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1 52794 A
RECORDATION NO. Filed 1425

July 31, 1987

AUG 4 1987 -10 35 AM

INTERSTATE COMMERCE COMMISSION

Date 8/4/87
Fee $ 10.00
ICC Washington, D. C.

CERTIFIED MAIL - RETURN
RECEIPT REQUESTED

Interstate Commerce Commission
12th Street & Constitution Avenue, N.W.
Washington, DC 20423

Attention: Ms. Mildred Lee
Room 2303

Re: Documents for Recordation
49 USC §11303

Ladies and Gentlemen:

I have enclosed an original and one duplicate executed and acknowledged counterpart of the documents described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

(A) The first document, identified as "Memorandum of Master Equipment Lease Agreement No. 1 and Rental Schedule No. A-1 thereto", is a memorandum of a lease (attached to which is an executed and acknowledged original of Master Equipment Lease Agreement No. 1 dated as of July 15, 1987 and Rental Schedule No. A-1 thereto dated July 31, 1987) and is a primary document.

The names and addresses of the parties to the documents are as follows:

Lessor: Shawmut Bank, N.A.
One Federal Street
Boston, MA 02211
Attn: Equipment Finance and Leasing

Lessee: The Chesapeake and Ohio Railway Company
Attn: Treasury Department - Equipment S/C B7J
100 North Charles Street
Baltimore, MD 21201

A description of the equipment covered by the document follows:

Ten 60' - 100 Ton XL Railroad Box Cars, all having AAR mechanical designation XP and having reporting marks C&O 166630 - 166639, inclusive.

(B) The second document, identified as a "Guaranty Agreement dated as of July 15, 1987 of CSX Transportation, Inc. Re: Obligations of The Chesapeake & Ohio Railway Company pursuant to the Master Equipment Lease Agreement No. 1 dated as of July 15, 1987 with Shawmut Bank, N.A.", and is a primary document.

The names and addresses of the parties to the documents are as follows:

Guarantor: CSX Transportation, Inc.
Attn: Treasury Department
100 North Charles Street
Baltimore, MD 21201

Lessor: Shawmut Bank, N.A.
One Federal Street
Boston, MA 02211
Attn: Equipment Finance and Leasing

A description of the equipment covered by the document is all seventy-eight (78) 60' - 100 Ton XL Railroad Box Cars anticipated to be leased under the above-described Master Equipment Lease Agreement No. 1, all having AAR mechanical designation XP and having reporting marks C&O 166630 - 166707, inclusive.

A fee of $20 is enclosed. Please return the originals and any extra copies not needed by the Commission for recordation to:

F. Beirne Lovely, Jr., Esq.
Goodwin, Procter & Hoar
Exchange Place
Boston, MA 02109

A short summary of each of the documents to appear in the Index is as follows:

(A) Memorandum of Lease dated as of July 31, 1987 between Shawmut Bank, N.A., One Federal Street, Boston, MA 02211, as Lessor, and The Chesapeake & Ohio Railway Company, Attention: Treasury Department, 100 North Charles Street, Baltimore, MD 21201, as Lessee, dated as of July 15, 1987 and covering ten (10) 60' - 100 Ton XL Railroad Box Cars having reporting marks C&O 166630 - 166639, inclusive.

(B) Guaranty Agreement dated as of July 15, 1987 by CSX Transportation, Inc., Attention: Treasury Department, 100 North Charles Street, Baltimore, MD 21201 guarantying the obligations of The Chesapeake & Ohio Railway Company, as Lessee under the above-described Lease.

Very truly yours,

F. Beirne Lovely, Jr.

FBL/ab
Enclosures

SVS-3563/S

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

8/4/87

F. Beirne Lovely,Jr.Esq
Goodwin,Procter & Hoar
Exchange Place
Boston,MA. 02109

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act,49 U.S.C. 11303, on 8/4/87 at 10:35am , and assigned re-recordation number(s). 15279 & 15279-A

Sincerely yours,

Noreta R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

DUPLICATE ORIGINAL

MEMORANDUM OF

MASTER EQUIPMENT LEASE AGREEMENT NO. 1

AND

RENTAL SCHEDULE A-1 THERETO

RECORDATION NO. 15279 Filed 1425

AUG 4 1987 -10 35 AM

INTERSTATE COMMERCE COMMISSION

THIS MEMORANDUM OF MASTER EQUIPMENT LEASE AGREEMENT NO. 1 is intended to evidence the MASTER EQUIPMENT LEASE AGREEMENT NO. 1, dated as of July 15, 1987 and Rental Schedule No. A-1 and Certificate of Inspection and Acceptance dated July 31, 1987 (collectively, the "Lease"), each between Shawmut Bank, N.A., a National Association (the "Lessor") and The Chesapeake and Ohio Railway Company, a Virginia corporation (the "Lessee"), for the purposes of satisfying the requirements of recordation with the Interstate Commerce Commission under Section 49 USC §11303. The Lessor is the owner of Ten (10) 100-ton XL Boxcars more fully described in Exhibit I hereto (the "Cars"). The Lessee leased from the Lessor all the Cars upon the terms and conditions provided in the Lease, attached hereto as Exhibit II.

IN WITNESS WHEREOF, the Lessor and the Lessee, each pursuant to due authority, have executed this Memorandum of Master Equipment Lease Agreement No. 1 and Rental Schedule A-1 Thereto as of this 31st day of July, 1987.

SHAWMUT BANK, N.A.
(Lessor)

By: C.A.A.

Title: VP

THE CHESAPEAKE AND
OHIO RAILWAY COMPANY
(Lessee)

By:

Title: AVP - Box Cars
CSX Equipment

EXHIBIT I

TO

MEMORANDUM OF MASTER EQUIPMENT LEASE AGREEMENT NO. 1

AND

RENTAL SCHEDULE A-1 THERETO

Dated as of July 15, 1987

Equipment Description	Lessee's Numbers
Ten (10) 60' - 100-ton XL Boxcars	C&O 166630-166639

STATE OF MARYLAND)
) ss.
CITY OF BALTIMORE)

On this 30th day of July, 1987, before me appeared C.C. Latham, Jr., to me personally known, who, being by me duly sworn (or affirmed), did say that he resides at Baltimore, MD, that he is the AVP-BoxCars of CSX Equipment, a unit of CSX Transportation, Inc. which is, in turn, an affiliate of The Chesapeake and Ohio Railway Company (The Chesapeake and Ohio Railway Company being a corporation organized under the laws of Virginia and the corporation described in and which executed the above instrument), that he executed such instrument on behalf of The Chesapeake and Ohio Railway Company by authority of the board of directors of The Chesapeake and Ohio Railway Company and that he acknowledges the execution of the said instrument as the free act and deed of The Chesapeake and Ohio Railway Company and that the statements contained therein are true and correct in all respects.

(SEAL)

Glenda J. Green
Notary Public

My commission expires on: JUL 1 [illegible]

COMMONWEALTH OF MASSACHUSETTS)
) ss.
COUNTY OF SUFFOLK)

On this 31st day of July, 1987, before me appeared Kenneth C. A. Isaacs, to me personally known, who, being by me duly sworn (or affirmed), did say that he resides at 1150 North Street, Walpole, Massachusetts, that he is a Vice President of Shawmut Bank, N.A., a national association, the association described in and which executed the above instrument, that he executed such instrument on behalf of said association by authority of its board of directors and that he acknowledges the execution of the said instrument as the free act and deed of said association and that the statements contained thrrein are true and correct in all respects.

(SEAL)

Heidi Lee Beckley
Notary Public

My commission expires on:

HEIDI LEE BECKLEY, Notary Public
My Commission Expires Dec. 22, 1989

DUPLICATE ORIGINAL

MASTER EQUIPMENT LEASE AGREEMENT

NO. 1

Dated as of July 15, 1987

BETWEEN

SHAWMUT BANK, N.A.

LESSOR

AND

THE CHESAPEAKE AND OHIO RAILWAY COMPANY

LESSEE

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EXHIBIT A: Rental Schedule and Certificate of Inspection and Acceptance with Stipulated Loss Values

MASTER EQUIPMENT LEASE AGREEMENT NO. 1, dated as of July 15, 1987, between SHAWMUT BANK, N.A., a national association, having a principal office at One Federal Street, Boston, Massachusetts 02211 (the "Lessor") and THE CHESAPEAKE AND OHIO RAILWAY COMPANY, a Virginia corporation, having a principal place of business at 100 North Charles Street, Baltimore, Maryland 21201 (the "Lessee").

In consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee agree as follows:

1. DEFINITIONS. For purposes of this agreement, the following terms shall have the following meanings:

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

(b) "ADDITIONAL RENT" shall have the meaning specified in Section 6 hereof.

(c) "BASIC RENT" with respect to any item of Equipment shall have the meaning specified in the Rental Schedule for such item of Equipment.

(d) "CASUALTY OCCURRENCE" shall have the meaning specified in Section 14 hereof.

(e) "CERTIFICATE OF INSPECTION AND ACCEPTANCE" means the certification contained in the Rental Schedule and Certificate of Inspection and Acceptance, substantially in the form attached hereto as Exhibit A and incorporated herein by reference, to be executed by Lessee, and reflecting the date of Lessee's acceptance of Equipment for lease hereunder of any Equipment delivered to Lessee.

(f) "CLAIMS" shall have the meaning specified in Section 7 hereof.

(g) "CODE" shall mean the Internal Revenue code of 1986, as amended.

(h) "DEFAULT INTEREST RATE" shall have the meaning specified in Section 6 hereof.

(i) "EQUIPMENT" means equipment leased or to be leased by Lessor to Lessee hereunder or ordered by Lessor for lease to Lessee hereunder, together with any and all accessions, additions, improvements and replacements, from time to time incorporated or installed therein which are property of Lessor pursuant to the terms of this Lease.

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

(k) "FAIR RENTAL AMOUNT" shall have the meaning specified in Section 25 hereof.

(l) "FEES AND TAXES" shall have the meaning specified in Section 9 hereof.

(m) "INTERIM RENT" shall commence upon Lessee's execution of the "Rental Schedule and Certificate of Inspection and Acceptance" for each Rental Schedule and shall end upon the commencement of the Primary Term.

(n) "INTERIM TERM" shall commence upon Lessee's execution of the "Rental Schedule and Certificate of Inspection and Acceptance" for each Rental Schedule and shall end upon the commencement of the Primary Term.

(o) "LEASE" means each Rental Schedule which incorporates all the terms and conditions of this Master Equipment Lease Agreement.

(p) "LEASE TERM" for each Rental Schedule shall mean the "Interim Term" (if any), the "Primary Term" including any period of renewal provided herein.

(q) "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.

(r) "LESSEE'S USE" shall have the meaning specified in Section 10 hereof.

(s) "LESSOR'S RIGHTS AND REMEDIES" shall have the meaning specified in Section 21 hereof.

(t) "MANUFACTURER(S)" shall mean the manufacturer(s) and/or remanufacturers listed for each item of Equipment on each Rental Schedule.

(u) "PAYMENT DATES" with respect to an item of Equipment shall have the meaning specified in the Rental Schedule for such item of Equipment.

(v) "PRIMARY TERM" for each Rental Schedule shall commence and shall end on the dates set forth therein.

(w) "RENTAL SCHEDULE" means a schedule to be executed by Lessor and Lessee, substantially in the form attached hereto as Exhibit A and incorporated herein by reference and marked "Rental Schedule and Certificate of Inspection and Acceptance", setting forth a full description of the Equipment to be leased hereunder, its location, 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. Such Rental Schedule shall incorporate by reference the terms of this Master Equipment Lease Agreement.

(x) "RENEWAL TERM" shall have the meaning specified in Section 24 hereof.

(y) "STIPULATED LOSS VALUE" means, for any Equipment or item of Equipment, the Stipulated Loss Value set forth or referred to in the Rental Schedule relating to such Equipment or item of Equipment.

(z) "CARS" shall have the same meaning as Definition (i), "EQUIPMENT".

(aa) "GUARANTOR" shall mean CSX Transportation, Inc., a Virginia corporation, and its successors and assigns.

(bb) "GUARANTY AGREEMENT" shall mean that certain Guaranty Agreement dated as of July 15, 1987 between Lessor and Guarantor, as the same may be amended from time to time.

2. LEASE OF EQUIPMENT.

(a) The Lessor agrees to lease to the Lessee, and the Lessee agrees to lease from the Lessor such Equipment as may be mutually agreed, in the manner and upon such terms and conditions specified in this Master Equipment Lease Agreement. Lessee shall evidence its request to Lessor to lease particular items of Equipment 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 herein from Lessor upon the acceptance, as provided in Section 3, of such Equipment by Lessee. Each Rental Schedule shall constitute a separate Lease.

(b) Lessee agrees that its obligations under this Lease are absolute and unconditional, without right of set-off or recoupment, and shall continue in full force and effect regardless of any inability of Lessee to use the Equipment or any part thereof for any reason whatsoever including, without limitation, war, riot, insurrection, act of God, storms, government regulations, strike, other labor troubles, loss, damage, destruction, obsolescence, failure of the Equipment to properly operate, improper installation or condition, suitability or adaptability of the Equipment for Lessee's cause or purpose, breach of warranty, acts or covenants of the Manufacturer or

vendor, or any other cause. Subject to any early termination provision in or made a part of any Rental Schedule, this Lease is irrevocable by Lessee for the full term hereof and for the aggregate rental herein reserved and the rental shall not abate by reason of termination of Lessee's right of possession.

3. DELIVERY AND ACCEPTANCE OF EQUIPMENT.

(a) Lessor and Lessee understand that the Manufacturer or vendor of the Equipment will deliver the Equipment to the premises of Lessee specified in the Rental Schedule 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 and is marked in accordance with Section 8 hereof, whereupon such Equipment shall be deemed to have been delivered to and accepted by Lessee and shall be subjected thereafter to all terms and conditions of this Master Equipment Lease Agreement and the Rental Schedule applicable thereto.

(b) Lessee agrees that 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 acknowledgment that such Equipment:

(i) is of a size, design, capacity and manufacture acceptable to Lessee for lease hereunder, and;

(ii) otherwise conforms to the requirements hereof and the Rental Schedule and is subject to all of the terms and conditions of this Master Equipment Lease Agreement and the Rental Schedule applicable thereto.

4. DISCLAIMER OF WARRANTIES.

(a) LESSOR MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE EQUIPMENT, OR ANY OTHER REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER OR THAT IT COMPLIES WITH ANY REQUIREMENT OF ANY FEDERAL OR STATE LAW, OR ANY RULE OR REGULATION ISSUED PURSUANT THERETO. EACH ITEM OF EQUIPMENT IS LEASED "AS IS", "WHERE IS" IN THE CONDITION IN WHICH IT IS DELIVERED TO LESSEE. 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 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. ACCEPTANCE OF THIS SECTION 4 BY LESSEE IN NO MANNER RESTRICTS LESSEE'S ABILITY TO

RECOVER HEREUNDER FROM THE MANUFACTURER OR VENDOR OF THE EQUIPMENT. LESSEE ACKNOWLEDGES THAT NEITHER THE VENDOR OF THE EQUIPMENT LEASED HEREUNDER NOR ANY SALESPERSON, EMPLOYEE, REPRESENTATIVE, OR AGENT OF SAID VENDOR IS AN AGENT OR REPRESENTATIVE OF LESSOR AND THAT NONE OF THE ABOVE PERSONS HAS AUTHORITY TO WAIVE OR MODIFY IN ANY WAY ANY TERM, PROVISION, OR CONDITION OF THIS LEASE OR TO MAKE ANY REPRESENTATION, COVENANT, OR WARRANTY WITH RESPECT TO THIS LEASE, OR WITH RESPECT TO ANY EQUIPMENT LEASED HEREUNDER WHICH WOULD IN ANY WAY MODIFY LESSEE'S OBLIGATIONS UNDER THIS MASTER EQUIPMENT LEASE AGREEMENT AND APPLICABLE RENTAL SCHEDULE.

5. LEASE TERM. The Equipment is leased for a Lease Term as defined herein, unless and until the term of this Lease shall expire, be extended or be terminated pursuant to any provision hereof. The Interim Term, if any, and the Primary Term shall commence and expire on the dates set forth in Section 1 herein, and as more particularly set forth in the Rental Schedule applicable to the item of Equipment in question. Lessee may extend the Lease Term of each item of Equipment for the Renewal Term specified in Section 24 hereof. The provisions of Section 10 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.

6. RENT.

(a) This Master Equipment Lease Agreement and each Lease are net Leases and Lessee shall pay the Lessor as fixed rent for the Interim Term and Primary Term, (and in any event until all the Equipment is returned in Good Operating Condition pursuant to the provisions of Section 18) the amount set forth in the Rental Schedule ("Basic Rent") on the dates set forth therein ("Payment Dates").

(b) In addition to the Basic Rent, Lessee also agrees to pay Lessor when due or otherwise on demand all amounts which Lessee is required to pay pursuant to this Lease (including, without limitation, Interim Rent) together with every fine, penalty, interest and cost which may be added for nonpayment or late payment ("Additional Rent"). If any Basic Rent or Additional Rent is not paid when due, Lessee agrees to pay interest on such overdue amount until paid at a rate equal to 200 basis points in addition to the Corporate Base Rate set by the Shawmut Bank of Boston, N.A. at that time, but not exceeding the lawful maximum rate of interest, if any ("Default Interest Rate").

7. LESSEE'S REPRESENTATIONS, COVENANTS AND WARRANTIES. Lessee represents, covenants, and warrants for the benefit of Lessor and if required by Lessor, will provide an opinion of counsel and other supporting documents to the effect that (each representation, covenant and warranty being made as to each of the corporations constituting the Lessee hereunder):

(a) Lessee is a corporation legally incorporated, validly existing, and in good standing, under the laws of its state of incorporation, with full corporate power and authority to enter into this Lease and to pay and perform its obligations hereunder and under this Lease;

(b) 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;

(c) no approval is required by any regulatory body, nor from any parent or affiliate of Lessee (but, if required, has been obtained from a parent or affiliate organization of the Lessee) with respect to the entering into or performance of this Lease;

(d) the leasing of the Equipment hereunder by Lessee will not result in any breach of, or constitute a default under any agreement by which Lessee or its property is bound, or result in the creation of any claims, demands, liens, attachments, encumbrances, actions, causes of action, executions, judgements or expenses (including, without limitation, attorneys' reasonable fees, expenses and disbursements) (collectively, "Claims") 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;

(e) there are no actions, causes of actions, suits or proceedings pending, or to the knowledge of Lessee threatened, in any court or before any regulatory commission, board or other governmental agency or authority against or affecting Lessee, which will have or could have a material effect on the financial condition or business of Lessee; and

(f) there has been no material adverse change to Lessee's financial condition since the date of Lessee's most recent financial statement provided to Lessor by Lessee.

8. IDENTIFICATION MARKS. If requested by Lessor or required by federal, state or local law, Lessor shall furnish to Lessee and Lessee shall 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. 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. Lessee will not allow the name of any persons, association or corporation to be placed on the 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 insignias 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 or normal advertising displays.

9. FEES AND TAXES.

(a) Upon the commencement of this Lease, Lessee agrees to pay promptly when due, and to indemnify and hold Lessor harmless from:

(i) all license, title and registration fees of every type and nature whatsoever;

(ii) all levies, imposts, duties, charges or withholdings of every type and nature whatsoever; and

(iii) all sales, use, personal property, stamp and other taxes of every type and nature whatsoever (together with any penalties, fines or interest thereon, excluding such costs that are attributable to negligent acts of the Lessor)

(as described in the foregoing clauses (i),(ii) and (iii), collectively, "Fees and Taxes"), whether the same are 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, (i) any federal, state or local taxes levied on Lessor's net income, as net income is determined under the Code, (ii) any tax, fees or charges based upon or measured by gross income of

Lessor, capital of Lessor, or in the nature of a franchise tax, (iii) any minimum or alternative minimum type tax, or (iv) any value added type tax.

(b) In the event any such Fees and Taxes are paid by Lessor, or if Lessor is required to collect or pay any thereof, Lessee shall reimburse Lessor therefor (plus any penalties, fines or interest thereon) promptly upon demand. Lessee will file all personal property tax returns with respect to the Equipment, and (unless and until Lessor notifies Lessee in writing that Lessor is required to pay such taxes), Lessee 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. All of the obligations of Lessee under this Section 9 with respect to any Fees and Taxes assessed, levied, imposed or accrued prior to the expiration or other termination of this Lease or Lease Term of all Equipment leased hereunder (or with respect to any period after the end of the Lease Term if an Event of Default shall have occurred and be continuing and Lessor shall be exercising remedies with respect thereto), 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 the Lessor.

10. INDEMNIFICATION BY LESSEE.

(a) The Lessee agrees to indemnify and hold Lessor, its agents, employees, officers, directors, successors, and

assigns, harmless from and, at the Lessee's own expense, shall defend the Lessor, its agents, employees, officers, directors, successors, and assigns from and against any and all liabilities relating to, or resulting from, or in any way arising out of:

(i) Lessor's purchase and acquisition of any Equipment;

(ii) the actual or alleged, acceptance, installation, manufacture, remanufacture, location, possession, maintenance, condition (including without limitation, latent and other defects whether or not discoverable by Lessor), use, operation, control, loss, damage, destruction, removal, transportation, return, storage, surrender, sale or other disposition of any Equipment (collectively, "Lessee's Use");

(iii) any accident or other occurrence in connection with Lessee's Use of any Equipment resulting in or involving damage to property or injury to any person;

(iv) 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 Claims based upon any infringement or alleged infringement of any patent or other right by or in respect of any Equipment; or

(v) strict liability in tort.

(b) If any party entitled to indemnity under this Section 10 (an "Indemnitee") shall have received written notice of

any liability indemnified against under this Section 10, it shall give prompt notice thereof to the Lessee, but the failure to give such notice shall not affect any obligation under this Section 10. If Lessee shall have received written notice of any liability indemnified against under this Section 10, it shall, upon request of Lessor as provided in Section 12(b), give prompt written notice thereof to Lessor and each Indemnitee. In case any action, including any investigatory proceeding, shall be brought against, or commenced with respect to, any Indemnitee in respect of which the Lessee is required to indemnify such Indemnitee pursuant to the provisions of this Section 10, the Lessee shall have the right to assume the defense thereof, including the employment of counsel satisfactory to such Indemnitee and the payment of all expenses. In the event the Lessee assumes the defense of any such action, any Indemnitee shall have the right to employ separate counsel in such action and participate therein, but the fees and expenses of such counsel shall be at the expense of such Indemnitee, unless (i) the employment of such counsel has been specifically authorized by the Lessee, (ii) the named parties to such action (including any impleaded parties) include both such Indemnitee and the Lessee and representation of such Indemnitee and the Lessee by the same counsel would be inappropriate under applicable standards of professional conduct due to actual or potential conflicting interests between them or (iii) the counsel employed by the Lessee and satisfactory to such Indemnitee

has advised such Indemnitee, in writing, that such counsel's representation of such Indemnitee would be likely to involve such counsel in representing differing interests which could adversely affect either the judgment or loyalty of such counsel to such Indemnitee, whether it be a conflicting, inconsistent, diverse or other interest (in which case the Lessee shall not have the right to assume the defense of such action on behalf of such Indemnitee; it being understood, however, that the Lessee shall not, in connection with any one such action, or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys, and of any local counsel retained by said firm, at any one time for each such Indemnitee, which firm shall be designated in writing by such Indemnitee). The Lessee shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the Lessee or if there be a final judgment, beyond further review or appeal, in any such action, the Lessee agrees to indemnify and hold harmless any Indemnitee from and against any loss or liability by reason of such settlement or judgment.

(c) The indemnification by Lessee under this Section 10 shall survive the payment of all other obligations under, and termination of, this Master Equipment Lease Agreement and the Lease Term of all Equipment leased hereunder.

11. USE AND OPERATION OF EQUIPMENT.

(a) Lessee warrants and agrees that each item of Equipment will at all times during which such Equipment is in use in revenue service:

(i) be used and operated under and be in compliance with the laws of the jurisdiction in which the Equipment may be located;

(ii) be in compliance with all laws of the jurisdictions in which operations involving any Car subject to this Lease may extend, with the interchange rules of the American Association of Railroads ("AAR") and the Federal Railroad Association ("FRA") and with all rules of the Interstate Commerce Commission ("ICC") and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over any such Car, to the extent such laws and rules affect the operations or use of such Car; and in the event such laws or rules require the alteration of any such Car, the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not adversely affect the property or rights of the Lessor hereunder.

(iii) be in compliance with all of the terms and conditions of any insurance policies required to be maintained hereunder; and

(iv) be solely used for commercial or business purposes.

(b) Lessee agrees to obtain and maintain in effect all licenses, certificates, permits and other approvals and consents, if any, required by federal, state, county, and municipal laws and regulations in connection with the possession, use, operation and maintenance of the Equipment.

12. IMPROVEMENTS, MAINTENANCE AND REPAIR OF EQUIPMENT.

(a) Lessee will, at its own expense, during all periods during which an item of Equipment is in use in revenue service:

(i) keep, repair, maintain and preserve the Cars in conformity with all applicable laws and regulations, including, without limitation, the AAR Code of Interchange Rules and FRA Railroad Freight Car Safety Standards, 49 CFR Part 215, as amended. Lessee shall be entitled to perform such maintenance and repairs in accordance with its own reasonable business practices and schedules, provided however, that each Car shall be in Good Operating Condition (as defined in Section 18 hereof) upon its return to Lessor pursuant to Section 18 hereof. If repairs or alterations to the Cars not presently contemplated by the parties are required by any governmental or non-governmental agency having jurisdiction over the operation, safe condition, maintenance or use of the Cars, Lessee shall make such repairs or alterations.

(b) Upon written request of Lessor, Lessee shall promptly notify Lessor of any alleged liabilities with respect to the

Equipment or any accident allegedly resulting from the use or operation thereof.

(c) Lessee shall not alter any Equipment or change or replace any equipment thereon or make any addition to any Equipment except in compliance with Section 12(a) and unless such alteration, change, replacement or addition will not diminish the value or utility of such Equipment below the value, utility and condition thereof, immediately prior to such alteration, change, replacement or addition, assuming such Equipment was then in the condition required to be maintained by the terms of this Lease. Any and all additions to any Equipment, and any and all parts installed on and additions and replacements made to any Equipment, shall constitute accessions to such Equipment and, at the cost and expense of Lessee, full ownership thereof free from any lien, charge, security interest or encumbrance shall immediately be vested in Lessor.

13. LESSOR'S REPRESENTATIONS, COVENANTS AND WARRANTIES. Lessor hereby represents, covenants and warrants to Lessee that Lessor has the full right and authority to enter into this Lease on the terms herein stated. Lessor further represents, covenants and warrants that so long as there shall have occurred no Event of Default Lessee shall peaceably and quietly hold, possess and use the Equipment during the term of this Lease as against any interruptions by Lessor or any person claiming solely by, through, or under Lessor.

14. RISK OF LOSS. From the date on which the Equipment is accepted by Lessee for lease hereunder, and until the Equipment has been redelivered to the Lessor and is in its possession as provided herein (but excluding any period of storage by Lessee at the request of Lessor in excess of 30 days), as between Lessor and Lessee (and without waiving or modifying Lessee's rights regarding the Equipment against any third party) the Lessee shall bear all risks of loss, damage, theft or destruction of the Equipment from whatsoever source arising. No such loss, damage, theft or destruction of the Equipment, in whole or in part, shall impair the obligations of Lessee under this Lease, all of which shall continue in full force and effect. Lessee shall notify Lessor promptly in writing of any loss, damage, theft or destruction of any item of Equipment and of the circumstances and extent of such occurrence. In the event of any loss, damage, theft or destruction of the Equipment or any part thereof ("Casualty Occurrence"), the Lessee, at the Lessee's option, shall either (a) replace, restore or repair the Equipment, or (b) pay to the Lessor an amount equal to the Stipulated Loss Value of the Equipment, if any, then applicable, as set forth in the Rental Schedule regarding such Equipment. In each case, the net amount of the recovery, if any, actually received by Lessor from insurance or otherwise for such loss, damage, theft or destruction shall be applied to the cost of effecting such replacement, restoration or repair, or shall reduce the amount otherwise payable by Lessee to

Lessor after compliance with the foregoing to Lessor's satisfaction; provided, however, that so long as Lessee is not in default under this Lease, Lessee shall be subrogated to Lessor's rights with respect to any insurance policies maintained by Lessee or claims for reimbursement by others with respect to such loss, damage, theft or destruction, and in the event that Lessee exercises option (b) above, Lessee shall make said payments to Lessor on the Payment Date next following the date on which Lessee has given Lessor notice of the option elected. Upon receipt of said payments, Lessor will transfer to Lessee, without recourse or warranty, on an "As Is", "Where Is" basis, all of Lessor's right, title and interest, if any, in and to the Equipment with respect to which such loss, damage, theft or destruction occurred, whereupon this Lease with respect to that item of Equipment shall terminate and the rental amount associated with that item of Equipment shall cease. Lessor shall not be obligated to undertake, by litigation or otherwise, the prosecution of any claims against any person for loss, damage, theft or destruction of the Equipment.

15. LESSOR'S RIGHT TO PERFORM. 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 attor-

neys' reasonable fees, expenses, and disbursements) incurred by Lessor in connection with such performance or compliance shall, together with interest thereon at the Default Interest Rate, be payable by Lessee to Lessor on demand. Notwithstanding the foregoing sentence, the Lessor shall not be entitled to exercise any of Lessor's Rights and Remedies in the absence of an Event of Default.

16. ANNUAL REPORTS; INSPECTION OF EQUIPMENT.

(a) On or before April 30 of each year, commencing with April 30 next following the date hereof, Lessee will cause to be furnished to Lessor, if requested, an accurate statement, as of the immediately preceding December 31:

(i) 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 of Equipment as Lessor may request;

(b) Lessor shall have the right at its sole cost and expense during Lessee's normal business hours and subject to Lessee's reasonable operating convenience, by its authorized representatives to inspect the items of Equipment, and Lessee's records with respect thereto including, without limitation, records with respect to receivables, rentals received, and similar matters, during the Lease Term.

(c) At Lessor's request, Lessee shall furnish such financial information concerning Lessee as Lessor may reasonably request.

17. INSURANCE.

At all times during the Lease Term and until the Equipment has been returned to Lessor pursuant to the provisions hereof, Lessee will at its sole cost and expense, (i) insure the risk of physical damage (including, without limitation, theft and collision), in an amount not less than the Lessee's coverage in effect from time to time, which presently provides master property coverage for all property owned, used or intended for use by Lessee and property of others in Lessee's care, custody or control, including all risks of direct physical loss, in an approximate amount of $70,000,000 after a deductible of $5,000,000, and (ii) insure the Equipment against liability for bodily injury, death and third-party property damage (including coverage for Federal Employer's Liability Act) resulting from the use and operation of the Equipment in an amount per occurrence not less than is provided in Lessee's coverage in effect from time to time, which presently provides for an amount not less than $75,000,000 per occurrence after a deductible of $25,000,000. Lessee may in any event self-insure under clauses (i) and (ii) in the amount of any deductible. If any public debt issue of Lessee hereafter is rated Baa or lower, then upon Lessor's request, the coverage policy or policies referred to in clause (ii) will name Lessor as an additional insured if

permitted thereunder. The policies of insurance required under this Section shall be valid and enforceable policies issued by insurers authorized to do an insurance business, where applicable, in the state in which each item of Equipment is located. Upon the execution of this Lease and thereafter not more than thirty (30) days prior to the expiration dates of any expiring policies theretofore furnished under this Section, upon request of Lessor, binders of such policies required by this Section shall be delivered by Lessee to Lessor; provided, however, that Lessor may accept copies of the policies, certificates of insurance or other satisfactory evidence in lieu of original policies. Such policies may be blanket policies covering other equipment not subject to this Lease, provided that any such blanket policy, or certificate of insurance issued with respect thereto, shall insure the Equipment covered thereby to the full extent of the coverages and amounts required hereunder. Notwithstanding the foregoing, all such insurance shall be in amounts and cover such risks customarily insured against by comparable railroad companies and shall in no event provide less coverage than is provided in respect of other similar equipment owned or leased by Lessee.

18. RETURN OF EQUIPMENT.

(a) Upon the expiration or earlier termination (except as provided in Section 14) of the Lease Term of any Equipment, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of the Cars to the Lessor upon such

storage tracks of the Lessee or its Affiliates or at such interchange point as the Lessor may reasonably designate or in the absence of designation by the Lessor, then at no more than three locations as the Lessee may reasonably choose. The condition of the Cars upon such return shall be in Good Operating Condition.

(b) When the Lessee has assembled such Cars as it then proposes to return, at the locations selected by the Lessor or the Lessee as hereinbefore provided, the Lessee shall notify the Lessor in writing of the availability of the Cars at the designated storage locations for inspection to determine whether the Cars are in Good Operating Condition. Such determination shall be evidenced by a joint inspection by Lessee and Lessor (scheduled at the reasonable convenience of Lessee and Lessor) and the execution of an appropriate certificate by Lessee and Lessor (the "JIC") in respect of the items of returned Equipment. Such JIC shall be deemed conclusive regarding the condition of the Equipment covered thereby. The Lessee shall permit the Lessor to store the Cars on such tracks free of charge for a period not exceeding thirty days, said thirty-day period to begin upon Lessee's notification as hereinbefore provided and shall transport the same to a mutually agreed interchange point. The movement and storage of the Cars prior to Lessee's notification and within said thirty-day period shall be at the expense and risk of the Lessee, provided, however, that movement and storage of any Car after such

thirty-day period shall continue to be at the risk of Lessee for any Cars which are not in Good Operating Condition.

(c) Unless otherwise agreed, if no movement instructions are given by the Lessor within such thirty-day period, the movement and storage of any Cars which are in Good Operating Condition after such thirty-day period shall be at the expense and risk of the Lessor and Lessee shall not be responsible for any maintenance or repair to the Cars after such period. If the Lessor instructs the Lessee to store any Cars which are in Good Operating Condition for a period beyond thirty days after the expiration of this Lease with respect to such Car, such additional storage shall be at the expense ($10.00 per Car per day) and risk of the Lessor.

(d) Any Cars which are not in Good Operating Condition after said thirty-day period shall be brought up to Good Operating Condition. When such Cars are in Good Operating Condition, Lessee shall notify Lessor in writing of the availability of such Cars at their designated storage location for inspection by Lessor as aforesaid to determine whether the Cars are in Good Operating Condition. Lessor shall have one week from receipt of such notification to inspect such Cars and provide movement instructions.

(e) Storage charges of $10.00 per Car in Good Operating Condition per day shall be paid by the Lessor to the Lessee for all Cars in Good Operating Condition stored on Lessee's tracks at Lessor's expense or stored due to Lessor not requesting that

movement to an interchange point be commenced prior to the expiration of the thirty-day period. During any storage period provided hereunder the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Car, to inspect the same at their own risk at such reasonable time or times as the Lessee shall agree to.

(f) The assembling, delivery, storage and transporting of the Cars as hereinbefore provided in this Section 18 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 Cars.

(g) "Good Operating Condition" means that the Cars will be (i) operable in conformity with the Interchange Rules, the requirements of any other governmental or non-governmental agency having jurisdiction over the operation, safe condition, maintenance or use of the Cars and the Lessee's specifications for the Cars as provided to the Manufacturer, (ii) acceptable for any interchange use, (iii) legibly marked with those marks reasonably necessary for purposes of identification to meet AAR or other requirements, and (iv) shall be without damage caused by excessive or unbalanced loading, excessive, unusual or avoidable damage caused to such Cars by open flames, vibra-

tions, sledges or similar devices during loading or unloading operations, or damage caused to the Cars resulting from damaged safety appliances.

19. TITLES AND LIENS.

(a) The Lessee agrees that the Equipment is and shall at all times remain the sole and exclusive personal property of the Lessor, and that it has not and by the execution of this Lease it will not have or obtain any right, title or interest, legal or equitable, in or to the Equipment, other than the right to possess and use the Equipment for the term hereof, subject to the Lessee's compliance with all of the terms and conditions of this Lease.

(b) The Lessee will at all times protect and defend, at its own cost, the title of the Lessor from and against all Claims, and shall give to the Lessor immediate notice thereof and indemnify the Lessor from any loss caused thereby, and shall not attempt to purport to sell, assign, transfer, pledge, hypothecate, mortgage or otherwise encumber in any manner the Lessor's interest in this Lease, the Equipment or any interest therein. 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 resulting from claims against Lessor not related to the ownership of the Equipment) upon or with respect to any Equipment, including any accession thereto, or the interest of Lessor or Lessee therein, and will promptly

discharge any such lien, claim, security interest or encumbrance which arises.

20. EVENTS OF DEFAULT; REMEDIES. If, during the Lease Term, one or more of the following events ("Events of Default") shall occur:

(a) Default shall be made in the payment of the Interim Rent or Basic Rent hereunder and any such default shall continue for more than seven (7) days after notice thereof to Lessee;

(b) Default shall be made in the payment of any other obligation provided for in this Lease, and any such other default shall continue for more than ten (10) days after notice thereof to Lessee; or

(c) Lessee shall default in the observance and/or performance of any 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 date of notice from Lessor to Lessee specifying the default and demanding the same to be remedied; or

(d) Any representation or warranty made by Lessee or Guarantor (and upon which Lessor relied to its detriment) herein or in the Guaranty Agreement or in any financial report, document or certificate furnished to Lessor in connection herewith or therewith or pursuant hereto or thereto shall at any time prove to be incorrect when made in any material respect or to have

contained an omission of any material fact necessary to make the statements contained therein not misleading; or

(e) Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of the 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; or

(f) Lessee or Guarantor shall make an assignment for the benefit of or enter into a composition with its creditors, or cease being in substantially the same line or lines of business in which it 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 a receiver shall be appointed for it or for a substantial part of its property without its consent and such appointment shall not be dismissed for a period of sixty (60) days, or its commencement of a voluntary case under Title 11 of the United States Code, as from time to time in effect, by the commencement against it seeking relief as a debtor under any applicable law, other than said Title 11, of any jurisdiction relating to the liquidation or reorganization of debtors or the modification of the rights of creditors, by the entry of a court order finding it to be bankrupt or insolvent, ordering its liquidation or reorganization or assuming custody or appointing a receiver or other custodian of its property; or

(g) a writ of attachment or execution is levied on any of the Equipment and not released or satisfied within five (5) business days thereafter; or

(h) Lessee or Guarantor shall be in default or an event of default shall occur under any promissory note, agreement (including, without limitation, the Guaranty Agreement) or other liability or obligation of the Lessee or Guarantor to Lessor for borrowed money, however evidenced;

then in any such case, the Lessee shall be in default under this Lease and the Lessor may in its sole discretion at any time, without notice or demand, take any one or more of the following actions:

(1) immediately terminate the Lessee's rights hereunder and require the Lessee, at its expense, promptly to return all or any portion of the Equipment to the possession of the Lessor at such place within the United States as the Lessor may designate, or without demand or legal process, acting directly or through its agents, enter upon the premises of the Lessee or other premises where the Equipment may be located and take possession of the Equipment and thereupon the Lessee's right to possession thereof shall absolutely cease and terminate; or

(2) by notice to the Lessee declare immediately due and payable the present value of all unpaid rentals and other amounts payable by the Lessee hereunder at a discount rate equal to the Corporate Base Rate in effect at the time at the Shawmut Bank, N.A. including the aggregate unpaid rentals

specified herein, and thereupon such unpaid rentals and other amounts shall become so due and payable; or

(3) sell all or any portion of the Equipment at public or private sale (giving the Lessee at least ten (10) days' prior notice of the time and place of any such public sale, or the time after which a private sale may be made, which notice the Lessee hereby agrees is reasonable); or

(4) proceed by appropriate court action or actions, either at law or in equity, to enforce Lessor's rights hereunder, including the right to enforce performance by the Lessee of the applicable representations, covenants, warranties, agreements and provisions hereof or to recover damages, or in aid of the exercise of any power, right or remedy granted herein.

21. ADDITIONAL REMEDIES. If an Event of Default shall occur, the Lessor may in its sole discretion, and in addition to any other remedies, at any time, without notice or demand, take any one or more of the following actions:

(a) With respect to the Equipment returned to Lessor, or repossessed by Lessor pursuant exclusively to subsection 20(i)(1), 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 the same at a private or public, cash or credit sale, or re-lease the 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 the Stipulated Loss Value of such Equipment less proceeds received or receivable by Lessor as a result of such sale or re-leasing (in the case of a re-lease, the proceeds shall be computed as the present value of the rents receivable discounted at the Corporate Base Rate in effect at the time at the Shawmut Bank, N.A.). It is agreed that the liquidated damages set forth herein constitute the actual presumed loss to the Lessor from such termination of the Lease Term.

(b) Whether or not any Equipment is repossessed by Lessor, as aforesaid, Lessee shall also be liable for, and Lessor may forthwith recover from Lessee, all unpaid rent and other sums that accrued prior to the date of Lessee's default.

(c) TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE LESSEE HEREBY WAIVES ANY RIGHT TO PRIOR NOTICE (EXCEPT TO THE EXTENT EXPRESSLY PROVIDED IN THIS LEASE) OR JUDICIAL HEARING IN CONNECTION WITH THE LESSOR'S TAKING POSSESSION OR THE LESSOR'S DISPOSITION OF ANY OF THE EQUIPMENT, INCLUDING, WITHOUT LIMITATION, ANY AND ALL PRIOR NOTICE AND HEARING FOR ANY PREJUDGMENT REMEDY OR REMEDIES AND ANY SUCH RIGHT WHICH THE LESSEE WOULD OTHERWISE HAVE UNDER THE CONSTITUTION OR ANY STATUTE OF THE UNITED STATES OR ANY STATE OR OTHER JURISDICTION THEREOF. The Lessee expressly waives any damages occasioned by such taking of possession and agrees to pay all costs and expenses incurred

by the Lessor in exercising any of its rights or remedies hereunder or in enforcing the provisions hereof.

(d) In addition to the foregoing, Lessor may also recover from Lessee all reasonable costs and reasonable expenses, including, without limitation, attorneys' reasonable fees, expenses, and disbursements and fees of collection agencies, incurred by Lessor in exercising any of its rights or remedies hereunder.

(e) In the event that any court of competent jurisdiction determines that any provision of Sections 20 or 21 are 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.

(f) The rights, remedies, powers, privileges, and discretions of the Lessor under Sections 20 and 21 hereof (collectively, "Lessor's Rights and Remedies") shall be cumulative and not exclusive of any rights or remedies which it would otherwise have at law or in equity, and no delays or omissions by the Lessor in exercising or enforcing any of the Lessor's Rights or Remedies shall operate as or constitute a waiver thereof. No waiver by the Lessor of any default hereunder or under any other agreement shall operate as a waiver of any other default hereunder or under any other agreement. No single or partial exercise of the Lessor's Rights and Remedies, and no other agreement or transaction, of whatever nature

entered into between the Lessor and the Lessee at any time, whether before, during, or after the date hereof, shall preclude the other or further exercise of the Lessor's Rights and Remedies. No waiver or modification on the Lessor's part on any one occasion shall be deemed a waiver on any subsequent occasion, nor shall it be deemed a continuing waiver. All of the Lessor's Rights and Remedies under this Master Equipment Lease Agreement or the Lease or any other agreement or transaction shall be cumulative, and not alternative or exclusive, and may be exercised by the Lessor at such time or times and in such order of preference as the Lessor in its sole discretion may determine.

22. ASSIGNMENT AND SUBLETTING. Lessee shall not assign, transfer or sublease any of its rights, obligations or interests in or to this Lease or any of the Equipment without the prior written consent of the Lessor, and any such purported assignment,transfer or sublease shall be void. However, notwithstanding the foregoing, the Lessee may without prior notice to Lessor, renumber or reletter the Equipment, so long as the relettering is to a rail affiliate of Lessee, or sublet any of the Equipment. No such renumbering or relettering or sublease shall relieve Lessee of any of its obligations hereunder. The Lessor may at any time, without notice to or consent of the Lessee, assign for security or otherwise all or any portion of its right, title and interest in, under and to this Lease, any of the rentals and other sums at any time due or to become due

or at any time payable by the Lessee under any of the provisions of this Lease, and in and to the Equipment covered thereby. After notice of such assignment has been given by the Lessor to the Lessee, all sums payable by the Lessee hereunder, including, without limitation, all rentals specified herein and all additional rentals and other amounts payable by the Lessee hereunder, shall be paid by the Lessee to such assignee. No such assignee shall be obligated to perform any duty, covenant or condition required to be observed or performed by the Lessor and the Lessee agrees that the Lessee will not assert against any such assignee any claims by way of abatement, defense, set-off, counterclaim, re-coupment or otherwise which the Lessee may have by reason of any default by the Lessor under this Lease or any other agreement. Subject to the foregoing provisions, whenever the term "Lessor" is used herein, said term shall after such assignment or any further assignment mean and include any assignee or subsequent assignee then holding any rights of the Lessor hereunder and such assignee or subsequent assignee shall take such assignment subject to the Lessee's rights under Section 13 hereof. 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 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, if requested by Lessor or such assignee in accordance with the laws of the

appropriate jurisdiction, Lessee shall provide Lessor with an acknowledgement of the assignment.

23. TAX INDEMNITY.

(a) Lessee acknowledges that the Basic Rent provided for herein is computed on the assumption that the Lessor (or any assignee of Lessor) shall be entitled to claim, for Federal and State income tax purposes, accelerated cost recovery deductions with respect to the Equipment on the basis that the Equipment constitutes 7-year recovery property under Section 168 of the Code ("ACRS Deductions). If, because of Lessee's act or failure to act (or the act or failure to act of any sublessee, assignee, transferee or affiliate of Lessee), whether or not permitted or required by this Lease, or its breach or the incorrectness of a representation, warranty or agreement in paragraph (b) of this Section 23, or if because there is a sale or disposition of the Equipment or the interest of Lessor therein after the occurrence of an Event of Default under this Lease, Lessor shall fail to claim, after receiving an opinion from its counsel to the effect that there does not exist substantial authority in favor of making such claim, or shall lose the right to claim, or shall suffer a disallowance of, or shall be required to recapture or defer all or any portion of the ACRS Deductions (any event described above hereinafter being referred to as a "Loss"), then Lessor shall notify Lessee in writing of such Loss, and Lessor shall notify Lessee in writing of such Loss, and Lessee shall promptly indemnify and hold

harmless Lessor (or any assignee of Lessor) from the Loss suffered, computed on the basis of the increased tax liability (including interest and penalties not caused by Lessor's negligence) resulting, or which will result, from such Loss assuming that Lessor (or any assignee) is in the highest marginal Federal and State tax bracket in effect at the time. Any such indemnity shall be increased by an amount necessary to compensate Lessor (or any assignee of Lessor) for any increased tax liability caused by its receipt of the indemnity in question. Lessee shall be liable to indemnify Lessor against any such Loss only if (i) Lessor gives Lessee notice of such proposed Loss; (ii) Lessor (or any assignee of Lessor) permits Lessee, at its expense, to defend Lessor (or any assignee of Lessor) against any such proposed Loss in administrative or judicial proceedings (including suits for refund of taxes erroneously assessed); and (iii) Lessor (or any assignee of Lessor) cooperates fully with Lessee in any such defense. In the event of a successful suit for the refund of tax for which Lessee has indemnified Lessor (or any assignee of Lessor) pursuant to this Section, such indemnified party shall immediately pay over to Lessee the amount paid by Lessee to such indemnified party by way of such indemnity, plus (i) any interest received in respect of the refund.

(b) Lessee represents and warrants that (i) neither Lessee nor any of any of its affiliates, employees or agents or any

other person acting on its behalf will claim that it is owner of the Equipment, nor file any returns or documents inconsistent with the receipt by Lessor of the tax benefits described in paragraph (a) of this Section and (ii) Lessee will not assign, sublease or otherwise transfer the Lease or the Equipment to a "tax-exempt entity" within the meaning of Section 168(h)(2) of the Code.

24. OPTION TO RENEW.

(a) Upon the expiration of the Primary 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 the 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 of lapse of time, or both, would constitute an Event of Default, has occurred and the remains unremedied to Lessor's satisfaction, Lessee shall have the option, exercisable on at least one hundred and eighty (180) days' prior notice to Lessor to renew the Lease Term with respect to all, but no 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, either:

(i) on a month-to-month renewal basis at the same rate, terms and conditions as described herein, or;

(ii) for a term of less than one (1) year on terms and conditions to be negotiated in conformance with subsections (b), (c) and (d) herein; or

(iii) up to three (3) successive additional terms (each of which being herein called a "Renewal Term") for 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").

(b) If, on or before a date sixty (60) days prior to the expiration of the Primary Term or any Renewal Term with respect to each Rental Schedule for which notice of Renewal has been given, Lessor and Lessee are unable to agree upon a determination of the Fair Rental Rate for the Equipment, Lessee shall have no obligation to renew this Lease. However, if Lessee wishes to proceed with its option, Lessee shall give notice to Lessor to the effect and the Equipment shall be leased during the Renewal Term at the Fair Rental Rate determined in accordance with the procedure for appraisal below provided that the total term of the Lease, including the Renewal Term, shall not exceed seventy five percent (75%) of the useful life of the item or items of Equipment in question.

(c) Appraisal shall mean a procedure whereby two recognized independent equipment appraisers, one chosen by the Lessee and one by the Lessor shall mutually agree upon the

amount in question. Lessor or Lessee, as the case may be, shall deliver a notice to the other party appointing its appraiser within fifteen (15) business days after receipt from the other party of a notice appointing that party's appraiser. If within fifteen (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 (5) days there after by the mutual agreement of such first two appraisers, or if such first two appraiser fail to agree upon the appointment of a third appraiser, such appointment shall be made by an authorized representative of the American Arbitration Association in Boston, Massachusetts, and the appraisal of the third appraiser so appointed and chosen shall be given within a period of ten (10) days after the selection of such third appraiser shall be binding and conclusive on Lessor and Lessee. Lessor and Lessee shall pay the fees 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.

(d) After a determination of the Fair Rental Rate of the Equipment has been made in accordance with the procedure described above, Lessee's exercise of its option shall be effective upon the expiration of the Primary Term of the Rental Schedule in question.

25. OPTION TO PURCHASE.

(a) Upon the expiration of the Primary 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 the request of Lessor, as required under the provisions of this Master Equipment Lease Agreement, and provided that no Event of Default, and no event which with the giving of notice or lapse of time, or both, would constitute an Event of Default, has occurred and then remains unremedied to Lessor's satisfaction, Lessee shall have the option, excercisable on at least one hundred and eighty (180) days prior notice to Lessor to purchase the Equipment with respect to all, but no 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, at the then fair market value.

(b) If, on or before a date sixty (60) days prior to the expiration of the Primary Term or any Renewal Term with respect to each Rental Schedule, Lessor and Lessee are unable to agree upon a determination of the fair market value for the Equipment, Lessee shall have no obligation to purchase the Equipment. However, if Lessee wishes to exercise its option at fair market value it shall so notify Lessor in writing, and such value shall be determined in accordance with the procedure for

appraisal of the Fair Rental Rate as set forth in Section 24 hereto.

(c) After a determination of the fair market value of the Equipment has been made in accordance with the procedures described above, Lessee shall purchase the Equipment by payment to Lessor of the fair market value in cash upon the expiration of the Lease Term of the applicable Rental Schedule. Upon payment by Lessee to Lessor of the fair market value, in cash or wire transfer, Lessor shall deliver to Lessee title to the Equipment evidenced by a valid bill of sale conveying title from Lessor to Lessee.

26. RECORDING AND FILING. Lessee shall, at its expense, establish and make all recording, registrations and filings of this Lease (or a memorandum thereof if permitted under applicable law) and any mortgage, security interest, waiver, license, permit or certificate incident thereto, required by law or deemed reasonably necessary by Lessor to protect its interests in the Equipment and this Lease, and shall furnish Lessor with satisfactory evidence of each recording, registration and filing.

27. FURTHER ASSURANCES. The Lessee shall execute and deliver to the Lessor, upon the Lessor's request, such documents, papers, instruments and assurances that the Lessor deems necessary or desirable for the confirmation of the Lessor's rights hereunder. In furtherance thereof, the Lessee agrees to take whatever action may be necessary to enable the Lessor or

any assignee of the Lessor to file, register or record, and re-file, re-register and re-record, this Lease and any financing statements or other documents requested by the Lessor or any assignee of the Lessor pursuant to the regulations of the Interstate Commerce Commission, the Uniform Commercial Code or otherwise. The Lessee authorizes the Lessor to effect any such filing (including, where permitted by applicable law, the filing of any financing statements without the signature of the Lessee) and the Lessor's expenses with respect thereto shall be payable by the Lessee on demand except expenses of assignment. NO SUCH FILING SHALL BE CONSTRUED AS AN INDICATION THAT THIS LEASE IS A LEASE INTENDED AS SECURITY.

28. MISCELLANEOUS.

28.1 Late Charges on Overdue Payments. Any nonpayment of Rent or Additional Rent or other amounts due hereunder shall result after a period of ten (10) days in the obligation on the part of Lessee promptly to pay also an amount equal to the Default Interest Rate of the overdue Rent or Additional Rent or other amounts for the period of time which they are overdue.

28.2 Notices; Etc. All notices, requests, demands, consents, acknowledgements and other communications required or permitted to be given by either party hereto to the other shall be in writing and shall be sent by registered or certified mail, return receipt requested, postage prepaid, or by receipted hand delivery:

(a) If to the Lessor to

Equipment Finance and Leasing
Shawmut Bank, N.A.
1 Federal Street
Boston, Massachusetts 02110;

(b) If to the Lessee to

CSX Equipment, a unit of CSX Transportation, Inc.
Attn: Treasury Department - Equipment S/C B7J
100 North Charles Street
Baltimore, Maryland 21201

or to such other person at such address as the Lessor shall designate to Lessee in writing; or to such other person at such address as the Lessor shall designate to Lessee in writing.

Any such notice or other communication shall be deemed received upon the earlier of receipt or written confirmation of receipt.

28.3 Entire Agreement; Amendments; Waivers. This Master Equipment Lease Agreement, including any Schedule and Exhibit hereto, sets forth the entire agreement between the parties with respect to the Equipment and the other subject matter of the Master Equipment Lease Agreement and supersedes any prior agreement relating thereto. Neither this Master Equipment Lease Agreement nor any provision hereof nor any Schedule or Exhibit hereto may be amended, modified, waived or discharged orally, but only by an instrument in writing signed by an officer of the party against which such amendment, modification, waiver or discharge is sought to be enforced; provided, however, that the Lessee authorizes the Lessor to insert herein

the Manufacturer's serial numbers and any other information more specifically identifying the Equipment. Any failure by the Lessor to require strict performance by the Lessee of any terms, covenants or agreements herein shall not be construed as a consent or waiver of any other breach of the same or any other term, covenant or agreement herein. Any amendment, modification, waiver or discharge to any Schedule or Exhibit hereto shall be deemed to be an amendment, modification, waiver or discharge here.

28.4 Countersignature. This Master Equipment Lease Agreement and any Lease is not binding upon Lessor until a copy executed by the Lessee is received at the main office of the Lessor and is countersigned by a properly designated officer of the Lessor.

28.5 Governing Law. Lessor and Lessee agree that this Master Equipment Lease Agreement and any Lease shall be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts (without giving effect to conflicts of law provisions). The Lessee hereby irrevocably consents to the non-exclusive jurisdiction of the United States District Court for the District of Massachusetts and any court of The Commonwealth of Massachusetts which sits in the City of Boston over any action, suit or proceeding arising hereunder. The Lessee further waives any personal service of any and all process upon it and consents that all such service of process may

be made by certified mail, return receipt requested, addressed to the Lessee at the address referred to in subsection 28.2 and service so made shall be complete when received by Lessee at such address.

28.6 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 a 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.

28.7 Severability; Survival of Obligations; Successors and Assigns, Etc. If any provision of this Master Equipment Lease Agreement or any Lease conflicts with any statue or rule of law in any jurisdiction wherein it may be sought to be enforced, then said provision shall be deemed null and void to such extent, but the invalidity or unenforceability of any such provision shall not effect the validity or enforceability of any other term or provisions hereof or thereof. All obligations of the Lessee hereunder shall continue until full performance has been rendered and shall not be released by any cancellation or termination hereof by the Lessor, but no obligation of the Lessor hereunder shall survive the term or earlier termination of this Master Lease Agreement or any Lease. This Master Equipment Lease Agreement and such Lease shall be binding upon the parties hereto and thereto, their heirs, legal representa-

tives, successors and permitted assigns. Except as set forth herein, no Lessee shall have any right to subrogation, reimbursement or indemnity whatsoever and no right of recourse to any collateral for the obligations of the Lessee hereunder unless and until all of said obligations have been paid or performed in full. Should the Lessor permit the use of the Equipment beyond the term specified herein, the obligation of the Lessee to pay the rental specified and additional rentals and to perform the other obligations of the Lessee under this Master Equipment Lease Agreement or such Lease shall continue but such permissive use shall not be construed as a renewal of the term hereof nor a waiver of any right or continuation of any obligation of the Lessor, and the Lessor may take possession of the Equipment at any time upon demand after thirty (30) days' notice, and the Lessee hereby expressly waives any right to prior notice and hearing with respect to any prejudgement remedy. Time is of the essence of this Master Equipment Lease Agreement in each and all of its provisions. Neither the Lessor nor the Lessee makes any representation, express or implied, concerning the legal character of the transaction evidenced hereby or as to the treatment thereof available to the Lessee for financial reporting or tax purposes. This Master Equipment Lease Agreement is not binding on the Lessor until accepted in writing by the Lessor at its principal place of business.

28.8 Headings. The headings of the Sections and subsections of this Master Equipment Lease Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of either such document.

28.9 Counterparts. This Master Equipment Lease Agreement may be executed in several identical counterparts, each of which when executed by the parties hereto and delivered shall be an original, but all of which together shall constitute a single instrument. In making proof of this Lease, it shall not be necessary to produce or account for more than one such counterpart. Lessor and Lessee agree that to the extent that this Lease constitutes chattel paper under the Uniform Commercial Code, no security interest in this Lease may be created through the transfer or possession of any counterpart of this Lease other than only through transfer and possession of that counterpart of the Rental Schedule to this Lease marked "Lessor's Original."

28.10 Other Provisions. See Attachment I which is incorporated herein by reference.

The undersigned agree to all the terms and conditions set forth above and In Witness Whereof have executed this Master Equipment Lease Agreement. The term "Lessee" as used herein shall mean and include any and all Lessees who sign hereunder, each of whom shall be jointly and severally bound hereby. This

Master Equipment Lease Agreement is executed under and pursuant to due authorization.

THE LESSEE ACKNOWLEDGES RECEIVING AND
HAVING READ A COPY OF THIS MASTER
EQUIPMENT LEASE AGREEMENT

THE CHESAPEAKE AND OHIO
RAILWAY COMPANY

Witness

By: _____

An authorized person

LESSOR:

SHAWMUT BANK, N.A.

Witness

By: _____

Title: VP

STATE OF MARYLAND)
) ss.:
CITY OF BALTIMORE)

On this 30th day of July, 1987 before me appeared C.C. Tatham, Jr., to me personally known, who, being by me duly sworn (or affirmed), did say that he resides at Baltimore, MD, that he is the AVP-Box Cars of CSX Equipment, a unit of CSX Transportation, Inc. which is, in turn, an affiliate of The Chesapeake and Ohio Railway Company (The Chesapeake and Ohio Railway Company being a corporation organized under the laws of Virginia and the corporation described in and which executed the above instrument), that he executed such instrument on behalf of The Chesapeake and Ohio Railway Company by authority of the board of directors of The Chesapeake and Ohio Railway Company and that he acknowledges the execution of the said instrument as the free act and deed of The Chesapeake and Ohio Railway Company and that the statements contained therein are true and correct in all respects.

(SEAL)

Glenda J. Green
Notary Public

My commission expires on: JUL 1 1990

COMMONWEALTH OF MASSACHUSETTS)
) ss.:
COUNTY OF SUFFOLK)

On this 31st day of July, 1987 before me appeared Kenneth C.A. Issacs, to me personally known, who, being by me duly sworn (or affirmed), did say that he resides at 1150 North Street, Walpole, Massachusetts, that he is a Vice President of Shawmut Bank, N.A., a national association, the association described in and which executed the above instrument, that he executed such instrument on behalf of said association by authority of its board of directors and that he acknowledges the execution of the said instrument as the free act and deed of said association and that the statements contained therein are true and correct in all respects.

(SEAL)

Heidi Lee Beckley
Notary Public

My commission expires on:

HEIDI LEE BECKLEY, Notary Public
My Commission Expires Dec. 22, 1989

ATTACHMENT I

18.10A. Early Termination.

1. General. The Lessee shall have the right to terminate this Lease with respect to all (but not less than all) of the Equipment then subject to any Rental Schedule under this Master Equipment Lease on any Payment Date occurring on or after June 30, 1993 (the "Early Termination Date"); provided that (i) the Lessee shall have given the Lessor written notice (the "Termination Notice") of its exercise of such right at least 120 days before the Early Termination Date; (ii) no Event of Default, and no event which with the giving of notice or lapse of time, or both, would constitute an Event of Default, has occurred and is continuing on the Early Termination Date; (iii) no Casualty Occurrence shall have occurred with respect to the Equipment (other than one in respect of which the Lessee elected the repair or replacement option and satisfied its obligations under Section 14); and (iv) Lessee pays to Lessor on the Termination Date the applicable Termination Value.

The Termination Notice shall specify the Early Termination Date and whether the termination is to be effected based upon a re-letting (the "Re-Let Option") or sale (the "Sale Option") of the Equipment. The period of time from the date of the Termination Notice to the Early Termination Date shall be called the "Notice Period."

2. Qualified Offer to Re-Let. If the Lessee chooses the Re-Let Option, during the Notice Period, Lessee shall use its best efforts to solicit bona fide firm, written offers from persons who are not affiliates of Lessee for the re-letting of not less than all of the Equipment then subject to such Rental Schedule for a term expiring no later than the normal termination date of such Rental Schedule. An offer for such re-letting which meets the requirements set forth below shall be deemed to be a qualified offer to re-let (a "Qualified Offer to Re-Let"):

(a) Lessor and Lessee, in the exercise of their respective reasonable discretion, shall have approved, in writing, the proposed offeror and the terms of the offer; and

(b) Lessor and such proposed offeror shall have executed and delivered all documentation reasonably required by Lessor for such re-letting, including, without limitation, a lease in substantially the form of this Lease, other than the term thereof and rental payments to be made thereunder.

3. Lessee's Re-Let Termination Value. If the Lessee chooses the Re-Let Option, Lessee shall pay directly to Lessor on the Early Termination Date an amount (the "Re-Let Termination Value") equal to the total Acquisition Cost of the Equipment multiplied by the respective applicable percentage set forth next to the Payment Date corresponding to such Early Termination Date in the Exhibit to such Rental Schedule.

4. Lessor's Payment on Re-Let Option. If the Lessee chooses the Re-Let Option, Lessor hereby agrees to pay directly to Lessee an amount ("Lessor's Re-Let Payment") on the Early Termination Date determined in the following manner:

(a) The amount of the Qualified Offer to Re-Let shall be calculated by determining the present value of the unpaid monthly rental payments, or their equivalent, as the case may be, payable under the Qualified Offer to Re-Let, as of the dates such payments would have been due and payable, from the commencement of the Lease Term (not including any extensions or renewals thereof), discounted at a rate equal to the rate obtainable by Lessor from any Person reasonably acceptable to Lessor which is willing to actually finance the lease to be obtained in connection with the Qualified Offer to Re-Let, less Lessor's reasonable out-of-pocket expenses, if any, in connection with the re-letting.

(b) If the amount of the Qualified Offer to Re-Let is equal to or greater than the Re-Let Termination Value, then Lessor's Re-Let Payment shall be in the amount of the Re-Let Termination Value.

(c) If the amount of the Qualified Offer to Relet is less than the Re-Let Termination Value, then Lessor's Re-Let Payment shall be in an amount equal to the amount of the Qualified Offer to Re-Let.

(d) If there is no Qualified Offer to Re-Let, then Lessor's Re-Let Payment shall be zero.

5. Termination by Sale. If Lessee chooses the Sale Option, during the Notice Period, Lessee shall use its best efforts to solicit bona fide firm, written offers from Persons who are not affiliates of Lessee for the purchase of not less than all of the Equipment then subject to such Rental Schedule.

6. Lessee's Sale Termination Value. If Lessee chooses the Sale Option, Lessee shall pay directly to Lessor on the Early Termination Date an amount (the "Sale Termination Value") equal to the total Acquisition Cost of the Equipment multiplied by the respective applicable percentage set forth next to the

Payment Date corresponding to such Early Termination Date in the Exhibit to such Rental Schedule.

7. Lessor's Payment on Sale Option. If Lessee chooses the Sale Option, Lessor hereby agrees to pay directly to Lessee on the Early Termination Date an amount ("Lessor's Sale Payment") equal to the net proceeds received from the sale of the Equipment up to the amount of the Sale Termination Value. In no event will the Lessee be entitled to payments in excess of the Sale Termination Value. If there is no successful sale of the Equipment, then the Lessor's Sale Payment shall be zero.

8. Further Obligations of Lessee. Upon payment of Lessee's applicable Termination Value (together with all Basic Rent which is due but unpaid on such Early Termination Date and all other Additional Rent that is due but unpaid on the Termination Date): Lessee shall be released and discharged from all of Lessee's other obligations with respect to the Equipment which shall be required to be performed by Lessee on or after the Early Termination Date, but not released and discharged with respect to obligations and liabilities of Lessee under this Lease, actual or contingent, which have arisen prior to the Early Termination Date or which survive termination of the Lease.

9. Notice Revocation. Any Termination Notice given by Lessee pursuant to Paragraph 1 of this Section 28.10A is revocable only if made in writing and delivered to Lessor at least thirty (30) days prior to the Early Termination Date. Lessee shall promptly reimburse Lessor for all actual costs and expenses of Lessor made in connection with the attempted re-letting or sale of the Equipment subsequent to the date of the Notice of Termination which is being revoked hereunder.

10. Lessor's Sole Responsibility. It is the understanding of the parties that the obligations set forth herein to be performed by Lessor are the sole responsibility of Lessor, and any secured party of Lessor, if any, shall have no affirmative obligations hereunder.

11. Miscellaneous. In no event shall the Lessee or any member of the Lessee Group, as defined in Revenue Procedure 75-21, be the purchaser or new lessee of any Equipment under this Section 28.10A. Notwithstanding anything contained in this Section 28.10A to the contrary, Lessor shall not have any obligation to sell or re-let any of the Equipment to any person presented by Lessee under the Re-Let Option or the Sale Option pursuant to this Section 28.10A if Lessor shall pay to Lessee an amount equal to the lesser of (i) the Qualified Offer to Re-Let (computed without including any out-of-pocket expenses of Lessor) or the amount of the highest offer to purchase the

Equipment presented by Lessee under the Sale Option, as the case may be and (ii) the applicable Re-Let Termination Value or Sale Termination Value, as the case may be. Under such circumstances, the provisions of Paragraph 8 of this Section 28.10A shall apply.

EXHIBIT A

RENTAL SCHEDULE NO. A-_____
AND
CERTIFICATE OF INSPECTION AND ACCEPTANCE

RENTAL SCHEDULE A-_____ and CERTIFICATE OF INSPECTION AND ACCEPTANCE to Master Equipment Lease No. 1 dated as of July 15, 1987 (the "Lease") by and between the undersigned, all of the terms and conditions of which are hereby incorporated herein by reference. Lessee hereby (a) authorizes Lessor to purchase for lease to Lessee the equipment described herein (the "Equipment") and to insert hereon the Lease Commencement Date 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.

EQUIPMENT DESCRIPTION:

Item No.	Serial No.	Unit No.	Year	Make	Model	Acquisition Cost

See Exhibit I attached hereto and incorporated herein by reference.

STIPULATED LOSS VALUES: As to the first 10% of cumulative Total Acquisition Cost of Equipment subject to this Rental Schedule suffering a Casualty Occurrence, apply Exhibit IIA attached hereto and incorporated herein by reference; as to remaining cumulative Total Acquisition Cost of Equipment subject to this Rental Schedule suffering a Casualty Occurrence, apply Exhibit IIB attached hereto and incorporated herein by reference.

TERMINATION VALUES: See Exhibit III attached hereto and incorporated herein by reference.

TOTAL ACQUISITION COST: $

EQUIPMENT LOCATED AT: See Exhibit I.

LEASE TERM: Interim Term:
Commencement Date:
Expiration Date:

Primary Term:
Commencement Date:
Expiration Date:

LEASE COMMENCEMENT DATE:

PAYMENT DATES: The Interim Term rent payment is due and payable _____. The remaining rentals commence _____ and continue semi-annually in arrears through and including

BASIC RENT:

Basic Rent Per Day:	$_____	(See Note 1)
Basic Rent Per Period for the first ten (10) Basic Rent Payment Dates:	$_____	(See Note 2)
Basic Rent Per Period for the last ten (10) Basic Rent Payment Dates:	$_____	(See Note 2)

NOTE 1: Basic Rent Per Day is applicable during the Interim Term and is payable on _____.

NOTE 2: Basic Rent Per Period and Basic Rent Per Day is computed by multiplying the Acquisition Cost as set forth above by:

Periodic Lease Rate Factor (for the first 10 payments of Basic Rent):	___%
Periodic Lease Rate Factor (for the last 10 payments of Basic Rent):	___%
Per Diem Lease Rate Factor:	___%

The undersigned, being duly authorized representatives of the Lessor and the Lessee hereby CERTIFY that the units of Equipment described above have been duly delivered to Lessee in good order and duly inspected and accepted by the Lessee as of the Lease Commencement Date reflected above on behalf of the Lessee as conforming in all respects with the requirements and provisions of the Lease.

LESSOR:

SHAWMUT BANK, N.A.

By_____

Title_____

LESSEE:

THE CHESAPEAKE AND OHIO RAILWAY COMPANY

By_____

An authorized person

Date of Acceptance (Lease Commencement Date):_____

STATE OF MARYLAND)
) ss.:
CITY OF BALTIMORE)

On this _____ day of _____, 1987 before me appeared _____, to me personally known, who, being by me duly sworn (or affirmed), did say that he resides at _____, that he is the _____ _____ of CSX Equipment, a unit of CSX Transportation, Inc. which is, in turn, an affiliate of The Chesapeake and Ohio Railway Company (The Chesapeake and Ohio Railway Company being a corporation organized under the laws of Virginia and the corporation described in and which executed the above instrument), that he executed such instrument on behalf of The Chesapeake and Ohio Railway Company by authority of the board of directors of The Chesapeake and Ohio Railway Company and that he acknowledges the execution of the said instrument as the free act and deed of The Chesapeake and Ohio Railway Company and that the statements contained therein are true and correct in all respects.

(SEAL)

_____
Notary Public

My commission expires on:

COMMONWEALTH OF MASSACHUSETTS)
) ss.:
COUNTY OF SUFFOLK)

On this _____ day of _____, 1987 before me appeared Kenneth C.A. Issacs, to me personally known, who, being by me duly sworn (or affirmed), did say that he resides at 1150 North Street, Walpole, Massachusetts, that he is a Vice President of Shawmut Bank, N.A., a national association, the association described in and which executed the above instrument, that he executed such instrument on behalf of said association by authority of its board of directors and that he acknowledges the execution of the said instrument as the free act and deed of said association and that the statements contained therein are true and correct in all respects.

(SEAL)

_____
Notary Public

My commission expires on:

EXHIBIT I
TO
RENTAL SCHEDULE NO. _____
CERTIFICATE OF INSPECTION AND ACCEPTANCE

DESCRIPTION OF EQUIPMENT

See _____ page(s) attached hereto and incorporated herein by reference.

EXHIBIT IIA
TO
RENTAL SCHEDULE NO. _____
AND
CERTIFICATE OF INSPECTION AND ACCEPTANCE

STIPULATED LOSS VALUES

(Stated as Percentage of Acquisition Cost)

If Casualty Occurrence Occurs On Or After Payment Date No.	Stipulated Loss Value
Lease Commencement Date	%
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20 and thereafter	

EXHIBIT IIB
TO
RENTAL SCHEDULE NO. _____
AND
CERTIFICATE OF INSPECTION AND ACCEPTANCE

STIPULATED LOSS VALUES

(Stated as Percentage of Acquisition Cost)

If Casualty Occurrence Occurs On Or After Payment Date No.	Stipulated Loss Value
Lease Commencement Date	%
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20 and thereafter	

EXHIBIT III
TO
RENTAL SCHEDULE NO. _____
AND
CERTIFICATE OF INSPECTION AND ACCEPTANCE
TERMINATION VALUES

(Stated as Percentage of Acquisition Cost)

Payment Date No.	Sale Termination Value	Payment Date No.	Re-Let Termination Value
11	%	11	%
12		12	
13		13	
14		14	
15		15	
16		16	
17		17	
18		18	
19		19	
20		20	

VS-4481/c
7/27/87

DUPLICATE ORIGINAL

RENTAL SCHEDULE NO. A-1
AND
CERTIFICATE OF INSPECTION AND ACCEPTANCE

RENTAL SCHEDULE A-1 and CERTIFICATE OF INSPECTION AND ACCEPTANCE to Master Equipment Lease No. 1 dated as of July 15, 1987 (the "Lease") by and between the undersigned, all of the terms and conditions of which are hereby incorporated herein by reference. Lessee hereby (a) authorizes Lessor to purchase for lease to Lessee the equipment described herein (the "Equipment") and to insert hereon the Lease Commencement Date 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.

EQUIPMENT DESCRIPTION:

Item No.	Serial No.	Unit No.	Year	Make	Model	Acquisition Cost

See Exhibit I attached hereto and incorporated herein by reference.

STIPULATED LOSS VALUES: As to the first 10% of cumulative Total Acquisition Cost of Equipment subject to this Rental Schedule suffering a Casualty Occurrence, apply Exhibit IIA attached hereto and incorporated herein by reference; as to remaining cumulative Total Acquisition Cost of Equipment subject to this Rental Schedule suffering a Casualty Occurrence, apply Exhibit IIB attached hereto and incorporated herein by reference.

TERMINATION VALUES: See Exhibit III attached hereto and incorporated herein by reference.

TOTAL ACQUISITION COST: $ *

EQUIPMENT LOCATED AT: See Exhibit I.

LEASE TERM:

Interim Term:	Primary Term:
Commencement Date: July 31, 1987	Commencement Date: December 31, 1987
Expiration Date: December 30, 1987	Expiration Date: December 30, 1997

LEASE COMMENCEMENT DATE: July 31, 1987

* - Contained in Lessee's copy.

PAYMENT DATES: The Interim Term rent payment is due and payable December 30, 1987. The remaining rentals (Basic Rent) commence July 30, 1988 and continue semi-annually in arrears through and including December 30, 1997

BASIC RENT:

Basic Rent Per Day:	$	*	(See Note 1)
Basic Rent Per Period for the first ten (10) Basic Rent Payment Dates:	$	*	(See Note 2)
Basic Rent Per Period for the last ten (10) Basic Rent Payment Dates:	$	*	(See Note 2)

NOTE 1: Basic Rent Per Day is applicable during the Interim Term and is payable on December 30, 1987.

NOTE 2: Basic Rent Per Period and Basic Rent Per Day is computed by multiplying the Acquisition Cost as set forth above by:

Periodic Lease Rate Factor (for first 10 payments of Basic Rent):	* %
Periodic Lease Rate Factor (for last 10 payments of Basic Rent):	* %
Per Diem Lease Rate Factor:	* %

The undersigned, being duly authorized representatives of the Lessor and the Lessee hereby CERTIFY that the units of Equipment described above have been duly delivered to Lessee in good order and duly inspected and accepted by the Lessee as of the Lease Commencement Date reflected above on behalf of the Lessee as conforming in all respects with the requirements and provisions of the Lease.

LESSOR:

SHAWMUT BANK, N.A.

By _____

Title VP

LESSEE:

THE CHESAPEAKE AND OHIO RAILWAY COMPANY

By _____

An authorized person

Date of Acceptance (Lease Commencement Date): July 31, 1987

STATE OF MARYLAND)
) ss.:
CITY OF BALTIMORE)

On this 30th day of July, 1987 before me appeared C.C. Jathan, Jr., to me personally known, who, being by me duly sworn (or affirmed), did say that he resides at Baltimore, MD, that he is the AVP-Box Cars of CSX Equipment, a unit of CSX Transportation, Inc. which is, in turn, an affiliate of The Chesapeake and Ohio Railway Company (CSX Transportation, Inc.'s affiliate, The Chesapeake and Ohio Railway Company being a corporation organized under the laws of Virginia and the corporation described in and which executed the above instrument), that he executed such instrument on behalf of The Chesapeake and Ohio Railway Company by authority of the board of directors of The Chesapeake and Ohio Railway Company and that he acknowledges the execution of the said instrument as the free act and deed of The Chesapeake and Ohio Railway Company and that the statements contained therein are true and correct in all respects.

(SEAL)

Glenda J. Green
Notary Public

My commission expires on: JUL 1 1990

COMMONWEALTH OF MASSACHUSETTS)
) ss.:
COUNTY OF SUFFOLK)

On this 31st day of July, 1987 before me appeared Kenneth C.A. Issacs, to me personally known, who, being by me duly sworn (or affirmed), did say that he resides at 1150 North Street, Walpole, Massachusetts, that he is a Vice President of Shawmut Bank, N.A., a national association, the association described in and which executed the above instrument, that he executed such instrument on behalf of said association by authority of its board of directors and that he acknowledges the execution of the said instrument as the free act and deed of said association and that the statements contained therein are true and correct in all respects.

(SEAL)

Heidi Lee Beckley
Notary Public

My commission expires on:
HEIDI LEE BECKLEY, Notary Public
My Commission Expires Dec. 22, 1989

EXHIBIT I
TO
RENTAL SCHEDULE NO. A-1
CERTIFICATE OF INSPECTION AND ACCEPTANCE

DESCRIPTION OF EQUIPMENT

See one page attached hereto and incorporated herein by reference.

ATTACHMENT
TO
EXHIBIT I
TO
RENTAL SCHEDULE NO. A-1
AND
CERTIFICATE OF INSPECTION AND ACCEPTANCE

EQUIPMENT DESCRIPTION

Item*	Quantity	Serial No.	Make	Rebuilt By	Acquisition Cost
60'-100 Ton XL Railroad Box Car	One (1)	C&O166630	Pullman Standard	Transco Railway Products, Inc.	$ *
60'-100 Ton XL Railroad Box Car	One (1)	C&O166631	Pullman Standard	Transco Railway Products, Inc.	$ *
60'-100 Ton XL Railroad Box Car	One (1)	C&O166632	Pullman Standard	Transco Railway Products, Inc.	$ *
60'-100 Ton XL Railroad Box Car	One (1)	C&O166633	Pullman Standard	Transco Railway Products, Inc.	$ *
60'-100 Ton XL Railroad Box Car	One (1)	C&O166634	Pullman Standard	Transco Railway Products, Inc.	$ *
60'-100 Ton XL Railroad Box Car	One (1)	C&O166635	Pullman Standard	Transco Railway Products, Inc.	$ *
60'-100 Ton XL Railroad Box Car	One (1)	C&O166636	Pullman Standard	Transco Railway Products, Inc.	$ *
60'-100 Ton XL Railroad Box Car	One (1)	C&O166637	Pullman Standard	Transco Railway Products, Inc.	$ *
60'-100 Ton XL Railroad Box Car	One (1)	C&O166638	Pullman Standard	Transco Railway Products, Inc.	$ *
60'-100 Ton XL Railroad Box Car	One (1)	C&O166639	Pullman Standard	Transco Railway Products, Inc.	$ *
Total:	10			Total:	$ *

* Initially accepted and located at: Bucyrus, Ohio.

EXHIBIT IIA
TO
RENTAL SCHEDULE NO. A-1
AND
CERTIFICATE OF INSPECTION AND ACCEPTANCE

STIPULATED LOSS VALUES

(Stated as Percentage of Acquisition Cost)

If Casualty Occurrence Occurs On Or After Payment Date No.	Stipulated Loss Value
Lease Commencement Date	99.93%
1	98.57
2	96.92
3	95.00
4	92.85
5	90.48
6	87.91
7	85.16
8	82.24
9	79.15
10	75.88
11	71.14
12	66.18
13	61.01
14	55.65
15	50.11
16	44.41
17	38.55
18	32.54
19	26.35
20 and thereafter	20

EXHIBIT IIB
TO
RENTAL SCHEDULE NO. A-1
AND
CERTIFICATE OF INSPECTION AND ACCEPTANCE

STIPULATED LOSS VALUES

(Stated as Percentage of Acquisition Cost)

If Casualty Occurrence Occurs On Or After Payment Date No.	Stipulated Loss Value
Lease Commencement Date	108.09%
1	107.10
2	105.84
3	104.34
4	102.61
5	100.69
6	98.59
7	96.33
8	93.92
9	91.36
10	88.65
11	84.50
12	80.16
13	75.62
14	70.94
15	66.09
16	61.13
17	56.04
18	50.82
19	45.48
20 and thereafter	40

EXHIBIT III
TO
RENTAL SCHEDULE NO. A-1
AND
CERTIFICATE OF INSPECTION AND ACCEPTANCE
TERMINATION VALUES

(Stated as Percentage of Acquisition Cost)

Payment Date No.	Sale Termination Value	Payment Date No.	Re-Let Termination Value
11	71.14%	11	71.14%
12	66.18	12	66.18
13	61.01	13	61.01
14	55.65	14	55.65
15	50.11	15	50.11
16	44.41	16	44.41
17	38.55	17	38.55
18	32.54	18	32.54
19	26.35	19	26.35
20	20.0	20	20.0

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7/29/87