

ITEL

Itel Rail Corporation

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

January 5, 1988

8 026A013

RECORDATION NO. 15149-C Filed 1425

No. JAN 26 1988

Date

Fee \$ 20.00

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

JAN 26 1988 -3 02 PM

INTERSTATE COMMERCE COMMISSION

ICC Washington, D.C.

Re: Rider B to Master Lease No. 1200 between Itel Rail Corporation and Midsouth Rail Corporation

Dear Ms. McGee:

On behalf of Itel Rail Corporation, the above instrument, in four (4) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$20 recordation fee.

Please record this Rider under Master Lease No. 1200 dated as of December 12, 1986, between Itel Rail Corporation and Midsouth Rail Corporation which was filed with the ICC on January 6, 1987, under Recordation No. 15149. Please cross-index this Amendment to the Equipment Trust Agreement dated January 1, 1982, between Itel Rail Corporation and First Security Bank of Utah, N.A., which was filed with the ICC on September 20, 1983, under Recordation No. 14165.

The parties to the aforementioned instrument are listed below:

Itel Rail Corporation (Lessor)
55 Francisco Street
San Francisco, California 94133

Midsouth Rail Corporation (Lessee)
111 E. Capitol Street, Suite 500
Jackson, Mississippi 39201

ICC OFFICE OF THE SECRETARY
JAN 26 2 58 AM '88
MOTOR OPERATING UNIT

This Rider covers fifty (50) 60'10", 100-ton, XM boxcars bearing reporting marks MSRC 4300-4349.

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

Very truly yours,

Patricia Schumacker

Patricia Schumacker
Legal Department

PS/ke
Enclosures

11/24/87

RECORDATION NO. 15149-C Filed 1425

JAN 26 1988 -3 05 PM

RIDER B
TO
MASTER LEASE NO. 1200 BETWEEN ITEL RAIL CORPORATION
AND MIDSOUTH RAIL CORPORATION

INTERSTATE COMMERCE COMMISSION

THIS RIDER B ("Rider B") to that certain Lease Agreement (the "Agreement") made as of December 12, 1986 between ITEL RAIL CORPORATION ("Lessor") and MIDSOUTH RAIL CORPORATION, ("Lessee") is made this 24th day of December, 1987 between Lessor and Lessee.

Lessor and Lessee agree as follows:

1. All terms defined in the Agreement shall have the meanings defined therein when used in Rider B.
2. On March 17, 1987, all interest of Warwick Railway Company ("WRC") in the Cars ceased and Lessor became the direct lessor of all of the Cars. Effective on such date Recital A of Rider A dated December 12, 1986 to the Agreement is of no force and effect.
3. Lessor hereby leases the following Cars to Lessee subject to the terms and conditions of the Agreement and this Rider B:

A.A.R. Mech. Desig.	Description	Numbers	Length	Dimensions		Doors Width	No. of Cars
				Inside Width	Height		
XM	100 Ton, Plate C boxcar, cushion underframe	MSRC 4300- 4349	60'10"	9'6"	11'0"	12' plug	50

4. A. The term of the Agreement with respect to each Car listed on this Rider B and delivered to Lessee shall commence at 12 noon on the date and at the location that such Car is remarked pursuant to Section 5 of this Rider B, and shall expire as to each Car ten (10) years from the earlier of (i) the date on which the last Car listed on this Rider B was remarked or (ii) sixty (60) days after the date on which the first Car listed on this Rider B was remarked (the "Initial Term").
- B. If this Agreement has not been terminated early and no unremedied default has occurred pursuant to Section 9 of the Agreement, the Agreement shall be extended only upon the mutual written agreement of the parties hereto (the "Extended Term").

ASSIGNED TO FIRST SECURITY BANK
OF UTAH, N.A., TRUSTEE, UNDER
A LEASE ASSIGNMENT.

THIS INSTRUMENT IS SUBJECT TO A SECURITY INTEREST IN
FAVOR OF HELLER FINANCIAL, INC. UNDER THE HELLER
FINANCIAL, INC. LOAN AND SECURITY AGREEMENT WITH ITEL
RAIL CORPORATION DATED AS OF SEPTEMBER 30, 1986.

5. Lessor shall, at its expense, remark the Cars with the railroad markings of Lessee in compliance with all applicable regulations. Each Car shall be deemed delivered and subject to the terms and provisions of this Agreement at 12 noon on the date and at the location such Car is remarked ("Delivery"). After the Cars have been remarked, the Cars shall be moved to Lessee's railroad line at no cost to Lessee. Lessor warrants that, upon Delivery, each Car shall meet or exceed specifications for interchange service as defined in the Field Manual of the Association of American Railroads ("AAR") Interchange Rules. Lessee covenants that it shall subscribe to the AAR Interchange Rules for the duration of this Agreement. Notwithstanding that Lessee may not have immediate physical possession of the Cars leased hereunder, Lessee agrees to pay the rent set forth in Section 6 of this Rider B.
6. Lessee agrees to pay to Lessor rent for the use of the Cars listed on Rider B as set forth in the following:

A. Definitions

(i) "Revenues" is defined as the total revenues earned and due from railroad companies for the use or handling of the Cars on railroad lines other than lines owned and operated as of November 1, 1987 by Lessee and MidLouisiana Rail Corporation ("MLRC") (such lines the "Eligible Lines"), including but not limited to, per diem and mileage calculated at the hourly and mileage car hire rates prescribed for excluded boxcars under the ICC's decision in Ex Parte No. 346, Sub-No. 19 served September 12, 1986, set forth in the Appendix to such decision in paragraph (c)(3) of 49 C.F.R. 1039.14, whether or not collected and received by Lessor and undiminished by any claimed abatement, reduction or offset caused by any action of Lessee. Upon any such abatement, reduction or offset, Lessee shall, within ten (10) days of Lessor's request, reimburse Lessor for such amounts.

(ii) The "Base" is defined as _____ per Car per calendar quarter. Such amount represents the Revenues which the Cars would have earned in the aggregate if the Cars had been on railroad lines other than Eligible Lines for seventy percent (70%) of the hours that such Cars were subject to the Agreement during such calendar quarter, with each Car travelling seventy-two (72) miles per day. The Base for any Car which is not subject to the Agreement for an entire calendar quarter shall be prorated at _____ per day for such Car during such calendar quarter.

B. Lessor shall receive all revenues earned by each Car prior to its Delivery. Each Car delivered pursuant to Subsection 3.A. of the Agreement shall become subject to the rental calculation under Subsections 6.C. and 6.E. of this Rider B upon Delivery of such Car.

C. Lessor shall receive an amount equal to one hundred percent (100%) of the Revenues earned and due from other railroad companies with respect to the Cars, unless the terms of this Subsection are superseded as set forth in Subsection 6.E. hereinbelow.

E & M RK
SEVENTY FIVE (75)
D. Unless the terms of this Subsection are superseded as set forth in Subsection 6.E. hereinbelow, Lessee shall report to Lessor by the ~~sixtieth (60th)~~ *SEVENTY FIVE (75)* day after each calendar month in which Revenues were actually earned ("Service Month"), the total hours earned, total miles travelled off Lessee's line and the dollar figure equal to one hundred percent (100%) of the earned Revenues. Lessee shall remit to Lessor all Revenues within twenty (20) days after Lessee receives such Revenues, provided, however, that Lessee pays to Lessor one hundred percent (100%) of the earned Revenues for each Service Month ~~within one hundred twenty (120) days~~ *E & M RK* after such Service Month. Lessee shall include a reconciliation with each payment that specifies which month(s) such payment is for and lists out per diem and mileage revenues. In the event that any received Revenues are not remitted to Lessor by Lessee within twenty (20) days after Lessee receives such Revenues ("Late Revenues"), Lessee shall pay to Lessor additional amount ("Late Fee") equal to ten percent (10%) of the Late Revenues. If the car hire records relating to the Cars are maintained by a party other than Lessee, Lessee hereby grants Lessor the authority to inspect such records during such party's normal business hours, provided, however, that Lessor shall notify Lessee at least ten (10) days before such inspection occurs.

E & M RK
EIGHTY (80)
E. If, with respect to any calendar quarter, Revenues are less than the Base, Lessor may, at any time, at its option and upon not less than ten (10) days' prior written notice to Lessee, terminate this Agreement as to such Cars as Lessor shall determine; provided, however, that Lessee may, at its option, within ten (10) days of receipt of such notice from Lessor, void such termination notice by paying to Lessor for such calendar quarter and within ten (10) days after such notification from Lessor, an amount equal to the difference between the actual Revenues for the applicable calendar quarter and the Base. If Lessee exercises its option to void any termination notice with respect to any calendar quarter, then commencing on the first day of the following calendar quarter, Subsections 6.C. and 6.D. shall be replaced by the following:

"C. The fixed rent ('Fixed Rent') for each calendar month ('Month') during the Initial Term and any Extended Term(s) shall be _____ per Car. The Fixed Rent for any Car which is not subject to the Agreement for an entire Month shall be prorated at _____ per day for such Car during such Month.

D. On the last day of each Month, Lessee shall pay to Lessor the Fixed Rent for such Month."

F. If, at any time during the Agreement, Lessee and MLRC operate lines other than the Eligible Lines, then Lessee shall supply Lessor with records which distinguish the movement of each Car on the Eligible

Lines form the movement of such Car on any other lines operated by Lessee.

- G. Lessee shall not discriminate against the Cars in the provision of off-line loads, operation, use and maintenance as compared with any comparable boxcars, including boxcars owned, leased or managed by Lessee or interchanged to Lessee.
7. A. Upon the expiration of the Agreement with respect to any Car, Lessee shall promptly return such Car to Lessor as follows:
- (i) If some or all of the Cars are to be delivered to Lessor at Lessee's railroad tracks, Lessee shall be responsible for any transportation costs incurred in moving such Cars to the Lessee's railroad tracks subsequent to the time of expiration. Lessee shall, at Lessor's option, provide, with respect to any Car described on any Schedule which is either on the Lessee's railroad tracks at the time of expiration or is subsequently returned to Lessee's railroad tracks, up to one hundred twenty (120) days free storage on its railroad tracks from either the date of expiration or the date the last Car on such Schedule is returned to Lessee's railroad line subsequent to the time of expiration, whichever date is later.
 - (ii) At the option of Lessor, either Lessee or a contractor mutually chosen by Lessor and Lessee shall, at Lessee's expense, remark the Cars as set forth in Subsection 10.C. of the Agreement. Lessee shall not remove Lessee's railroad marks from any Car without the prior written consent of Lessor. After remarking, Lessee shall load each Car with freight and deliver such Car to a connecting carrier for shipment.
 - (iii) If some or all of the Cars are to be delivered to Lessor at a location other than Lessee's tracks, the cost of assembling, delivering, storing, and transporting each Car to such location shall be borne by Lessor. Lessee shall bear the expense of remarking such Cars.
- B. Remarking, with respect to each Car, shall include the following: a) removal of existing mandatory markings of Lessee; b) complete cleaning subsequent to the removal of markings as designated by Lessor; c) application of new mandatory markings; and d) any transportation involved in moving each Car to and from a suitable work area to perform the remarking set forth in this Section.
8. With respect to all Cars, the words "Lessor and any assignee of Lessor" in Subsection 5.D. of the Agreement are replaced by the words "Lessor, any financing party designated by written notice to Lessee, and any assignee of Lessor" each time they appear.
9. A new Subsection 5.G. is added to the Agreement with respect to all Cars as follows:

"G. Lessee shall not place any Car into a private contract repair facility or have any Car repaired by a private contractor on Lessee's lines unless Lessee has received prior approval from Lessor and all such repairs are performed under the direction and control of Lessor. With respect to the Cars, any repairs performed by Lessee at Lessor's expense shall be at a labor rate not to exceed the prevailing AAR Labor Rate unless a different labor rate is mutually agreed upon in writing by the parties hereto. In the event that the AAR Mechanical Inspection Department determines that restitution is entitled to car owners whose cars are repaired at Lessee's facilities, Lessor shall be entitled to restitution as per AAR Rule 120 for each car owned or managed by Lessor which was repaired in such facility, including the Cars."

10. With respect to all Cars, the words "entered into by Lessor in connection with the acquisition of the Cars" in Subsection 8.A. of the Agreement are replaced by the words "pursuant to which Lessor's obligations thereunder are or become secured by the Cars."
11. Except as expressly modified by this Rider B, all terms and provisions of the Agreement shall remain in full force and effect.
12. This Rider B may be executed by the parties hereto in any number of counterparts and all said counterparts taken together shall be deemed to constitute one and the same instrument.

ITEL RAIL CORPORATION

MIDSOUTH RAIL CORPORATION

By: Robert Keeble

By: E.C. Meyer

Title: Vice President Finance

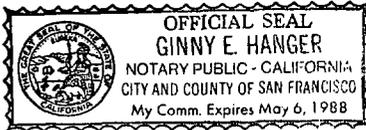
Title: PRES & CEO

Date: 12/24/87

Date: 12/22/87

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

On this 24th day of December, 1987, before me personally appeared Robert Kiehle Vice President Finance, ~~Desmond P. Hayes~~, to me personally known, who being by me duly sworn says that such person is President of ITEL Rail Corporation, that the foregoing Rider B was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Ginny E. Hanger
Notary Public

STATE OF Mississippi)
) ss:
COUNTY OF Hinds)

On this 22nd day of December, 1987, before me personally appeared E. L. Rogers, to me personally known, who being by me duly sworn says that such person is Pres. & CEO of MidSouth Rail Corporation, that the foregoing Rider B was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Nerlvia V. Holland
Notary Public

My Commission Expires August 11, 1990