nineteen (19) RBL boxcars bearing (nonsequential) reporting marks from within the series LNAC 5211 through LNAC 6234 (the "LNAC Cars"), which are currently subject to a Railroad Car Lease Agreement dated July 1, 1983 ("LNAC Lease") between Evans Railcar Leasing Company ("Evans") as lessor and Louisville, New Albany & Corydon Railroad Company ("LNAC") as lessee. Lessor is Evans' successor in interest. Pursuant to the Assignment and Assumption Agreement dated November 30, 1987, LNAC assigned its interest in the LNAC Cars to the Ferdinand Railroad Company. The Ferdinand Railroad Company, in turn, assigned the LNAC Cars to Lessee pursuant to the Ferdinand and Huntingburg Railroad Company Lease Assignment and Assumption Agreement dated as of December 18, 1987. Lessor and Lessee hereby agree that each LNAC Car shall be terminated from the LNAC Lease on the date of delivery as defined in Subsection 3.A. hereinbelow.

3. A. The term of the Agreement with respect to each Car described in this Schedule shall commence at 12 noon on the date and at the location such Car is remarked pursuant to Subsection 3.A. ("Delivery") and shall continue as to all of the Cars described in this Schedule for thirty-six (36) months after the earlier of (i) the date on which the last Car described in this Schedule was remarked or (ii) sixty (60) days after the first Car described in this Schedule was delivered (the "Initial Term"). Upon the Delivery of the final Car, Lessor shall notify Lessee in writing of the expiration date of the Initial Term. Unless Lessee, within fifteen (15) days of the date of such notice demonstrates to the

satisfaction of Lessor that such expiration date is incorrect, Lessee shall be deemed to have concurred with such expiration date.

- B. If the Agreement has not been terminated early and no unremedied default has occurred and is continuing pursuant to Section 10 of the Agreement, the Agreement shall automatically be extended for two (2) consecutive periods of twelve (12) months each (each such period an "Extended Term") with respect to all of the Cars described in this Schedule provided that Lessor or Lessee may terminate the Agreement effective as of the end of the Initial Term or any Extended Term as to some or all of the Cars described in this Schedule by providing not less than thirty (30) days prior written notice to the other.
4. After each Car has been remarked, such Car shall be moved to the railroad line of the New York & Lake Erie Railroad ("Assignee") pursuant to the Assignment Agreement dated March 7, 1988 ("NYLE Assignment") between Lessee as Assignor and Assignee which is attached hereto as Exhibit A. In order to ensure optimal use of the Cars, Lessor agrees to assist Lessee in monitoring Car movements and, when deemed necessary by Lessee and Lessor, to assist in the issuance of movement orders with respect to such Cars to other railroad lines in accordance with the Interstate Commerce Commission ("ICC") and the Interchange Rules.
 5. Lessor consents to Lessee's entering into the NYLE Assignment; provided that Lessor shall perform Lessee's duties under the NYLE Assignment, except the duties described in paragraph 9 therein, which shall be performed by Lessee and that Lessee shall, if directed by Lessor, to the extent legally permissible, assign Lessee's interest in the NYLE Assignment to any party designated by Lessor.
 6. Lessor shall perform or cause to be performed and pay for all costs and expenses associated with the maintenance of the Cars described in this Schedule except as set forth in Section 5 of the Agreement. Lessee may make running repairs to those parts of the Cars specified in Exhibit B hereto. Subsection 5.A. of the Agreement shall not apply with respect to such Cars.
 7. Lessor agrees to reimburse Lessee, within thirty (30) days from Lessor's receipt of the receipted copy of the paid tax bill, for all taxes actually paid in cash by the Lessee resulting from: 1) ad valorem tax assessments on the Cars; and 2) any assessment, levy or impost relating to any Car, the Agreement or the delivery of the Cars which remained unpaid as of the date of the delivery of the Cars to Lessee or which are assessed, levied or imposed during the term of the Agreement, except taxes on income or gross receipts imposed on Lessee, or sales or use tax imposed on the mileage charges and car hire revenue or the proceeds from the sale or lease of the Cars. Lessor and Lessee will comply with all state and local laws requiring filing of ad valorem returns associated with the Cars. Notwithstanding any portion of this Section, Lessor shall not be responsible for penalty or interest assessments resulting from Lessee's failure to comply with any regulation or statute of any taxing

or assessing authority. Lessee shall forward to Lessor upon receipt all correspondence, notifications of proposed tax assessments and tax bills associated with any tax reimbursable to Lessor. Lessor may, in good faith and by appropriate proceedings, contest any assessment, notification of assessment or tax bill. Lessor shall assume full responsibility for all expenses, including legal fees, resulting from such contest.

8. Rent

A. Definitions

(i) "Eligible Lines" is defined as the railroad lines owned and operated by Lessee as of the date of this Schedule. Unless otherwise agreed by Lessor and Lessee, any lines purchased by Lessee or added to the Eligible Lines during the Initial Term or any Extended Term are deemed to be the lines of another railroad company (a foreign road) for the purposes of determining Revenues (as defined in Subsection 8.A.(ii) hereinbelow).

(ii) "Revenues" is defined as the total revenues that are earned or due for the use and handling of the Cars on all railroad lines other than the Eligible Lines, including, but not limited to, per diem computed at : per hour and mileage computed at : per mile, whether or not collected and received by Lessor and undiminished by any claimed abatement, reduction or offset caused by any action or failure of Lessee.

(iii) The "Base Rent" is defined as per Car per calendar quarter. The Base Rent for any Car which is not subject to the Agreement for an entire calendar quarter shall be prorated at per day for such Car during such calendar quarter.

B. Lessor shall receive all Revenues earned by each Car prior to and during the term of the NYLE Assignment.

C. Upon the early termination or expiration of the NYLE Assignment, Lessor shall receive all Revenues earned by the Cars while such Cars are off the Eligible Lines.

D. (i) Upon any abatement, reduction or offset as described in Subsection 8.A. (ii), Lessee shall, within ten (10) days of Lessor's request, reimburse Lessor for such amounts.

(ii) If, at any time during the Agreement, Lessee operates lines other than the Eligible Lines, then Lessee shall supply Lessor with records which distinguish the movement of each Car on the Eligible Lines from the movement of such Car on any other lines operated by Lessee.

- E. The calculations required in Section 8 shall be made within five (5) months after the end of each calendar year ("Final Calculations"). Lessor shall, prior to making such calculation, retain the revenues and other payments received by it on behalf of Lessee. Further, since the parties desire to determine on a quarterly year-to-date basis the approximate amounts owed under this Section 8, Lessor shall within three (3) months after the end of each calendar quarter, calculate on a quarterly year-to-date basis the amount due both parties pursuant to this Section. Amounts payable pursuant to the preceding sentence shall be paid promptly following such calculation, provided, however, that within twenty (20) days following the Final Calculation, any amount paid to either party in excess of the amounts required shall be refunded to the appropriate party.
- F. If, with respect to any calendar quarter or quarters, Revenues received by Lessor are less than the Base Rent, Lessor may, at any time, at its option and upon not less than ten (10) days' prior written notice to Lessee, terminate the Agreement as to such Cars in this Schedule as Lessor shall determine.
- G. If any Car has remained on Lessee's property because Lessee has not given preference to the Cars as specified in Subsection 3.B., Lessee shall be liable for and remit to Lessor an amount equal to the revenues which would have been generated if such Car had been in the physical possession and use of a railroad for the entire period during which such Car is on Lessee's property and had travelled seventy-five miles per day (75 mpd).
9. Except as expressly modified by this Schedule No. 1, all terms and provisions of the Agreement shall remain in full force and effect.
10. This Schedule No. 1 may be executed by the parties hereto in any number of counterparts and all said counterparts taken together shall be deemed to constitute one and the same instrument.

ITEL RAILCAR CORPORATION

THE FERDINAND AND HUNTINGBURG RAILROAD
COMPANY

BY: *AD Hayes*

BY: *WJ H... ..*

TITLE: *President*

TITLE: *PRESIDENT*

DATE: *May 5, 1988*

DATE: *5/4/88*

STATE OF CALIFORNIA)
) ss:
 COUNTY OF SAN FRANCISCO)

On this 5th day of May, 1988, before me personally appeared Desmond P. Hayes, to me personally known, who being by me duly sworn says that such person is President of Itel Railcar Corporation, that the foregoing Schedule No. 1 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

patricia schumacker
 Notary Public



STATE OF California)
) ss:
 COUNTY OF San Francisco)

On this 4th day of May, 1988, before me personally appeared William J. Hendon, to me personally known, who being by me duly sworn says that such person is President of The Ferdinand and Huntingburg Railroad Company, that the foregoing Schedule No. 1 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

patricia schumacker
 Notary Public

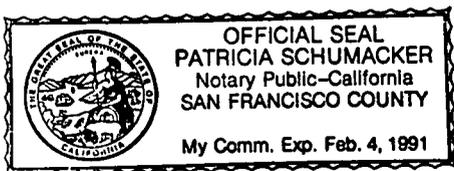


EXHIBIT A

Lot No. 2200-01

THE FERDINAND AND HUNTINGBURG RAILROAD COMPANY

March 7, 1988

Mr. Robert Dingman
President
New York & Lake Erie Railroad
50 Commercial Street
Gowanda, New York 14070

Dear Mr. Dingman:

The Louisville, New Albany & Corydon Railroad ("LNAC") and the New York & Lake Railroad were parties to an assignment agreement dated as of December 2, 1982, as amended (the "LNAC Assignment"). Pursuant to the LNAC Assignment, LNAC provided NYLE with eight (8), 50', 70-ton RBL railcars bearing the reporting marks LNAC 5211, LNAC 5350-5355, and LNAC 6230 (the "LNAC Cars") and NYLE placed such LNAC Cars into an assignment pool on NYLE's lines.

The Ferdinand and Huntingburg Railroad Company, as LNAC's assignee pursuant to the Assignment and Assumption Agreement dated November 30, 1987 between LNAC and Ferdinand Railroad Company and the Lease Assignment and Assumption Agreement dated December 18, 1987, between Ferdinand Railroad Company and The Ferdinand and Huntingburg Railroad Company, desires to remark each of the LNAC Cars to bear FRDN reporting marks, provide eleven (11) more RBL railcars to the NYLE, and revise the terms governing such assigned railcars.

Thus, please accept this letter as the agreement ("Assignment Agreement") whereby The Ferdinand and Huntingburg Railroad Company ("Assignor") shall supply the New York & Lake Erie Railroad ("Assignee") with nineteen (19) 50', 70-ton RBL railcars which shall include the LNAC Cars (such assigned railcars, the "Cars"). Assignee shall, upon receiving instructions from Assignor, place such Cars into an assignment pool on Assignee's railroad lines as provided for in Car Service Rule 16 and under the provisions of Car Service Directive 145 of the Code of Car Service Rules, AAR Circular No. OT-10.

With respect to each LNAC Car, the terms and provisions of this Assignment Agreement shall supersede the terms of the LNAC Assignment as such LNAC Car is remarked to bear Assignor's reporting marks. Assignor shall bear the cost of remarking each Car; all transportation expenses incurred in delivery of such Car to Assignee shall be for Assignee's account.

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The term ("Initial Term") of this Assignment Agreement, with respect to each Car, shall commence on the date and at the location such Car is first interchanged to Assignee after being remarked to FRDN reporting marks ("Delivery") and shall expire as to all the Cars three (3) years from the earlier of (1) the date of Delivery of the last Car or (2) thirty (30) days after the date of Delivery of the first Car. Unless terminated earlier, the Assignment Agreement shall then be extended through two (2), twelve (12) month periods, each such twelve (12) month period an "Extended Term". Either party may cancel the Assignment Agreement during any Extended Term upon not less than thirty (30) days' prior written notice to the other.

Upon the Delivery of the final Car, Assignor shall issue to Assignee a fully-executed Certificate of Delivery in the form of Exhibit A hereto that shall contain the expiration date of the Assignment Agreement with respect to all the cars as determined by Assignor. Unless, within fifteen (15) days of the date of such Certificate of Delivery, Assignee demonstrates to the satisfaction of Assignor that such expiration date is incorrect, Assignee shall be deemed to have concurred with such expiration date.

Assignee shall (i) comply with the handling carrier's obligations under AAR Interchange Rules while the Cars are in Assignee's possession, and (ii) fulfill its obligations set forth herein.

Assignee shall load the Cars prior to loading any RBL railcars leased by or assigned to Assignee from other parties subsequent to the date of this Assignment Agreement, purchased by Assignee subsequent to the date of this Assignment Agreement, or interchanged from other railroads; provided, however, that this shall in no event prevent or prohibit Assignee from fulfilling its obligations to provide transportation and facilities upon reasonable request therefor.

If any Car returns to Assignor's line as a result of Assignee not filing the assignment pool code properly, Assignee shall be responsible for all costs associated with returning such Car to Assignor. Assignor shall use its best efforts to prevent any Car from being interchanged onto its lines during the term of the Assignment Agreement, including advising Assignor's connecting carrier that the Cars have been placed into an assignment pool on Assignee's lines and that the connecting carrier should not return such Cars to Assignor during the term of the Assignment Agreement.

When used in this Assignment Agreement, each of the terms shall have the following definitions:

- (i) "Eligible Lines" is defined as the railroad lines owned and operated by Assignee as of March 1, 1988. Unless otherwise agreed by Assignor and Assignee, any lines purchased by Assignee or added to the Eligible Lines during the term of the Assignment Agreement are deemed to be the lines of another railroad company (a foreign road) for the purposes of determining Revenues (as defined hereinbelow). If, at any time during the term of the Assignment Agreement, Assignee operates lines other than the Eligible Lines, then Assignee shall supply Assignor with records which distinguish the movement of each Car on the Eligible Lines

from the movement of such Car on other railroad lines operated by Assignee.

- (ii) "Revenues" is defined as the total revenues earned and received or due for the use or handling of the Cars on all railroad lines other than the Eligible Lines, including but not limited to, per diem computed at \$0.72 per hour and mileage computed at \$0.068 per mile, whether or not collected and received by Assignor and undiminished by any claimed abatement, reduction or offset caused by any action or inaction of Assignee.
- (iii) "Base Revenues" with respect to each Car shall be equal to per Car per calendar quarter ("Quarter").
- (iv) "Assignor's Revenue Share" and "Assignee's Revenue Share" shall each be defined as of all Revenues in excess of the Base Revenues.

Assignee shall be entitled to full per diem and mileage relief for each Car while such Car is on the Eligible Lines and shall furnish interchange records to Assignor as requested.

In the event that Revenues in any Quarter are less than or equal the Base Revenues for all the Cars, then Assignor shall retain all such Revenues. If, for any Quarter, Revenues earned by the Cars in the aggregate exceed the total Base Revenues, then Assignor shall retain an amount equal to total Base Revenues and Assignor's Revenue Share and Assignee shall receive Assignee's Revenue Share provided, however, that Assignor shall be entitled to and retain Assignee's Revenue Share until such time that total Assignee's Revenue Share retained by Assignor equals Assignor's initial expenses for delivering the Cars to Assignee.

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If, for any Quarter, Revenues earned by the Cars in the aggregate are less than the Base Revenues for all the Cars, then Assignor shall so notify Assignee in writing. Within ten (10) days of receipt of such notice from Assignor, Assignee shall exercise its option:

- (i) to pay Assignor the difference ("Difference") between the Base Revenues for the Cars in the aggregate and the actual Revenues for the applicable Quarter and pay Assignor for the Difference each subsequent Quarter for the duration of this Assignment Agreement in which such Difference occurs. Assignee shall pay Assignor such Difference not later than sixty (60) days after notification that during the Quarter such Difference has occurred; or
- (ii) not to pay Assignor such Difference for such Quarter and each subsequent Quarter in which a Difference occurs. In such event, Assignor may thereafter terminate all or a portion of the Cars from this Assignment Agreement upon not less than ten (10) days' written notice to Assignee at any time during the duration of this Assignment Agreement.

Within five (5) calendar months after the end of each Quarter, Assignor shall calculate the amount due either party on a quarterly year-to-date basis pursuant to this Assignment Agreement. Any amounts payable pursuant to the preceding sentence shall be paid promptly following such calculation, provided, however, that if, following the final calculation, either Assignor or Assignee determines and demonstrates to the reasonable satisfaction of the other that any calculation required herein was incorrect, then any amount paid to either party in excess of the amounts required shall be refunded to the miscalculation. Such final calculation shall be made within five (5) calendar months after the end of each calendar year that this Assignment Agreement is in effect.

During the term of the Assignment Agreement, Assignor may, at its expense, replace any or all of the Cars with similar RBL railcars upon not less than ten (10) days' prior written notice to Assignee.

RJD 3/30/88
Assignor is responsible for normal maintenance and repair expenses except any transportation costs incurred pursuant to this paragraph, which shall be at Assignee's sole expense. Assignee shall be responsible for and shall pay all costs and expenses of all repair work or other work or materials required because of (1) damage or other conditions caused by assignee's negligence or misuse in loading, unloading or use other than as permitted under this Assignment Agreement; (2) damage to the Cars while on its lines under applicable AAR Rules; (3) Assignee's failure to note any damage to any Car that returns to its lines, the repair of which is the responsibility under AAR Rules of any third party railroad. Assignee shall promptly notify Assignor of any damage to, defect in, need of repair to, or destruction of any Car. For any damaged Car that requires repairs other than running repairs during the Assignment Agreement, car hire (time and mileage) shall be governed by applicable Car Hire and Car Service Rules. In no event shall Assignee place any Car for repair at a private contract repair facility or by a private contractor on the property of Assignee, unless Assignor's approval has been secured earlier and such repair is being performed at the direction and control of Assignor.

RJD 3/30/88
* On the "Eligible Lines"
Upon termination or expiration of this Assignment Agreement, Assignee shall ensure that the Cars are in the same or as good condition, order and repair as when delivered to Assignee, and free from all accumulations or deposits from commodities transported in or on the Cars while in the service of Assignee; remove the Cars from the provisions of Car Service Rule 16 and Car Service Directive 145, and deliver the Cars to a point on the Eligible Lines to be designated by Assignor. At Assignor's option and Assignee's expense, Assignee shall remark the Cars to bear new reporting marks to be provided by Assignor and use its best efforts to provide final outbound loads for each Car.

Assignee's rights shall be subject and subordinate to the rights of Assignor and to the rights of any lessor, any owner or secured party under any financing agreement with respect to the Cars. Accordingly, following notice to Assignee from any such lessor, secured party or owner that an event of default has occurred at any time (including at a time prior to the effective date of this Assignment Agreement), and is continuing under such financing agreement, such party may require either or both that rentals and other sums due hereunder shall be paid directly to such party, and that the Cars immediately be returned to such party.

*** Ordinary wear and tear excepted, RJD 3/30/88*

Please indicate your concurrence to the above terms and conditions by signing both (2) enclosed originals and returning one to me.

Sincerely,

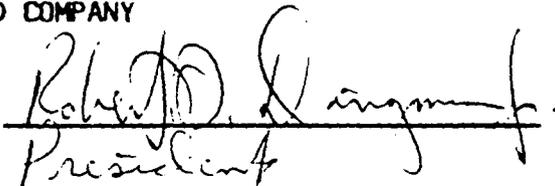


Peter A. Greene
President

Concurrence By:

NEW YORK & LAKE ERIE
RAILROAD COMPANY

By:



Title:

President

Date:

March 30, 1988

EXHIBIT A

Certificate of Delivery

Assignment Agreement dated March 7, 1988

FRDN Reporting
Marks and Numbers

Date Interchanged
to NYLE

The Initial Term of the Assignment Agreement dated March 7, 1988 between The Ferdinand and Huntingburg Railroad Company and New York & Lake Erie Railroad Company shall expire on _____, 1991.

THE FERDINAND AND HUNTINGBURG
RAILROAD COMPANY

By: _____

Title: _____

Date: _____

EXHIBIT B

RBL Boxcars

Running Repairs

Angle Cocks
 Air Hose
 Train Line
 Operating Levers and Brackets
 Sill Steps
 Grab Irons
 Brake Shoes
 Brake Shoe Keys
 Brake Connecting Pin
 Brake Head Wear Plates
 Air Brakes
 Hand Brakes

 Brake Beams and Levers

 Truck Springs

 Door Hardware
 (Not Replacement)

Running Repairs Continued

Wheels
 Yokes
 Knuckles/Pins
 Slack Adjuster
 Couplers
 Draft Gears
 Coupler Carriers
 Center Plates
 (Not Replacement)
 Cotter Keys
 Roller Bearing Adapters
 Air Hose Supports
 Load Divider Repairs
 (Not Replacement)