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RECORDATION NO. Filed 1428

AUG 18 1987 - 3 30 PM

INTERSTATE COMMERCE COMMISSION

ITEL

Istel Rail Corporation

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

August 6, 1987

No. **7-230A021**

Date **AUG 18 1987**

Fee \$ **10.00**

ICC Washington, D. C.

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

Re: **Master Car Lease - Fixed Rate, dated as of June 23, 1987, between Istel Rail Corporation and CSX Transportation, Inc.**

Dear Ms. McGee:

On behalf of Istel Rail Corporation, the above instrument, in five (5) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. §11303(a), along with a check in the amount of \$10 covering the recordation fee.

Please record this Master Car Lease under a new recordation number.

The parties to the aforementioned instrument are listed below:

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

CSX Equipment, a unit of
CSX Transportation, Inc.
100 North Charles Street
Baltimore, Maryland 21201

The equipment covered by this Master Car Lease is forty-six (46) 100-ton gondolas bearing reporting marks ¹⁰¹⁵380000-380045.

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

Very truly yours,

Patricia Schumacker

Patricia Schumacker
Legal Department

:ps
Enclosures

cc: Ginny Hanger

ICC OFFICE OF
THE SECRETARY
AUG 18 3 24 PM '87
MOTOR OPERATING UNIT

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

8/24/87

Patricia Schumacker
Legal Dept.
Itel Rail Corp.
55 Francisco Street
San Francisco, Calif. 94133

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 8/18/87 at 3:30pm, and assigned recordation number(s) 15148-D, 9819-L, 15148-E, 15290- & 15294-

Sincerely yours,

Norita R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

AUG 18 1987 - 3 25 PM



INTERSTATE COMMERCE COMMISSION

IteI Rail Corporation

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

August 6, 1987

No. **7-230A021**
Date **AUG 18 1987**
Fee \$ **10.00**

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

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55 Francisco Street
San Francisco, California 94133

CSX Equipment, a unit of
CSX Transportation, Inc.
100 North Charles Street
Baltimore, Maryland 21201

The equipment covered by this Master Car Lease is forty-six (46) 100-ton gondolas bearing reporting marks 380000-380045.

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

Very truly yours,

Patricia Schumacker
Patricia Schumacker
Legal Department

9819 Hanger
9/8
Bank
Y Ch

:ps
Enclosures

cc: Ginny Hanger

ICC OFFICE OF
THE SECRETARY
AUG 18 3 24 PM '87
MOTOR OPERATING UNIT

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

~~Mr. George~~

Patricia Schumacker
ITel Rail Corporation
55 Francisco, Street
San Francisco, CA. 94133

Dear

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 8-18-87 at 3:30PM, and assigned recordation number(s).

15290

Sincerely yours,

Noreta R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

1 5290

RECORDATION NO. _____ FILED 1225

AUG 18 1987 -3 20 PM

INTERSTATE COMMERCE COMMISSION

06/12/87

CSX TRANSPORTATION, INC.
MASTER CAR LEASE- FIXED RATE

THIS MASTER CAR LEASE (Lease) dated as of June 23, 1987, is by and between ITEL Rail Corporation (Lessor) and CSX Transportation, Inc. individually and, with respect to the Cars listed in each Exhibit, as agent for the affiliates or subsidiaries of CSX Transportation, Inc. set forth in such Exhibit (collectively, Lessee).

1. Capitalization. Capitalized words are used herein for the convenience of the parties. The specific definitions or uses of such words are contained in the main body of the Lease or in each Exhibit.

2. Cars. Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, the various cars (Cars) described in those appropriate current and future Exhibit(s) signed by Lessor and Lessee, as incorporated herein, pursuant to the provisions of this Lease. The term of the Lease as to each Car is set forth in the appropriate Exhibit(s). As to any Cars, the word "Lease" shall include the Exhibit governing such Cars. Any rights of Lessee in respect of the Cars shall constitute a leasehold interest only.

3. Transfer and Use. Lessor agrees to deliver the Cars to Lessee and Lessee agrees to return the Cars to Lessor, at the Transfer Points designated in the appropriate Exhibit(s), as amended from time to time, unless agreed otherwise. Lessor is solely responsible for all charges including, but not limited to, linehaul, switching and storage charges, of connecting railroads that might accrue as a result of the movement of Cars to the Transfer Points for delivery to Lessee or from the Transfer Points after return of the Cars to Lessor (and after the storage period provided hereinbelow). Lessee agrees to use the Cars exclusively in its own service or in normal interchange service with other railroads, and shall have full authority to direct the movement of the Cars to any location in the continental United States and Canada, but shall not allow the Cars to travel to any other location.

4. Rental. Lessee agrees to pay the Rental designated on the Exhibit(s) for each Car from the date of delivery of such Car until the date of return of such Car. Such Rental shall be paid to Lessor semi-annually in arrears, on the last day of each semi-annual period, with daily proration of any partial periods.

5. Compliance With Laws; Incorporation of Documents. Lessee will comply in all respects (including without limitation, with respect to the use, maintenance and operation of the Cars) with all laws, rules and regulations of the jurisdictions in which its operations involving the Cars may extend, with the interchange rules of the Association of American Railroads (or of any successor thereto) and with all lawful rules of the ICC and any other legislative, executive, administrative or judicial body exercising any power

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.

or jurisdiction over the Cars. Except as otherwise herein expressly provided, the parties agree to incorporate and be governed by the provisions of the Field Manual of the Association of American Railroads ("AAR") Interchange Rules (the "Interchange Rules"), AAR Circular No. OT-5 (if the Cars bear private reporting marks) and 49 CFR Parts 215, 231 and 232, all as amended, supplemented or superseded throughout the term of this Lease; provided, however, that in the event any of the foregoing conflict with the provisions of this Lease, this Lease shall govern to the extent allowed by law.

6. Inspection. Each of the Cars will be inspected by the parties on or before both the Delivery and Return dates. The inspections will be conducted at the Transfer Points or other mutually agreeable locations. The condition of each Car will be noted on a joint inspection certificate (JIC), a blank copy of which is attached hereto. All Cars must be tendered to Lessee for delivery and, except as otherwise permitted hereunder, to Lessor for return, in the following condition: (1) empty, (2) in good operating status, (3) free of obvious defects, (4) capable of immediate loading and transportation of the Permitted Commodities (as defined in the appropriate Exhibit), and (5) suitable for interchange in accordance with the Interchange Rules; provided, however, that the appropriate Exhibit may contain other descriptions of condition, which shall control. If a Car is in need of repair prior to acceptance for delivery or return, a separate inspection will be held after repairs have been made. Acceptance of any Car by Lessee at delivery or Lessor at return shall be deemed conclusive that such Car has met the conditions as set forth herein.

Except for Cars as to which Lessee has exercised any applicable purchase option that may be contained in the appropriate Exhibit, upon the expiration or termination of this Lease with respect to any Car, Lessee shall deliver possession of such Car to Lessor at any mutually agreeable point on Lessee's railroad lines. Each Car so delivered shall be in the same operating order, repair and condition as when originally delivered to Lessee, ordinary wear and tear and obsolescence excepted, shall have attached or affixed thereto any device considered an accession thereto and shall have maintained in accordance with the standards set forth in this Lease.

7. Car Hire Charges. The collection and distribution of car hire charges earned by the Cars shall be handled as set forth in the appropriate Exhibit.

8. Taxes. (A)(1) This subsection 8 (A) shall apply to all Cars bearing reporting marks of Lessee or one of its owned or affiliated railroads. All payments to be made by Lessee hereunder will be free of expense to Lessor with respect to the amount of any local, state or federal taxes (other than the income taxes payable by Lessor in consequence of the receipt of payments provided herein), assessments or license fees (and any other charges, fines or penalties in connection therewith) hereafter levied or imposed upon or in connection with or measured by, this Lease or any rental, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which expenses, taxes, assessments, license fees, charges, fines and penalties Lessee assumes and agrees to pay on demand. Lessee will also pay promptly all taxes (other than taxes referred to in the first parenthetical of this Section), assessments or license fees (and any charges, fines or penalties in connection therewith) which may be imposed upon any part of the Cars or for the use or operation thereof or upon the car hire or other earnings arising

therefrom, and will keep at all times all and every part of the Cars free and clear of all taxes and assessments which might in any way affect the title of Lessor or result in a lien upon any part of the Cars and, upon Lessor's request, will supply Lessor with evidence of such payment; provided, however, that Lessee shall be under no obligation to pay any taxes, assessments, license fees, charges, fines or penalties of any kind (hereinafter called "impositions") so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not adversely affect the property or rights of Lessor hereunder or in the Cars. If any impositions shall have been charged or levied against Lessor directly and paid by Lessor, Lessee shall reimburse Lessor on presentation of an invoice therefor; provided, however, that Lessor has notified Lessee of such payment within a reasonable time thereafter.

(A)(2) In case any report or return is required to be made with respect to any obligation of the Lessee under or arising out of this Section, Lessee will, where permitted to do so under applicable rules and regulations, make and timely file such reports and returns in such manner as to show the interest of Lessor in the Cars or, where not so permitted, will notify Lessor of such requirement and will prepare and deliver such reports to Lessor within a reasonable time prior to the time such reports are to be filed. All costs and expenses (including legal and accounting fees) of preparing any such return or report shall be borne by Lessee.

(B) Taxes for all Cars bearing Lessor's reporting marks shall be handled in accordance with the appropriate Exhibit.

9. Insurance. Lessee shall self-insure the Cars against property damage and third-party liability in the manner and to the extent such risks are customarily self-insured against by Class I railroads of Lessee's size and financial condition in respect of similar equipment and in any event affording no less protection than Lessee provides with respect to similar equipment owned by it.

10. Maintenance, Repair and Operation. Except as otherwise permitted by the Exhibit governing such Cars, Lessee, at its own cost and expense, will at all times (i) maintain and keep the Cars in as good operating order, repair and condition as when delivered to it, ordinary wear and tear and obsolescence excepted, and in as good operating order, repair and condition as other equipment of similar type and vintage owned or leased by Lessee, (ii) maintain the Cars as an operating and functional part of its business, (iii) replace any part of the Cars which shall be or become worn out, lost, stolen, destroyed or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever, with like kind equipment that is functionally equivalent to the part of the Cars being replaced and, (iv) except as otherwise provided herein, in case of damage by fire, accident or otherwise to the Cars, promptly repair the Car and restore it to operating order, all without expense to Lessor.

Lessee shall submit to Lessor a monthly report for all repairs reported with respect to the Cars during the previous month.

11. Destruction of Car. If any Car is lost, stolen, destroyed or damaged beyond economic repair, the Car will be removed from Lessee's service and from this Lease. No replacement Car will be furnished unless agreed to by both parties. Lessee will provide written notice to Lessor regarding such removal. Lessee will make a depreciated value payment pursuant to AAR Interchange Rule 107 or, if the appropriate Exhibit sets forth a casualty payment schedule, a casualty payment in accord with such schedule, to Lessor on the next Rental payment date. Provided that Lessee has paid Lessor such payment, Rental will continue only until and including such Rental payment date and such Car shall become the property of Lessee.

12. Commodity Damage. Lessor shall not be liable for any loss of or damage to commodities shipped in the Cars.

13. Lettering. Lessee, at its sole option and expense, may remark and renumber the Cars, so long as the remarking is to the markings of one of the following affiliates of Lessee: The Chesapeake and Ohio Railway Company ("C&O") or the Seaboard System ("SBD"). Upon written request by Lessor, and not more than once every six months, Lessee will advise Lessor if any of the Cars have been renumbered or relettered and shall, upon Lessor's request, execute and file a statement of new reporting marks and numbers with the ICC and execute an amendment to the appropriate Exhibit. Such remarking and renumbering shall not affect or change Lessee's rights and obligations under this Lease. Lessee shall not be required to change or bear the expense of any remarking and renumbering to the reporting marks of any subsequent Lessee. Lessee shall make no other change in the reporting marks or numbers of the Cars without Lessor's prior written consent.

14. Prohibition Against Liens. Lessee, at its own expense, will promptly pay or cause to be paid, or otherwise satisfy and discharge, any and all sums claimed by any party by, through or under Lessee or its successors or assigns which, if unpaid, might become a lien or a charge upon any Car, equal or superior to the title or claim of Lessor thereto, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable advance opinion of Lessor, adversely affect Lessor's title, property or rights created or purported to be created hereunder.

15. Indemnities. The indemnities related to each group of Cars shall be as set forth in the Exhibit governing such Cars.

16. Warranties. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESSED OR IMPLIED, AS TO THE FITNESS, DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE EQUIPMENT LEASED BY LESSEE HEREUNDER, AND LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE EQUIPMENT FOR ANY PARTICULAR PURPOSE. THIS SECTION DOES NOT CHANGE LESSOR'S OBLIGATION TO TENDER THE CARS TO LESSEE IN ACCORDANCE WITH SECTION 6.

17. Storage. At the end of the appropriate Exhibit Term, Lessee will tender all Cars remaining in active service to Lessor pursuant to Section 6. Lessor

shall have forty-five (45) days after the date of return tender within which to provide forwarding instructions. Thereafter, Lessor shall pay a charge of \$10 per car per day until such instructions are received by Lessee. Except for damages to the cars caused by it during the storage period, Lessee shall not be responsible for loss, damage, maintenance or repair to the Cars after the date of return.

18. Sublease. Lessee may sublease any of the Cars only upon the written approval of Lessor, which shall not be unreasonably withheld. Such sublease shall contain substantially similar terms and conditions as this Lease and shall be expressly made subject and subordinate to this Lease. Notwithstanding any such sublease, Lessee shall continue to remain liable to Lessor under all conditions and terms of this Lease. Except for the right of use provided herein, no right, title or interest in any of the Cars shall vest in Lessee by reason of this Lease.

19. Title, Possession and Assignment. All or any of the rights, benefits and advantages of Lessor hereunder may be assigned or transferred by Lessor. Any other assignment by Lessor shall require the advance written consent of Lessee, which shall not be unreasonably withheld. To the extent assigned, all rights of Lessor hereunder shall inure to the benefit of Lessor's assigns. Lessee, without the prior written consent of Lessor, shall not sell, assign, transfer or encumber its leasehold interest under this Lease, except (i) Lessee may assign and transfer its leasehold interest hereunder to any railroad which shall have duly assumed by a written instrument satisfactory to Lessor all of Lessee's obligations hereunder and into or with which Lessee shall have merged or consolidated or which railroad shall have acquired the property of Lessee as an entirety or substantially as an entirety and (ii) Lessee may permit the use of the Cars by any of its railroad subsidiaries or affiliates in a railroad "assignment pool", provided that the use of the Cars in such service is governed by substantially similar terms and conditions as this Lease, any such assignment shall be expressly made subject and subordinate hereto and Lessee shall continue to remain liable to Lessor under all terms and conditions of this Lease. Any assignment prohibited by this Section shall be void.

Lessor is aware of and acknowledges the importance of Lessee's right of sole possession and quiet enjoyment of the Cars for the entirety of the appropriate Exhibit Term. Lessor represents that, except for the security interests contemplated by this Section, it is either the sole owner of the Cars or is the sole authorized leasing agent of the sole owner.

This Lease and the interest of Lessee in the Cars shall in all respects be subject and subordinated to all the terms, conditions and provisions of the financing agreements (the "Heller Agreements") between Lessor and Heller Financial, Inc. ("Heller") or its successors or assigns (and any refinacings or refundings thereof) and the documents described therein, including the remedies therein upon the happening of an event of default as defined therein; provided, however, that so long as no Event of Default by Lessee under this Lease has occurred and is continuing, Lessee shall quietly possess, use and enjoy the Cars at the Rental specified herein and subject to the provisions of this Lease. If an event of default, as defined in the Heller Agreements or the documents described therein, which shall not also be an Event of Default under this Lease, shall occur and Heller (or its nominee, designee or

successor) exercises any of the remedies to which it is entitled thereunder and thereby acquires the interest of Lessor under the Lease, Lessee agrees to attorn to Heller or its nominee or designee and recognize Heller (or said nominee, designee or successor) as its Lessor under the Lease and, in such event, the Lease shall continue in full force and effect as a direct lease between Heller (or said nominee, designee or successor) and Lessee upon all the then executory terms, covenants and conditions of the Lease. Except as provided in this paragraph, no other party currently has any interest in the Cars that might affect Lessee's sole possession and peaceful enjoyment of the Cars.

20. Car Modification. Should any Cars require modification pursuant to a regulation of the U. S. Department of Transportation or other agency having jurisdiction over the operation or use of the Cars, Lessor may elect to do either of the following: (A) permanently delete the affected Cars from this Lease upon 90 days' notice or (B) arrange to make the appropriate modifications at its expense. If the modifications are made at Lessor's expense, the Exhibit Term for the Cars will be extended, without additional rental, by the number of days that the Cars are out of Lessee's service for such modification. If Lessor elects option (A), Lessee has 45 days from receipt of Lessor's notice within which to notify Lessor that Lessee will perform the appropriate modifications at its expense. If the modifications are made by Lessee at its expense, the Exhibit Term for the Cars will be extended, without additional Rental, by the number of days, rounded to the nearest whole, obtained by dividing the Lessee's total charges for performing the modification (not to exceed 115% of Lessor's cost for comparable modifications to comparable equipment) by the proportional daily Rental for the Cars.

21. Events of Default; Remedies. The occurrence of any of the following events shall be an Event of Default:

(a) default be made in the payment of any part of the Rental provided herein and such default continues for ten (10) days following receipt of written notice from Lessor; or

(b) Lessee makes or permits any unauthorized assignment or transfer of this Lease or of the Cars and such assignment or transfer has not been (i) cancelled or (2) mitigated, to Lessor's satisfaction within ten days thereafter; or

(c) default in the observance or performance of any other of the covenant, condition and agreement on the part of Lessee contained herein and such default continues unremedied for thirty (30) days after written notice from Lessor; or

(d) the filing by or against Lessee of any petition or the initiation by or against Lessee of any proceeding under any bankruptcy, reorganization, receivership, insolvency, moratorium or other laws relating to the relief of debtors, the readjustment of indebtedness, or extensions of indebtedness, if such has not been dismissed or withdrawn within thirty (30) days.

Upon the occurrence of any Event of Default hereunder by Lessee, without limiting Lessor's rights and remedies otherwise provided by law, which shall be available to Lessor in addition to the following rights and remedies (no

right or remedy of Lessor being exclusive but all such rights and remedies being available at all times to Lessor and Lessor in any case being entitled to recover all costs, expenses and attorneys' fees incurred by Lessor in enforcing its rights and remedies hereunder), Lessor may, at its option, terminate this Lease and/or may:

- (i) Proceed by any lawful means to enforce performance by Lessee of this Lease or to recover damages for a breach hereof, and/or
- (ii) By written notice to Lessee, terminate Lessee's right of possession and use of the Cars, whereupon all right and interest of Lessee in the Cars shall terminate; and thereupon Lessee shall, if directed by Lessor, unload the Cars within a reasonable time from such direction and deliver the Cars within thirty (30) days thereafter to Lessor at an interchange point or points on Lessee's lines designated by Lessor and Lessor shall henceforth hold, possess and enjoy the same free from any right of Lessee. Lessor shall, in addition, have the right to recover from Lessee any and all Rental amounts which under the terms of this Lease may then be due or which may have accrued to that date, together with Lessor's costs and expenses, including reasonable attorneys' fees incurred in securing such enforcement hereof. Lessor shall attempt to lease the Cars to other parties pursuant to the most favorable terms then available to Lessor in the marketplace and, if successful, the discounted proceeds of such lease (net of expenses) shall be deducted from Lessor's damages.

22. Purchase Option/First Refusal. At the end of the Exhibit Term, Lessee has the option to purchase the Cars at the fair market value at the time of exercise of this Purchase Option. All sales or use taxes accruing as a result of the exercise of the option and sale are the responsibility of Lessee. If Lessee wishes to exercise this option, it must give 60 days' notice to Lessor prior to the end of the Exhibit Term. Each Exhibit is independent of other Exhibits for purposes of exercising the Purchase Option. If the parties are unable to agree on a fair market value within 20 days of receipt by Lessor of Lessee's notice of intent to exercise the Purchase Option, such value shall be determined by a qualified independent appraiser as the parties may mutually agree upon, or failing such agreement, the American Appraisal Company, Milwaukee, Wisconsin.

If Lessor desires to sell any Cars to a third party during the Exhibit Term, Lessor agrees to offer Lessee the right to purchase the Cars under the exact conditions offered by that third party. Lessor must provide Lessee with a written copy of such offer and Lessee has 15 days within which to advise Lessor that Lessee will purchase the Cars. If Lessee does not reply within that time period, Lessor is free to sell the Cars to that third party.

23. Notices. Unless otherwise provided, any notice sent pursuant to this Lease must be in writing and addressed as follows:

To Lessor: ITEL Rail Corporation
55 Francisco Street
San Francisco, CA 94133
Attn: Contract Administration

To Lessee: CSX Equipment, a unit of
CSX Transportation, Inc.
Treasury Department
100 North Charles Street
Baltimore, MD 21201

All notices shall be valid when delivered personally or two days after having been deposited in the United States mail, postage prepaid, first class mail.

24. Non-Waiver. The failure of either party to enforce any provision of this Lease or to prosecute any default shall not be considered as a waiver of that provision or as a bar to the prosecution of that default unless so indicated in writing.

25. Confidentiality. Neither party may disclose the provisions of this lease to a third party, excluding any parent, affiliate, subsidiary company, or potential buyers of the Cars, without the written consent of the other party, unless otherwise required by law or as provided in any sublease or assignment and except that this Lease may be filed with the Interstate Commerce Commission. The existence of this Lease may be disclosed without such consent.

26. Inspection. Lessee agrees to allow Lessor, or its authorized representative, to inspect, during normal business hours, the Cars (at Lessor's risk of personal injury and at such locations as determined by Lessee in its reasonable discretion) and any or all of its records regarding the Cars and Lessee's rights and obligations under this Lease. Such records include, but are not limited to, papers, microfiche, tapes and similar items concerning car hire, mileage allowances, repair/maintenance/destruction of Cars, rentals, taxes, and other records concerning the various rights and obligations of the parties contained in this Lease. Lessee's inspection rights shall be as set forth on the appropriate Exhibit.

27. Survival of Covenants. The provisions contained in Sections 8, 10, 12, 14, 15, 16 and 17 of this Lease shall survive the expiration or termination hereof.

28. Titles. All titles to paragraphs are for the information and convenience of the parties and are not substantive.

29. Entire Understanding. This Lease and, with respect to any group of Cars, the Exhibit governing such Cars, constitutes the entire understanding of the parties, shall be construed pursuant to the laws of the State of Delaware, and, subject to the provisions herein regarding assignment and sublease, shall be binding upon them, their respective successors and assigns. It shall remain in full force and effect until all Cars have been tendered for return to Lessor and until the end of any storage period provided herein. Any modification to this Lease must be in writing and signed by both parties.

IN WITNESS WHEREOF, the parties hereto have duly executed this lease in two counterparts (each of which shall be deemed an original) the day and year first above written.

Attest:

Harold Chalmers

Title: Asst. Sec'y

ITEL RAIL CORPORATION
(Lessor)

By: Desmond Hayes
Desmond Hayes
President

Attest:

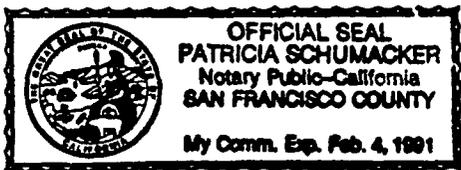
John P. Humboldt
First Corporate Secretary

CSX TRANSPORTATION, Inc.
(Lessee)

By: [Signature]

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

On this 29th day of June, 1987, before me personally appeared Almond P. Payne, to me personally known, who being by me duly sworn says that such person is President of Itel Rail Corporation, that the foregoing Lease was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Patricia Schumacker
Notary Public

STATE OF MARYLAND)
) ss:
CITY OF BALTIMORE)

On this 19th day of JUNE, 1987, before me personally appeared Douglas W. List, Vice President - CSX Equipment, to me personally known, who being by me duly sworn says that such person is authorized by CSX Transportation, Inc., to sign the foregoing Lease on its behalf, that the foregoing Lease 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.

Helen V. Klein
Notary Public

My Commission Expires: July 1, 1990

EXHIBIT 1

To CSXT Master Car Lease Dated As of June 23, 1987

Lessor: Itel Rail Corporation
55 Francisco Street
San Francisco, CA 94133

Lessee: CSX Transportation, Inc., individually and as agent for
100 North Charles Street The Chesapeake and Ohio Railway Company,
Baltimore, MD 21201 jointly and severally

Car Type: G402 Rotary Dump 100-ton Gondola

Car Numbers: CO 380000-380045 Total: 46
(individual numbers to be set forth in Exhibit 1-A)

Permitted Commodities: Coal, Coke, and related commodities

Additional Conditions of Acceptance: Lessee shall accept delivery of any Cars that have been repaired according to the scope of work attached hereto as Exhibit 1-B.

Term: Fifty-four (54) months, beginning July 1, 1987 and ending December 31, 1991. All cars must be tendered to Lessee within 45 days after the beginning date and tendered to Lessor within 45 days after the ending date. The Lease will continue to apply against each Car until it is tendered for return. At its sole option, and upon 60 days' notice, Lessee may extend the Term for an additional period of one year beginning January 1, 1992 and ending December 31, 1992 subject to all provisions of the Lease.

Car Hire Charges: Lessee shall collect all car hire charges earned by the Cars listed on this Exhibit 1 and, provided it has paid the Rental set forth hereinbelow, Lessee may retain all such car hire charges.

Rental:

This Lease is a net Lease and, except as otherwise provided for in this Lease, Lessee shall not be entitled to any abatement of Rental, reduction thereof or setoff against Rental, including, but not limited to, abatements, reductions or setoffs due or alleged to be due to time that the Cars are out of service due to repairs, unless due to failure of Lessor to comply with its obligations under this Lease.

Indemnities: Lessee agrees to defend, indemnify and save harmless Lessor from and against all losses, damages, injuries, liabilities, claims, suits, judgments, costs, expenses and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including counsel fees, arising out of the entering

into or the performance of this Lease or the ownership of the Cars by Lessor, or the use and operations of the Cars during the continuance of this Lease. Notwithstanding the foregoing, Lessee shall not be required to make any indemnification for, and Lessor shall defend, indemnify and save harmless Lessee from, all losses, damages, injuries, liabilities, claims, suits, judgments, costs, expenses and demands, and expenses in connection therewith, including counsel fees, which arise from the negligence or willful misconduct of Lessor or its agents or employees or any defects in materials or workmanship arising out of the repairs to the Cars performed in 1987 prior to their delivery to Lessee. These covenants of indemnity shall continue in full force and effect notwithstanding the termination of this Lease.

Removal of Car: Notwithstanding any other provision of this Lease, Lessee also has the right at its sole option and upon written notice to Lessor, to remove any Car from active service under this Lease. Lessee may then either: (A) pay the Casualty Value of the Car, as provided in the Casualty Value Schedule or (B) continue to pay Rental but not be required to repair or use the Car. Lessee may switch from option (B) to option (A) at anytime and upon written notice to Lessor. If Lessee chooses option (B), at the end of the Exhibit Term Lessee must either return the Car(s) in the condition specified in Section 6 or pay the appropriate amount provided in the Casualty Value Schedule. Lessee may make a separate election for each Car.

Lessee's Inspection Rights: Lessor agrees to allow Lessee, or its authorized representative, to inspect, during normal business hours, Lessor's receivable and payment records with respect to the Cars.

Transfer Points: **Delivery:** New Castle, PA
Return: Any point on the
 railroad lines of
 Lessee mutually agreed
 on by Lessee and Lessor

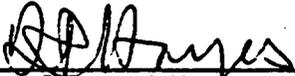
EXHIBIT 1 A
CASUALTY SCHEDULE

<u>DATE OF CASUALTY</u>	<u>CASUALTY PAYMENT</u>
1. 07/01/87-12/31/87	
2. 01/01/88-06/30/88	
3. 07/01/88-12/31/88	
4. 01/01/89-06/30/89	
5. 07/01/89-12/31/89	
6. 01/01/90-06/30/90	
7. 07/01/90-12/31/90	
8. 01/01/91-06/30/91	
9. 07/01/91-12/31/91	

ITEL RAIL CORPORATION
(Lessor)

CSX TRANSPORTATION, Inc.,
individually and as agent for The
Chesapeake and Ohio Railway
Company, jointly and severally
(Lessee)

By: _____


Desmond Hayes
President

Date: _____

6/29/87

By: _____



Title: _____

vice president

Date: _____

June 19, 1987

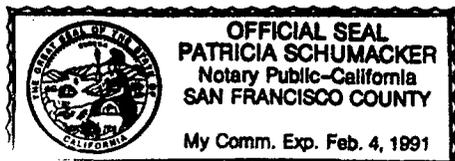
CERTIFICATION OF TRUE COPY

On August 4, 1987, I, Ginny Hanger, examined the original copy CSX TRANSPORTATION INC. MASTER CAR LEASE - FIXED RATE, and I hereby certify that I have compared the attached duplicate copy with the original, and that it is a complete, true and correct copy of the original in all respects, including the dates, signatures and acknowledgements thereof.

Ginny Hanger

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

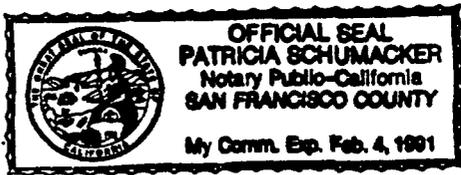
On August 4, 1987, before the undersigned, a Notary Public for the State of California, personally appeared Ginny Hanger, known to me to be the person whose name is subscribed to the above instrument, acknowledged that she executed the same.



Patricia Schumacker
Notary Public

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

On this 29th day of June, 1987, before me personally appeared William P. Hays, to me personally known, who being by me duly sworn says that such person is President of IteI Rail Corporation, that the foregoing Lease Exhibit was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Patricia Schumacker
Notary Public

STATE OF MARYLAND)
) SS:
CITY OF BALTIMORE)

On this 19th day of JUNE, 1987, before me personally appeared DOUGLASS W. LIST, Vice President - CSX Equipment, to me personally known, who being by me duly sworn says that such person is authorized by CSX Transportation, Inc., to sign the foregoing Lease Exhibit on its behalf, that the foregoing Lease Exhibit 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.

Alan H. Klein
Notary Public

My Commission Expires: July 1, 1990

1 5290

RECORDATION NO. _____ Filed 1425

AUG 18 1987 - 3:30 PM

INTERSTATE COMMERCE COMMISSION

06/12/87

CSX TRANSPORTATION, INC.
MASTER CAR LEASE- FIXED RATE

THIS MASTER CAR LEASE (Lease) dated as of June 23, 1987, is by and between ITEL Rail Corporation (Lessor) and CSX Transportation, Inc. individually and, with respect to the Cars listed in each Exhibit, as agent for the affiliates or subsidiaries of CSX Transportation, Inc. set forth in such Exhibit (collectively, Lessee).

1. Capitalization. Capitalized words are used herein for the convenience of the parties. The specific definitions or uses of such words are contained in the main body of the Lease or in each Exhibit.

2. Cars. Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, the various cars (Cars) described in those appropriate current and future Exhibit(s) signed by Lessor and Lessee, as incorporated herein, pursuant to the provisions of this Lease. The term of the Lease as to each Car is set forth in the appropriate Exhibit(s). As to any Cars, the word "Lease" shall include the Exhibit governing such Cars. Any rights of Lessee in respect of the Cars shall constitute a leasehold interest only.

3. Transfer and Use. Lessor agrees to deliver the Cars to Lessee and Lessee agrees to return the Cars to Lessor, at the Transfer Points designated in the appropriate Exhibit(s), as amended from time to time, unless agreed otherwise. Lessor is solely responsible for all charges including, but not limited to, linehaul, switching and storage charges, of connecting railroads that might accrue as a result of the movement of Cars to the Transfer Points for delivery to Lessee or from the Transfer Points after return of the Cars to Lessor (and after the storage period provided hereinbelow). Lessee agrees to use the Cars exclusively in its own service or in normal interchange service with other railroads, and shall have full authority to direct the movement of the Cars to any location in the continental United States and Canada, but shall not allow the Cars to travel to any other location.

4. Rental. Lessee agrees to pay the Rental designated on the Exhibit(s) for each Car from the date of delivery of such Car until the date of return of such Car. Such Rental shall be paid to Lessor semi-annually in arrears, on the last day of each semi-annual period, with daily proration of any partial periods.

5. Compliance With Laws; Incorporation of Documents. Lessee will comply in all respects (including without limitation, with respect to the use, maintenance and operation of the Cars) with all laws, rules and regulations of the jurisdictions in which its operations involving the Cars may extend, with the interchange rules of the Association of American Railroads (or of any successor thereto) and with all lawful rules of the ICC and any other legislative, executive, administrative or judicial body exercising any power

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.

or jurisdiction over the Cars. Except as otherwise herein expressly provided, the parties agree to incorporate and be governed by the provisions of the Field Manual of the Association of American Railroads ("AAR") Interchange Rules (the "Interchange Rules"), AAR Circular No. OT-5 (if the Cars bear private reporting marks) and 49 CFR Parts 215, 231 and 232, all as amended, supplemented or superseded throughout the term of this Lease; provided, however, that in the event any of the foregoing conflict with the provisions of this Lease, this Lease shall govern to the extent allowed by law.

6. Inspection. Each of the Cars will be inspected by the parties on or before both the Delivery and Return dates. The inspections will be conducted at the Transfer Points or other mutually agreeable locations. The condition of each Car will be noted on a joint inspection certificate (JIC), a blank copy of which is attached hereto. All Cars must be tendered to Lessee for delivery and, except as otherwise permitted hereunder, to Lessor for return, in the following condition: (1) empty, (2) in good operating status, (3) free of obvious defects, (4) capable of immediate loading and transportation of the Permitted Commodities (as defined in the appropriate Exhibit), and (5) suitable for interchange in accordance with the Interchange Rules; provided, however, that the appropriate Exhibit may contain other descriptions of condition, which shall control. If a Car is in need of repair prior to acceptance for delivery or return, a separate inspection will be held after repairs have been made. Acceptance of any Car by Lessee at delivery or Lessor at return shall be deemed conclusive that such Car has met the conditions as set forth herein.

Except for Cars as to which Lessee has exercised any applicable purchase option that may be contained in the appropriate Exhibit, upon the expiration or termination of this Lease with respect to any Car, Lessee shall deliver possession of such Car to Lessor at any mutually agreeable point on Lessee's railroad lines. Each Car so delivered shall be in the same operating order, repair and condition as when originally delivered to Lessee, ordinary wear and tear and obsolescence excepted, shall have attached or affixed thereto any device considered an accession thereto and shall have maintained in accordance with the standards set forth in this Lease.

7. Car Hire Charges. The collection and distribution of car hire charges earned by the Cars shall be handled as set forth in the appropriate Exhibit.

8. Taxes. (A)(1) This subsection 8 (A) shall apply to all Cars bearing reporting marks of Lessee or one of its owned or affiliated railroads. All payments to be made by Lessee hereunder will be free of expense to Lessor with respect to the amount of any local, state or federal taxes (other than the income taxes payable by Lessor in consequence of the receipt of payments provided herein), assessments or license fees (and any other charges, fines or penalties in connection therewith) hereafter levied or imposed upon or in connection with or measured by, this Lease or any rental, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which expenses, taxes, assessments, license fees, charges, fines and penalties Lessee assumes and agrees to pay on demand. Lessee will also pay promptly all taxes (other than taxes referred to in the first parenthetical of this Section), assessments or license fees (and any charges, fines or penalties in connection therewith) which may be imposed upon any part of the Cars or for the use or operation thereof or upon the car hire or other earnings arising

therefrom, and will keep at all times all and every part of the Cars free and clear of all taxes and assessments which might in any way affect the title of Lessor or result in a lien upon any part of the Cars and, upon Lessor's request, will supply Lessor with evidence of such payment; provided, however, that Lessee shall be under no obligation to pay any taxes, assessments, license fees, charges, fines or penalties of any kind (hereinafter called "impositions") so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not adversely affect the property or rights of Lessor hereunder or in the Cars. If any impositions shall have been charged or levied against Lessor directly and paid by Lessor, Lessee shall reimburse Lessor on presentation of an invoice therefor; provided, however, that Lessor has notified Lessee of such payment within a reasonable time thereafter.

(A)(2) In case any report or return is required to be made with respect to any obligation of the Lessee under or arising out of this Section, Lessee will, where permitted to do so under applicable rules and regulations, make and timely file such reports and returns in such manner as to show the interest of Lessor in the Cars or, where not so permitted, will notify Lessor of such requirement and will prepare and deliver such reports to Lessor within a reasonable time prior to the time such reports are to be filed. All costs and expenses (including legal and accounting fees) of preparing any such return or report shall be borne by Lessee.

(B) Taxes for all Cars bearing Lessor's reporting marks shall be handled in accordance with the appropriate Exhibit.

9. Insurance. Lessee shall self-insure the Cars against property damage and third-party liability in the manner and to the extent such risks are customarily self-insured against by Class I railroads of Lessee's size and financial condition in respect of similar equipment and in any event affording no less protection than Lessee provides with respect to similar equipment owned by it.

10. Maintenance, Repair and Operation. Except as otherwise permitted by the Exhibit governing such Cars, Lessee, at its own cost and expense, will at all times (i) maintain and keep the Cars in as good operating order, repair and condition as when delivered to it, ordinary wear and tear and obsolescence excepted, and in as good operating order, repair and condition as other equipment of similar type and vintage owned or leased by Lessee, (ii) maintain the Cars as an operating and functional part of its business, (iii) replace any part of the Cars which shall be or become worn out, lost, stolen, destroyed or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever, with like kind equipment that is functionally equivalent to the part of the Cars being replaced and, (iv) except as otherwise provided herein, in case of damage by fire, accident or otherwise to the Cars, promptly repair the Car and restore it to operating order, all without expense to Lessor.

Lessee shall submit to Lessor a monthly report for all repairs reported with respect to the Cars during the previous month.

11. Destruction of Car. If any Car is lost, stolen, destroyed or damaged beyond economic repair, the Car will be removed from Lessee's service and from this Lease. No replacement Car will be furnished unless agreed to by both parties. Lessee will provide written notice to Lessor regarding such removal. Lessee will make a depreciated value payment pursuant to AAR Interchange Rule 107 or, if the appropriate Exhibit sets forth a casualty payment schedule, a casualty payment in accord with such schedule, to Lessor on the next Rental payment date. Provided that Lessee has paid Lessor such payment, Rental will continue only until and including such Rental payment date and such Car shall become the property of Lessee.

12. Commodity Damage. Lessor shall not be liable for any loss of or damage to commodities shipped in the Cars.

13. Lettering. Lessee, at its sole option and expense, may remark and renumber the Cars, so long as the remarking is to the markings of one of the following affiliates of Lessee: The Chesapeake and Ohio Railway Company ("C&O") or the Seaboard System ("SBD"). Upon written request by Lessor, and not more than once every six months, Lessee will advise Lessor if any of the Cars have been renumbered or relettered and shall, upon Lessor's request, execute and file a statement of new reporting marks and numbers with the ICC and execute an amendment to the appropriate Exhibit. Such remarking and renumbering shall not affect or change Lessee's rights and obligations under this Lease. Lessee shall not be required to change or bear the expense of any remarking and renumbering to the reporting marks of any subsequent Lessee. Lessee shall make no other change in the reporting marks or numbers of the Cars without Lessor's prior written consent.

14. Prohibition Against Liens. Lessee, at its own expense, will promptly pay or cause to be paid, or otherwise satisfy and discharge, any and all sums claimed by any party by, through or under Lessee or its successors or assigns which, if unpaid, might become a lien or a charge upon any Car, equal or superior to the title or claim of Lessor thereto, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable advance opinion of Lessor, adversely affect Lessor's title, property or rights created or purported to be created hereunder.

15. Indemnities. The indemnities related to each group of Cars shall be as set forth in the Exhibit governing such Cars.

16. Warranties. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESSED OR IMPLIED, AS TO THE FITNESS, DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE EQUIPMENT LEASED BY LESSEE HEREUNDER, AND LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE EQUIPMENT FOR ANY PARTICULAR PURPOSE. THIS SECTION DOES NOT CHANGE LESSOR'S OBLIGATION TO TENDER THE CARS TO LESSEE IN ACCORDANCE WITH SECTION 6.

17. Storage. At the end of the appropriate Exhibit Term, Lessee will tender all Cars remaining in active service to Lessor pursuant to Section 6. Lessor

shall have forty-five (45) days after the date of return tender within which to provide forwarding instructions. Thereafter, Lessor shall pay a charge of \$10 per car per day until such instructions are received by Lessee. Except for damages to the cars caused by it during the storage period, Lessee shall not be responsible for loss, damage, maintenance or repair to the Cars after the date of return.

18. Sublease. Lessee may sublease any of the Cars only upon the written approval of Lessor, which shall not be unreasonably withheld. Such sublease shall contain substantially similar terms and conditions as this Lease and shall be expressly made subject and subordinate to this Lease. Notwithstanding any such sublease, Lessee shall continue to remain liable to Lessor under all conditions and terms of this Lease. Except for the right of use provided herein, no right, title or interest in any of the Cars shall vest in Lessee by reason of this Lease.

19. Title, Possession and Assignment. All or any of the rights, benefits and advantages of Lessor hereunder may be assigned or transferred by Lessor. Any other assignment by Lessor shall require the advance written consent of Lessee, which shall not be unreasonably withheld. To the extent assigned, all rights of Lessor hereunder shall inure to the benefit of Lessor's assigns. Lessee, without the prior written consent of Lessor, shall not sell, assign, transfer or encumber its leasehold interest under this Lease, except (i) Lessee may assign and transfer its leasehold interest hereunder to any railroad which shall have duly assumed by a written instrument satisfactory to Lessor all of Lessee's obligations hereunder and into or with which Lessee shall have merged or consolidated or which railroad shall have acquired the property of Lessee as an entirety or substantially as an entirety and (ii) Lessee may permit the use of the Cars by any of its railroad subsidiaries or affiliates in a railroad "assignment pool", provided that the use of the Cars in such service is governed by substantially similar terms and conditions as this Lease, any such assignment shall be expressly made subject and subordinate hereto and Lessee shall continue to remain liable to Lessor under all terms and conditions of this Lease. Any assignment prohibited by this Section shall be void.

Lessor is aware of and acknowledges the importance of Lessee's right of sole possession and quiet enjoyment of the Cars for the entirety of the appropriate Exhibit Term. Lessor represents that, except for the security interests contemplated by this Section, it is either the sole owner of the Cars or is the sole authorized leasing agent of the sole owner.

This Lease and the interest of Lessee in the Cars shall in all respects be subject and subordinated to all the terms, conditions and provisions of the financing agreements (the "Heller Agreements") between Lessor and Heller Financial, Inc. ("Heller") or its successors or assigns (and any refinacings or refundings thereof) and the documents described therein, including the remedies therein upon the happening of an event of default as defined therein; provided, however, that so long as no Event of Default by Lessee under this Lease has occurred and is continuing, Lessee shall quietly possess, use and enjoy the Cars at the Rental specified herein and subject to the provisions of this Lease. If an event of default, as defined in the Heller Agreements or the documents described therein, which shall not also be an Event of Default under this Lease, shall occur and Heller (or its nominee, designee or

successor) exercises any of the remedies to which it is entitled thereunder and thereby acquires the interest of Lessor under the Lease, Lessee agrees to attorn to Heller or its nominee or designee and recognize Heller (or said nominee, designee or successor) as its Lessor under the Lease and, in such event, the Lease shall continue in full force and effect as a direct lease between Heller (or said nominee, designee or successor) and Lessee upon all the then executory terms, covenants and conditions of the Lease. Except as provided in this paragraph, no other party currently has any interest in the Cars that might affect Lessee's sole possession and peaceful enjoyment of the Cars.

20. Car Modification. Should any Cars require modification pursuant to a regulation of the U. S. Department of Transportation or other agency having jurisdiction over the operation or use of the Cars, Lessor may elect to do either of the following: (A) permanently delete the affected Cars from this Lease upon 90 days' notice or (B) arrange to make the appropriate modifications at its expense. If the modifications are made at Lessor's expense, the Exhibit Term for the Cars will be extended, without additional rental, by the number of days that the Cars are out of Lessee's service for such modification. If Lessor elects option (A), Lessee has 45 days from receipt of Lessor's notice within which to notify Lessor that Lessee will perform the appropriate modifications at its expense. If the modifications are made by Lessee at its expense, the Exhibit Term for the Cars will be extended, without additional Rental, by the number of days, rounded to the nearest whole, obtained by dividing the Lessee's total charges for performing the modification (not to exceed 115% of Lessor's cost for comparable modifications to comparable equipment) by the proportional daily Rental for the Cars.

21. Events of Default; Remedies. The occurrence of any of the following events shall be an Event of Default:

(a) default be made in the payment of any part of the Rental provided herein and such default continues for ten (10) days following receipt of written notice from Lessor; or

(b) Lessee makes or permits any unauthorized assignment or transfer of this Lease or of the Cars and such assignment or transfer has not been (i) cancelled or (2) mitigated, to Lessor's satisfaction within ten days thereafter; or

(c) default in the observance or performance of any other of the covenant, condition and agreement on the part of Lessee contained herein and such default continues unremedied for thirty (30) days after written notice from Lessor; or

(d) the filing by or against Lessee of any petition or the initiation by or against Lessee of any proceeding under any bankruptcy, reorganization, receivership, insolvency, moratorium or other laws relating to the relief of debtors, the readjustment of indebtedness, or extensions of indebtedness, if such has not been dismissed or withdrawn within thirty (30) days.

Upon the occurrence of any Event of Default hereunder by Lessee, without limiting Lessor's rights and remedies otherwise provided by law, which shall be available to Lessor in addition to the following rights and remedies (no

right or remedy of Lessor being exclusive but all such rights and remedies being available at all times to Lessor and Lessor in any case being entitled to recover all costs, expenses and attorneys' fees incurred by Lessor in enforcing its rights and remedies hereunder), Lessor may, at its option, terminate this Lease and/or may:

- (i) Proceed by any lawful means to enforce performance by Lessee of this Lease or to recover damages for a breach hereof, and/or
- (ii) By written notice to Lessee, terminate Lessee's right of possession and use of the Cars, whereupon all right and interest of Lessee in the Cars shall terminate; and thereupon Lessee shall, if directed by Lessor, unload the Cars within a reasonable time from such direction and deliver the Cars within thirty (30) days thereafter to Lessor at an interchange point or points on Lessee's lines designated by Lessor and Lessor shall henceforth hold, possess and enjoy the same free from any right of Lessee. Lessor shall, in addition, have the right to recover from Lessee any and all Rental amounts which under the terms of this Lease may then be due or which may have accrued to that date, together with Lessor's costs and expenses, including reasonable attorneys' fees incurred in securing such enforcement hereof. Lessor shall attempt to lease the Cars to other parties pursuant to the most favorable terms then available to Lessor in the marketplace and, if successful, the discounted proceeds of such lease (net of expenses) shall be deducted from Lessor's damages.

22. Purchase Option/First Refusal. At the end of the Exhibit Term, Lessee has the option to purchase the Cars at the fair market value at the time of exercise of this Purchase Option. All sales or use taxes accruing as a result of the exercise of the option and sale are the responsibility of Lessee. If Lessee wishes to exercise this option, it must give 60 days' notice to Lessor prior to the end of the Exhibit Term. Each Exhibit is independent of other Exhibits for purposes of exercising the Purchase Option. If the parties are unable to agree on a fair market value within 20 days of receipt by Lessor of Lessee's notice of intent to exercise the Purchase Option, such value shall be determined by a qualified independent appraiser as the parties may mutually agree upon, or failing such agreement, the American Appraisal Company, Milwaukee, Wisconsin.

If Lessor desires to sell any Cars to a third party during the Exhibit Term, Lessor agrees to offer Lessee the right to purchase the Cars under the exact conditions offered by that third party. Lessor must provide Lessee with a written copy of such offer and Lessee has 15 days within which to advise Lessor that Lessee will purchase the Cars. If Lessee does not reply within that time period, Lessor is free to sell the Cars to that third party.

23. Notices. Unless otherwise provided, any notice sent pursuant to this Lease must be in writing and addressed as follows:

To Lessor: ITEL Rail Corporation
55 Francisco Street
San Francisco, CA 94133
Attn: Contract Administration

To Lessee: CSX Equipment, a unit of
CSX Transportation, Inc.
Treasury Department
100 North Charles Street
Baltimore, MD 21201

All notices shall be valid when delivered personally or two days after having been deposited in the United States mail, postage prepaid, first class mail.

24. Non-Waiver. The failure of either party to enforce any provision of this Lease or to prosecute any default shall not be considered as a waiver of that provision or as a bar to the prosecution of that default unless so indicated in writing.

25. Confidentiality. Neither party may disclose the provisions of this lease to a third party, excluding any parent, affiliate, subsidiary company, or potential buyers of the Cars, without the written consent of the other party, unless otherwise required by law or as provided in any sublease or assignment and except that this Lease may be filed with the Interstate Commerce Commission. The existence of this Lease may be disclosed without such consent.

26. Inspection. Lessee agrees to allow Lessor, or its authorized representative, to inspect, during normal business hours, the Cars (at Lessor's risk of personal injury and at such locations as determined by Lessee in its reasonable discretion) and any or all of its records regarding the Cars and Lessee's rights and obligations under this Lease. Such records include, but are not limited to, papers, microfiche, tapes and similar items concerning car hire, mileage allowances, repair/maintenance/destruction of Cars, rentals, taxes, and other records concerning the various rights and obligations of the parties contained in this Lease. Lessee's inspection rights shall be as set forth on the appropriate Exhibit.

27. Survival of Covenants. The provisions contained in Sections 8, 10, 12, 14, 15, 16 and 17 of this Lease shall survive the expiration or termination hereof.

28. Titles. All titles to paragraphs are for the information and convenience of the parties and are not substantive.

29. Entire Understanding. This Lease and, with respect to any group of Cars, the Exhibit governing such Cars, constitutes the entire understanding of the parties, shall be construed pursuant to the laws of the State of Delaware, and, subject to the provisions herein regarding assignment and sublease, shall be binding upon them, their respective successors and assigns. It shall remain in full force and effect until all Cars have been tendered for return to lessor and until the end of any storage period provided herein. Any modification to this Lease must be in writing and signed by both parties.

IN WITNESS WHEREOF, the parties hereto have duly executed this lease in two counterparts (each of which shall be deemed an original) the day and year first above written.

Attest:

Harold S. Clark
Title: *Asst. Sec'y*

ITEL RAIL CORPORATION
(Lessor)

By: *Desmond Hayes*
Desmond Hayes
President

Attest:

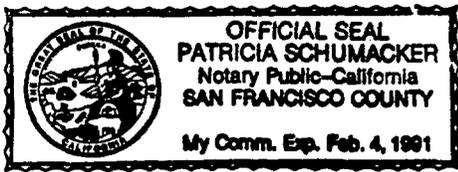
John P. Hymowitz
First Corporate Secretary

CSX TRANSPORTATION, Inc.
(Lessee)

By: *[Signature]*

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

On this 29th day of June, 1987, before me personally appeared Richard P. Payne, to me personally known, who being by me duly sworn says that such person is President of IteI Rail Corporation, that the foregoing Lease was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Patricia Schumacker
Notary Public

STATE OF MARYLAND)
) ss:
CITY OF BALTIMORE)

On this 19th day of JUNE, 1987, before me personally appeared DOUGLASS W. LIST, Vice President - CSX Equipment, to me personally known, who being by me duly sworn says that such person is authorized by CSX Transportation, Inc., to sign the foregoing Lease on its behalf, that the foregoing Lease 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.

Helen V. Klein
Notary Public

My Commission Expires: July 1, 1990

EXHIBIT 1

To CSXT Master Car Lease Dated As of June 23, 1987

Lessor: Itel Rail Corporation
55 Francisco Street
San Francisco, CA 94133

Lessee: CSX Transportation, Inc., individually and as agent for
100 North Charles Street The Chesapeake and Ohio Railway Company,
Baltimore, MD 21201 jointly and severally

Car Type: G402 Rotary Dump 100-ton Gondola

Car Numbers: CO 380000-380045 Total: 46
(individual numbers to be set forth in Exhibit 1-A)

Permitted Commodities: Coal, Coke, and related commodities

Additional Conditions of Acceptance: Lessee shall accept delivery of any Cars that have been repaired according to the scope of work attached hereto as Exhibit 1-B.

Term: Fifty-four (54) months, beginning July 1, 1987 and ending December 31, 1991. All cars must be tendered to Lessee within 45 days after the beginning date and tendered to Lessor within 45 days after the ending date. The Lease will continue to apply against each Car until it is tendered for return. At its sole option, and upon 60 days' notice, Lessee may extend the Term for an additional period of one year beginning January 1, 1992 and ending December 31, 1992 subject to all provisions of the Lease.

Car Hire Charges: Lessee shall collect all car hire charges earned by the Cars listed on this Exhibit 1 and, provided it has paid the Rental set forth hereinbelow, Lessee may retain all such car hire charges.

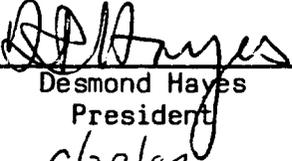
Rental:

This Lease is a net Lease and, except as otherwise provided for in this Lease, Lessee shall not be entitled to any abatement of Rental, reduction thereof or setoff against Rental, including, but not limited to, abatements, reductions or setoffs due or alleged to be due to time that the Cars are out of service due to repairs, unless due to failure of Lessor to comply with its obligations under this Lease.

Indemnities: Lessee agrees to defend, indemnify and save harmless Lessor from and against all losses, damages, injuries, liabilities, claims, suits, judgments, costs, expenses and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including counsel fees, arising out of the entering

ITEL RAIL CORPORATION
(Lessor)

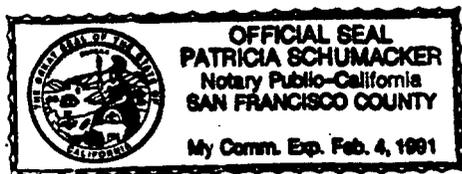
CSX TRANSPORTATION, Inc.,
individually and as agent for The
Chesapeake and Ohio Railway
Company, jointly and severally
(Lessee)

By: 
Desmond Hayes
President
Date: 6/29/87

By: 
Title: Vice President
Date: June 19, 1987

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

On this 29th day of June, 1987, before me personally appeared Richard P. Hays, to me personally known, who being by me duly sworn says that such person is President of IteI Rail Corporation, that the foregoing Lease Exhibit was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Patricia Schumacker
Notary Public

STATE OF MARYLAND)
) ss:
CITY OF BALTIMORE)

On this 19th day of JUNE, 1987, before me personally appeared DOUGLASS W. LIST, Vice President - CSX Equipment, to me personally known, who being by me duly sworn says that such person is authorized by CSX Transportation, Inc., to sign the foregoing Lease Exhibit on its behalf, that the foregoing Lease Exhibit 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.

Helen D. Klein
Notary Public

My Commission Expires: July 1, 1990

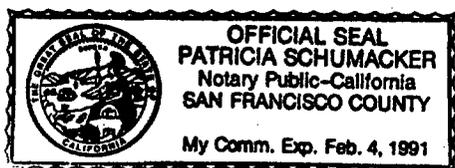
CERTIFICATION OF TRUE COPY

On August 4, 1987, I, Ginny Hanger, examined the original copy CSX TRANSPORTATION INC. MASTER CAR LEASE - FIXED RATE, and I hereby certify that I have compared the attached duplicate copy with the original, and that it is a complete, true and correct copy of the original in all respects, including the dates, signatures and acknowledgements thereof.

Ginny Hanger

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

On August 4, 1987, before the undersigned, a Notary Public for the State of California, personally appeared Ginny Hanger, known to me to be the person whose name is subscribed to the above instrument, acknowledged that she executed the same.



Patricia Schumacker
Notary Public