

1 5249
REC'DATION NO. Filed 1425

New Member
1 5249

JUN 22 1987 - 12 25 PMS LADE & PELLMAN 1

MELVIN S. SLADE
STUART M. PELLMAN
JEFFREY A. MOROSS
J. ANDREW RAHL, JR.
JEFFREY L. GLATZER
MICHAEL W. STAMM
RONALD B. RISDON
ROBERT A. KARIN
INTERSTATE COMMERCE COMMISSION
1 5249 C
REC'DATION NO. Filed 1425

ATTORNEYS AT LAW
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NEW YORK, N.Y. 10022
REC'DATION NO. Filed 1425
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CABLE: TRILAW-NYK

JUN 22 1987 - 12 25 PM

INTERSTATE COMMERCE COMMISSION
1 5249 A
REC'DATION NO. Filed 1425

SHERRY K. BERMAN
ANTHONY P. COLES
NEAL DITTERSDORF
ELLEN A. GIBSON
MEGAN LESSER LEVINE
STEVEN M. MANKET
PEGGY A. MARKS
ROBERT A. PACHT
ERIC D. STATMAN
INTERSTATE COMMERCE COMMISSION

1 5249 B JUN 22 1987 - 12 25 PM
REC'DATION NO. Filed 1425
INTERSTATE COMMERCE COMMISSION
June 19, 1987

JUN 22 1987 - 12 25 PM

INTERSTATE COMMERCE COMMISSION
Office of the Secretary
Recordation Office
Interstate Commerce Commission
Twelfth and Constitution Avenue, N.W.
Washington, D.C. 20423

7-173A070
JUN 22 1987
Date
Fee \$ 50.00
ICC Washington, D. C.
MOTOR OPERATING UNIT
JUN 22 12 16 PM '87
ICC OFFICE OF THE SECRETARY

Re: Recordation and Filing of Five Leases of Railroad Equipment

Dear Sir:

In accordance with the provisions of Section 11303 of the Revised Interstate Commerce Act, 49 U.S.C. § 11303, and Part 1177 of Title 49 of the Code of Federal Regulations, we request that the enclosed documents be recorded and filed by the Interstate Commerce Commission (the "Commission").

A. Description of the Documents and the Parties Thereto

Enclosed herewith are one original and one copy of each of the documents listed below. We request that the copy of each document be recorded and filed in the order listed below and that the original be stamped to evidence recordation and returned to us.

Enclosed are:

Five Leases of Railroad Equipment, each dated as of February 25, 1987, each between The Connecticut Bank and Trust Company, National Association ("CBT") not in its individual capacity but solely as owner-trustee for Chase Manhattan Service Corporation, and the Maryland & Pennsylvania Railroad Company (the "M&P"), as lessee, as follows:

Christy M. ...

Office of the Secretary
June 19, 1987
Page 2

- (a) Lease dated as of February 25, 1987 between CBT as lessor and the M&P as lessee for twenty-four (24) boxcars; *NEW NO.*
- (b) Lease dated as of February 25, 1987, between CBT as lessor and the M&P as lessee, for ninety-four (94) boxcars; *- A*
- (c) Lease dated as of February 25, 1987, between CBT as lessor and the M&P as lessee, for one hundred forty-seven (147) boxcars; *- B*
- (d) Lease dated as of February 25, 1987, between CBT as lessor and the M&P as lessee, for forty-five (45) boxcars; *- C*
- (e) Lease dated as of February 25, 1987 between CBT as lessor and the M&P as lessee for thirteen (13) boxcars. *- D*

The names and addresses for the parties to the transaction are:

Lessee: The Maryland and Pennsylvania Railroad Company
One West Market Street
York, Pennsylvania 17401
Attn: Mr. Robert Grossman

Lessor: The Connecticut Bank and Trust Company, N.A.
100 Constitution Plaza
Hartford, CT 06115

B. Procedural Matters

It is hereby respectfully requested that each of the following names be inserted in the Commission Index established pursuant to Section 1177.5(b) of Title 49 of the Code of Federal Regulations:

Maryland & Pennsylvania Railroad Company
The Connecticut Bank and Trust Company, N.A., as
owner-trustee for:

Chase Manhattan Services Corp.

A check in the amount of \$50 has been enclosed with this letter of transmittal to cover the recordation fee.

SLADE & PELLMAN

Office of the Secretary
June 19, 1987
Page 3

Please stamp and return the enclosed copy of this letter of transmittal.

A short summary of the enclosed primary documents to appear in the Commission's Index is:

Five Leases of Railroad Equipment each dated as of February 25, 1987, each between the Maryland & Pennsylvania Railroad Company, Lessee, and The Connecticut Bank and Trust Company, N.A., as owner-trustee, Lessor.

If there are any questions with respect to the enclosed or the transactions described therein, please telephone Michael W. Stamm of this Office.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Slade & Pellman".

SLADE & PELLMAN

Enclosures

1291E

REGISTRATION NO. 1 5249/C
Filed 1425

JUN 22 1987 - 12 25 PM

ICC Copy
- C

INTERSTATE COMMERCE COMMISSION LEASE OF RAILROAD EQUIPMENT

AGREEMENT entered into as of the 25th day of February, 1987, by and between THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association with an office at One Constitution Plaza, Hartford, Connecticut 06115 ("CBT"), not in its individual capacity but solely as owner-trustee (hereinafter referred to as "Lessor") under two trust agreements dated December 18, 1979 and January 21, 1980, between CBT and Chase Manhattan Service Corporation, and THE MARYLAND AND PENNSYLVANIA RAILROAD COMPANY, a Maryland and Pennsylvania corporation whose address is 1 West Market Street, York, Pennsylvania 17401 (hereinafter sometimes referred to as the "M&P").

W I T N E S S E T H:

Pursuant to an Agreement (the "SSR Agreement") dated as of January 2, 1985 (as amended January 22, 1986 and July 2, 1986) between Seaboard System Railroads, Inc. ("SSR") and the M&P, the M&P currently provides to SSR fifty-five (55) boxcars.

The Lessor owns or holds under lease forty-five (45) 50 foot 70 ton boxcars (the "Cars") with identifying marks as listed on Exhibit A hereto, as such Exhibit may, from time to time, be amended (hereinafter referred to as the "Cars"), and desires to lease the Cars to the M&P on the terms and conditions set forth in this Lease, with the understanding that the Cars will continue to be used under the SSR Agreement (the M&P in its capacity as lessee of the Cars hereunder is hereinafter referred as the "Lessee").

The Cars will initially be managed for Lessor by Emons Industries, Inc., as manager (the "Manager") pursuant to a Management Agreement between Lessor and Manager, dated as of December 19, 1986 (the "Management Agreement").

NOW, THEREFORE, in consideration of the premises, the parties hereto agree:

1. Lease and Hire: Lessor hereby lets to Lessee and Lessee hereby leases from Lessor the Cars.

2. Rental Payments: The Lessee hereby covenants and agrees to pay, or cause to be paid to the Lessor and its successors and assigns, as basic rent hereunder, not later than ten days after the end of each month, an amount equal to (i) the Lessor's Gross Allocated Portion (as such term is defined below) of Gross Revenues (as such term is defined below) received during such month minus (ii) the aggregate cost of any expenses relating to the Cars paid during such month by Lessee pursuant to this Lease and the SSR Agreement, which were

previously approved by the Manager (whose right to give such approval shall be governed by the Management Agreement). For the purpose of this Lease, "Gross Revenues" shall be defined as all revenues in the form of rents, car hire payments of any kind or any other payments collected from users other than the Lessee (which shall have free use of the Cars on its lines) in connection with the use, lease and/or operation of the Cars for a given month, less any paid or accrued reclaims, rebates or incentive load fees with respect to the Cars during such month. "Gross Allocated Portion" when used herein shall have the meaning ascribed to it in the Intercreditor Agreement dated as of the date described on Exhibit C attached hereto (the "Intercreditor Agreement").

3. Term of Lease: The term of this Lease as to each Car shall begin as of the date hereof and shall terminate on the date of any termination of the SSR Agreement with respect to such Car. Notwithstanding the foregoing, it is understood that this Lease will terminate with respect to all Cars not later than December 31, 1989.

4. Maintenance, Taxes and Insurance:

(a) To the extent not payable and paid by third parties and except as otherwise provided herein, Lessor will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each Car during its lease terms and any extension thereof, including but not limited to taxes, repairs and maintenance.

(b) To the extent not payable and paid by third parties, Lessor (through the Manager pursuant to Section 19 hereof) shall be responsible for the filing and payment of all taxes, assessments and other governmental charges of whatsoever kind or character which may be accrued, levied, assessed or imposed during the lease term and which relate to the operation and use of any Car, except franchise or similar taxes on income imposed on Lessee. Lessee shall provide Lessor and/or Manager with such information as shall be necessary to prepare and file forms for such taxes.

(c) Lessor shall have the right but not the obligation to obtain casualty and/or liability insurance with respect to the Cars in excess of the amounts, if any, provided under the SSR Agreement and the Management Agreement.

5. Identification Marks: The Lessor will permit each Car to be numbered in the sequence and bear the names or initials or other insignia permitted or required by the SSR

Agreement. Lessee will notify Lessor promptly of any changes in any such markings.

6. Risk of Loss: In the event that any Car shall be or become worn out, lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (any such occurrence being hereinafter called a "Casualty Occurrence") during the term of this Lease, Lessee shall promptly and fully notify Lessor with respect thereto. Lessee shall promptly pay to Lessor any amounts either received from any other person or entity, or payable by Lessee, by reason of any such Casualty Occurrence. Effective the later of (a) the date the obligations of SSR under the SSR Agreement terminate by reason of any Casualty Occurrence or (b) the date on which Lessor receives payment of amounts required pursuant to this Lease with respect to such Car, this Lease shall terminate with respect to any Car affected by such Casualty Occurrence, and Lessor shall have exclusive right to any Car, to the extent not inconsistent with the SSR Agreement, applicable law or AAR Interchange Rules for destroyed cars, upon such termination. Lessor shall have the right (to the extent permitted by the SSR Agreement and the Intercreditor Agreement) but not the obligation to replace any Car which is the subject of a Casualty Occurrence with another similar car owned by Lessor.

7. Return of Cars: On termination of this Lease, with respect to any Car, Lessee will return such Car to the control of the Manager (acting on behalf of the Lessor) for further disposition in accordance with the Management Agreement, including without limitation Sections 3(d), (e), (h), (m), (n), (p), (r) and (s) thereof. Lessee shall return such Car at the location at which, and in the condition in which, the Cars are required to be returned to Lessee at the termination of and pursuant to the SSR Agreement; provided, however, that the liability of the Lessee for the breach of this provision shall be limited to the damages received from SSR under the SSR Agreement for SSR's failure to return the Cars in accordance with the SSR Agreement.

8. Assignment - Use and Possession: Except as expressly provided herein, Lessee will not assign, transfer, encumber or otherwise dispose of its leasehold interest under this Lease, the Cars or any part thereof, or sublet the Cars or place any of the Cars in assigned service without the consent of the Lessor in writing first obtained; provided, however, that Lessor hereby consents to the use of the Cars by SSR pursuant to the SSR Agreement. Lessee will not permit any encumbrances or liens, based upon any acts, omissions or liability of Lessee, to exist, be entered or levied upon any of the Cars.

9. Defaults; Remedies: If during the Term of this Agreement one or more of the following events ("Events of Default") shall occur:

(a) The payment of any rent herein provided shall not be made when due, and such default shall continue for a period of three (3) business days; or

(b) Lessee shall attempt to remove, sell, transfer, encumber or sublet (except as expressly permitted under this Agreement) any Car; or

(c) A proceeding shall have been instituted in a court having jurisdiction in the premises, seeking a decree or order (i) for relief in respect of Lessee in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or (ii) for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of Lessee or for any substantial part of its property, or (iii) for the winding up or liquidation of the affairs of Lessee; and in any such case either (I) any such proceeding shall remain undismissed or unstayed and in effect for a period of 60 consecutive days or (II) such court shall enter a decree or order granting the relief sought in such proceeding; or

(d) Lessee shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of Lessee or for any substantial part of its property or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action in furtherance of any of the foregoing; or

(e) Lessee shall have actual knowledge that there has occurred and is continuing any condition, event, act or omission which it reasonably believes constitutes, or with notice or lapse of time would constitute a breach of the SSR Agreement or permit the early termination of the SSR Agreement, and shall fail within five (5) business days of obtaining actual knowledge thereof to notify Lessor of such condition, event, act or omission (whether resulting from the acts or omissions of either the Lessee or SSR); or

(f) The default by Lessee in any other obligation, term, condition, covenant, representation, warranty or provision hereunder;

then, in any such case, Lessor at its option may:

A. Proceed by appropriate court action or actions either at law or in equity to enforce performance by Lessee of the applicable duties and obligations of Lessee under this Agreement, or to recover damages (including incidental and consequential damages) for breach thereof, or to compel Lessee to enforce the applicable provisions of the SSR Agreement; or

B. By notice in writing to Lessee, terminate this Agreement, whereupon all right of Lessee to the use of the Cars shall absolutely cease and terminate as though this Agreement had never been made, and thereupon, Lessor may, itself or by its agents and without notice to Lessee, (1) enter upon the premises of Lessee or other premises where the Cars may be located and take possession of all or any such Cars and thenceforth hold, possess and enjoy the same free from any right of Lessee, or its successors or assigns, to use the Cars for any purpose whatever, and/or (2) to the extent permitted by applicable law and AAR rules and regulations, substitute itself or its designee in all respects in place of the Lessee as lessor under the SSR Agreement or otherwise as claimant of rights at law or in equity, and/or (3) terminate the SSR Agreement in accordance with its terms or otherwise exercise such rights thereunder, as the Lessor in its sole discretion may elect.

10. Indemnities: Lessor agrees to indemnify Lessee and hold it harmless from any loss, expense or liability which Lessee may suffer or incur from any charge, claim, proceeding, suit or other event which in any manner or from any cause arises in connection with the use, possession, or operation of the Cars while subject to this Lease, except for any such loss, expense or liability which arises from Lessee's negligence, bad faith, recklessness or willful misconduct or for which the Lessee has received indemnification from any third party, including without limitation SSR under the SSR Agreement, or which arises as a result of the operation of the Cars on Lessee's lines, for all of which Lessee shall indemnify and hold harmless Lessor. Lessor shall have the right, in its sole discretion, to select counsel or to approve counsel proposed by Lessee to prosecute or defend any such charge, claim, proceeding, suit or other event for which it may be liable under this Lease. The indemnities and assumptions of liability herein contained shall survive the termination of this Lease. Each party shall, upon learning of same, give the other prompt notice of any claim or liability hereby indemnified against. Lessee independently agrees that it shall not take any steps that would create any claims, lien, security interest or ~~from~~ encumbrance with respect to any Car and, should any arise ~~from~~ the action of Lessee, it shall promptly discharge the same. If Lessor shall indemnify Lessee pursuant to this section, Lessor

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BJ

shall be subrogated to the rights of the Lessee against any third party arising from such event, including any recoveries subsequent to the Lessor's indemnity to the Lessee.

11. Assignment of Revenues:

Pursuant to the terms of a Security Agreement in substantially the form attached hereto as Exhibit B, Lessee has granted the Agent (as such term is defined in the Intercreditor Agreement), a security interest in all of Lessee's right, title and interest in and to the SSR Agreement and in and to revenues to become due and payable from time to time under the SSR Agreement, as collateral security for the payment and performance of all obligations and duties of Lessee to Lessor arising under or by virtue of this Lease. Any monies paid pursuant to the SSR Agreement and received by the Lessee shall be held in trust for the exclusive benefit of the Lessor and paid promptly to the Lessor in accordance with this Lease.

12. Amendment of Lease: Lessee will not take any action to amend, modify, extend, renew or cancel the SSR Agreement or waive any right or grant any consent thereunder in any respect without the prior written consent of Lessor. Lessee represents and warrants that attached hereto as Exhibit D is a true, correct and complete copy of the SSR Agreement as in effect on the date of delivery of this Lease.

13. Delay or Partial Exercise: No failure or delay on the part of Lessor in exercising any right, power or privilege hereunder shall operate as a waiver thereof or of any other right, power or privilege of Lessor hereunder, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege, provided, however, that Lessee shall not be liable to Lessor for any consequential or incidental damages suffered by Lessor as a direct result of any such delay on the part of Lessor. The rights and remedies of Lessor hereunder are cumulative and not exclusive of any rights or remedies which it may otherwise have.

14. Instructions and Proceedings:

(a) Lessee shall notify Lessor (and shall send a copy of any such notice to Citicorp Industrial Credit, Inc. ("CIC")) of any request sent to it by SSR, its right to exercise any option or to make any election under the SSR Agreement or to grant any consent under the SSR Agreement. Lessee shall not respond to any request, exercise any option, make any election or grant any consent under the SSR Agreement, including without limitation giving SSR notice of substitution of a Car, early termination or an event of default without obtaining the Lessor's prior written consent thereto.

(b) Within three (3) business days of its receipt of written instruction to do so from Lessor, Lessee shall take such action, if any, specified by the Lessor in its instructions (i) to respond to any request, exercise any option, make any election, or grant any consent which Lessee has the power to exercise, make or grant, or (ii) to enforce any rights possessed by Lessee under the SSR Agreement or otherwise at law or in equity with respect to the Cars; provided, however, that if any such action must be undertaken less than five (5) business days after Lessee notifies Lessor pursuant to subsection (a) above, then Lessor may transmit its instructions to Lessee by telephonic notice.

(c) In the event that any proceeding is instituted by Lessee with respect to the Cars to enforce its rights under the SSR Agreement or Lessee is joined under Section 14(d) hereof, such proceedings shall be conducted at Lessor's expense by counsel selected or approved by Lessor and in accordance in all respects with the legally permissible instructions of Lessor; provided, however, that with respect to any proceeding affecting rights personal to Lessee (including without limitation slander, libel, criminal charges, regulatory matters, third-party liability and franchise or other similar taxes on income imposed on Lessee), Lessee shall conduct such proceedings at its own expense, but not in any manner which materially impairs any rights of the Lessor, and shall not be subject to Lessor's instructions.

(d) Lessee shall have no obligation to institute or maintain any proceeding to enforce its rights under the SSR Agreement, except in the event that the joinder of Lessee shall be required legally as a condition to the institution or maintenance of such proceeding, in which case the Lessee shall cooperate with Lessor in such proceeding.

(e) Lessee hereby appoints Lessor as its attorney-in-fact to enforce any of its rights against any third party pursuant to this Lease or the SSR Agreement. Lessor shall give prior written notice to Lessee of any action to be taken by Lessor pursuant to this power-of-attorney.

15. Arbitration: Should any arbitration arise under the SSR Agreement, Lessee shall promptly advise Lessor thereof and shall follow any legally permissible instructions received from Lessor in regard thereto. Lessee agrees it shall undertake no settlement or appoint any arbiter thereunder without Lessor's prior consent. Lessee shall not be liable for any damage or liability sustained or incurred by Lessor relating to its failure to promptly appoint an arbiter or otherwise comply with or instruct Lessee to so comply with the terms of any arbitration provisions contained in the SSR Agreement.

16. Compliance with Laws and Regulations: This Lease is subject to all federal, state and other laws, rules, regulations and ordinances which may now or hereafter affect, change or modify the terms or conditions hereof or render unlawful the performance of any of its provisions. Lessor and Lessee shall comply with all governmental law, regulations and requirements and with the Code of Rules of the Association of American Railroads with respect to the use, maintenance, and operation of such Cars subject to this Lease. Lessor will file and record this Lease with the Interstate Commerce Commission in accordance with Section 11303 of the Interstate Commerce Act.

17. Prior Understandings: Prior understandings and agreements between the parties with respect to the Cars are superceded hereby, and all rights of the parties in respect of such Cars shall be governed by this Lease.

18. Notices: Any notice, instruction, direction or request required or permitted to be given by either party hereto to the other or to CIC shall be deemed to have been given upon the earlier of (a) actual receipt or (b) three (3) business days after such party deposits such notice, instruction, direction or request in the United States mails, certified, postage prepaid, and addressed to the other party at the address set forth with respect to such party in the first paragraph of this Lease or, if to CIC, at its office at 450 Mamaroneck Avenue, Harrison, New York 10528, Attention: Mr. Michael A. Graves, Vice President, or at such other address as such party or CIC shall hereafter furnish to the appropriate party in writing. Notwithstanding the foregoing, Lessor may notify, instruct, direct or request Lessee by telephonic advice, as provided in this Lease.

19. Assignments by Lessor; Payments to Manager: Lessor shall have the right to assign or grant participations in all or any part of its interest in this Lease to any entity or entities without the prior consent of Lessee. Payments due Lessor hereunder shall be made to Manager; provided, however, that Lessee shall make payments due to Lessor hereunder directly to Lessor (i) upon Lessee's receipt of written notice from Lessor that (a) an Event of Default by Manager has occurred and is continuing under the Management Agreement or (b) the Management Agreement has for any reason terminated with respect to the Cars; or (ii) automatically, without notice or other action by Lessor, upon Lessee's receipt of notice of any kind of any filing after the date hereof of a petition under any bankruptcy, insolvency or moratorium law by or against Manager. The Lessee shall continue to pay any sums of basic rent, or other amounts payable to the Lessor under this Agreement, received after the termination of this Lease to the Manager in accordance with this section.

20. Severability, Effect and Modifications of Lease: Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

21. Successors and Assigns: All parties referred to in this Lease shall be deemed to include the successors or assigns thereof. All of the terms and provision of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective transferees, legal representatives, heirs, successors and assigns.

22. Further Assurances: The Lessee and the Lessor will execute and deliver all such instruments and take all such action as the other party, from time to time, may reasonably request in order further to effectuate the purposes and to carry out the terms of this Lease.

23. Management Agreement: The Lessee hereby represents and warrants that it has received a copy of the Management Agreement.

24. Survival: The representations, warranties and agreements of the Lessor and the Lessee shall survive the termination of this Lease with respect to any event arising prior to the termination of this Lease, including without limitation the obligation to pay to the Manager pursuant to Section 19 hereof any sums of basic rent received after the termination of this Lease but arising from the use of the Cars prior to the termination of this Lease. Lessee shall pay to Manager pursuant to Section 19 hereof the Lessor's Gross Allocated Portion of any Gross Revenues received for the use of the Cars after the termination of this Lease. After the termination of this Lease, the Lessee shall have no authority to take any action to incur any expenses with respect to the Cars, unless such expenses were previously approved by the Manager (whose right to give such approval shall be governed by the Management Agreement), and shall have no duty with respect to the use, maintenance or operation of the Cars. Notwithstanding the foregoing, the indemnification provisions set forth in Section 10 hereof shall survive the termination of this Lease and shall continue in full force and effect with respect to any loss, expense or liability arising in connection with the use, possession or operation of the Cars until such time as the Lessee returns the Cars to the control of the

Manager (acting on behalf of the Lessor) in accordance with Section 7 hereof.

IN WITNESS WHEREOF, the parties have duly executed this Lease the day and year first above written.

ATTEST:

THE CONNECTICUT BANK AND TRUST COMPANY, N.A., as owner-trustee for Chase Manhattan Service Corporation

Shere M. Daniels

By: *[Signature]*

ATTEST:

THE MARYLAND AND PENNSYLVANIA RAILROAD COMPANY

Joseph W. White
Controller-Secretary

By: *Robert G. Grossman*
Chairman

CONSENTED TO:

CITICORP INDUSTRIAL CREDIT, INC. 6

By: *Michael A. Graves*

1902E

MICHAEL A. GRAVES
Vice President

STATE OF CONNECTICUT)
) SS.:
COUNTY OF HARTFORD)

On the 24th day of April, 1987, before me personally appeared V. Kreuscher, to me personally known, who being by me duly sworn, says that he is the ASSISTANT VICE PRESIDENT of THE CONNECTICUT BANK AND TRUST COMPANY, N.A., Lessor in the foregoing Lease of Railroad Equipment, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Ruth A. Smith
Notary Public

RUTH A. SMITH
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1989

STATE OF Pennsylvania)
) SS.:
COUNTY OF York)

On the 22 day of May, 1987, before me personally appeared Robert Grossman, to me personally known, who being by me duly sworn, says that he is the Chairman of The Maryland and Pennsylvania Railroad Company, Lessee in the foregoing Lease of Railroad Equipment, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Annmarie Wileczek
Notary Public

ANNMARIE WILECZEK, Notary Public
York, York County, Pennsylvania
My Commission Expires April 16, 1990

1902E

TRANSACTION = SCL2

Exhibit A

15249 C

REPORTING MARKS	NUMBER
S80	142100
S80	142101
S80	142102
S80	142103
S80	142104
S80	142105
S80	142106
S80	142107
S80	142108
S80	142109
S80	142110
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S80	142143
S80	142144

TOTAL = 45

SECURITY AGREEMENT

SECURITY AGREEMENT dated as of December 19, 1986, between WILMINGTON TRUST COMPANY, a Delaware state banking association with an office at Rodney Square North, Wilmington, Delaware 19890, in its capacity as Agent (the "Agent") pursuant to the Intercreditor Agreement attached hereto as Exhibit A (the "Intercreditor Agreement") and THE MARYLAND AND PENNSYLVANIA RAILROAD COMPANY, a Maryland and Pennsylvania corporation with an office at 1 West Market Street, York, Pennsylvania 17401 (the "Company").

W I T N E S S E T H:

Pursuant to an Agreement dated as of January 2, 1985 (as amended January 22, 1986 and July 2, 1986) (the "SSR Agreement"), between the Company and Seaboard System Railroads, Inc. ("SSR"), the Company currently provides to SSR fifty-five (55) boxcars.

Pursuant to the Master Leases (as such term is defined in the Intercreditor Agreement), the Lessors (as such term is defined in the Intercreditor Agreement) have severally (but not jointly) leased to the Company, and the Company has agreed to hire from the Lessors, fifty-five (55) boxcars (the "Cars"), with the understanding that the Cars will be provided to SSR pursuant to the SSR Agreement.

NOW THEREFORE, the parties hereto agree:

(1) As an inducement to the Lessors to execute the Master Leases and to consent to, among other things, the inclusion of the Cars in the SSR Agreement (and in consideration thereof), the Company hereby

(i) sells, assigns, transfers, pledges and sets over unto the Agent (for the benefit of the Lessors) the Company's right, title and interest in and to the SSR Agreement and in and to revenues to become due and payable from time to time under the SSR Agreement, and the proceeds thereof, and

(ii) grants to the Agent (for the benefit of the Lessors) a security interest in all accounts of the Company arising from the use of the Cars in the SSR Agreement,

in each case as collateral security for the payment and performance of all obligations and duties of the Company to the Lessors arising under or by virtue of the Master Leases.

(2) Except as otherwise provided in the Intercreditor Agreement, upon the occurrence of any Event of Default (as such term is defined in the Master Leases) by the Company, unless such Event of Default shall have been waived by the Lessor which is a party to such Master Lease, the Agent shall have the right, upon giving SSR written notice of such default, but without notice to or consent of the Company;

(i) to instruct SSR to pay to the Agent any amounts payable by SSR to the Company pursuant to the SSR Agreement; and

(ii) to instruct the Company to segregate and pay immediately to the Agent any amounts received by the Company pursuant to the SSR Agreement; and

(iii) to deal with SSR with respect to the SSR Agreement to the exclusion of any contrary or concurrent instructions from the Company.

(3) The execution by each Lessor of the Intercreditor Agreement shall be a condition precedent to the effectiveness of this Security Agreement as to such Lessor.

IN WITNESS WHEREOF, the parties have duly executed this Lease the day and year first above written.

ATTEST:

WILMINGTON TRUST COMPANY, as Agent

By: _____
Title:

ATTEST:

THE MARYLAND AND PENNSYLVANIA RAILROAD COMPANY

By: _____
Title:

0514E

EXHIBIT CINTERCREDITOR AGREEMENT

Agreement entered into as of the 19th day of December, 1986, among WILMINGTON TRUST COMPANY, a Delaware state banking association with an office at Rodney Square North, Wilmington, Delaware 19890 ("WTC"), as agent hereunder ("Agent"), BAMERILEASE, INC., a California corporation with an office at Two Embarcadero Center, Dept. 5820, San Francisco, California 94111 ("BI"), BAMERILEASE CAPITAL CORPORATION, a California corporation with an office at Two Embarcadero Center, Dept. 5820, San Francisco, California 94111 ("BCC"), ET RAILCAR CORPORATION, a Delaware corporation with an office at One West Market Street, York, Pennsylvania 17401 ("ET"), THE CONNECTICUT BANK & TRUST COMPANY, N.A., a national banking association with an office at One Constitution Plaza, Hartford, Connecticut 06115 ("CBT") (as owner-trustee for Chase Manhattan Services Corporation) and UNION-TIDEWATER FINANCIAL COMPANY, INC., a Maryland corporation with an office at 7 St. Paul Street, Baltimore, Maryland 21202 ("Union-Tidewater", and together with BI, BCC, ET and CBT, the "Lessors"), THE MARYLAND AND PENNSYLVANIA RAILROAD COMPANY, a Maryland and Pennsylvania corporation with an office at 1 West Market Street, York, Pennsylvania 17401 (the "M&P") and EMONS INDUSTRIES, INC., a New York corporation with an office at 1 West Market Street, York, Pennsylvania 17401 ("Emons").

Pursuant to an Agreement (the "SSR Agreement") dated as of January 2, 1985 (as amended January 22, 1986 and July 2, 1986) between the M&P, and Seaboard Systems Railroads, Inc. ("SSR"), the M&P currently provides to SSR fifty-five (55) boxcars (the "Cars").

Pursuant to five Lease Agreements dated as of the date hereof described on Schedule A attached hereto, between the several Lessors and the M&P, as lessee (collectively, the "Master Leases"), the Lessors have leased to the M&P a total of fifty-five (55) boxcars with the understanding that those cars will be provided to SSR pursuant to the SSR Agreement.

It is currently contemplated that each Lessor will enter into a Management Agreement with Emons (collectively, the "Management Agreements"), and each will instruct the M&P to pay to Emons, as Manager, all rent due under the Master Lease to which such Lessor is a party, so long as no Event of Default by the M&P has occurred and is continuing thereunder.

Pursuant to a Security Agreement dated as of the date hereof, the M&P has granted to the Agent, for the benefit of the Lessors, a collateral assignment of all right, title and

interest of the M&P in and to the SSR Agreement and the rent due and payable from time to time thereunder as security for the several obligations of the M&P to the Lessors under the Master Leases.

The Lessors wish, on the terms and conditions set forth herein, to provide, among other things, for the manner of exercise of the rights which they will jointly hold in the SSR Agreement.

NOW THEREFORE, the parties hereto agree:

(1) Definitions. In addition to the words and terms defined elsewhere in this Agreement, the following terms shall have the following meanings when used herein:

"Trust Funds" shall mean any funds received by the Agent, at any time or from time to time, pursuant to Section 2 of this Agreement.

"Gross Allocated Portion" as to each Lessor shall mean a portion of any Trust Funds which may be held from time to time by the Agent which represent load, periodic mileage or other car hire fees, equal to the Actual Car Performance Amount of such Trust Funds

"Net Allocated Portion" as to each Lessor shall mean the Gross Allocated Portion of any Trust Funds which may be from time to time held by the Agent less an amount equal to the due and payable (but unpaid) Total Expenses, if any, under the Management Agreement to which such Lessor is a party.

"Actual Car Performance Amount" as to any Lessor shall mean a portion of any Trust Funds held by the Agent which represent load, periodic mileage or other car hire fees equal to the portion thereof which represents the sum of all load, periodic mileage and other car hire fees actually attributable to the operation of such Lessor's Boxcars.

"Secured Obligation", when used with reference to any Lessor, shall mean any obligation of the M&P to pay money to such Lessor pursuant to the Master Lease to which such Lessor is a party.

"Total Expenses" shall have the meaning ascribed to it in the Management Agreements.

(2) Appointment of Agent and Payment of Trust Funds.

(a) The Lessors appoint WTC to serve as agent hereunder, and WTC accepts such appointment. Any Lessor may remove the Agent,

for cause and upon ten (10) days' written notice to all other parties to this Agreement. Promptly after receipt of such notice, Lessors which own more than fifty (50%) percent of the Cars then subject to the SSR Agreement shall appoint a successor agent, and if such Lessors shall fail to appoint a successor agent within 30 days of removal of the Agent, then any Lessor shall have the right to appoint a successor agent. The first so appointed prospective agent to execute an Instrument of Appointment agreeing to act in accordance with this Agreement shall become the Agent for all purposes of this Agreement.

(b) Upon the occurrence and during the continuance of any Event of Default (as defined in each of the Master Leases), unless such Event of Default shall have been waived by the Lessor that is a party to the Master Lease under which such Event of Default has occurred, such Lessor shall have the right to direct SSR to pay to the Agent all amounts payable to the M&P pursuant to the SSR Agreement.

(3) Disbursement of Trust Funds. (a) Promptly after receiving any Trust Funds which represent load, periodic mileage or other car hire fees, the Agent shall distribute such Trust Funds by disbursing

(i) to each Lessor a portion of such Trust Funds equal to such Lessor's Net Allocated Portion; and

(ii) to Emons, as manager under the Management Agreements, a portion of such Trust Funds equal to the due and payable (but unpaid) Total Expenses under the Management Agreements.

(b) Promptly after receiving any Trust Funds which represent a settlement payment with respect to a lost, stolen or destroyed boxcar pursuant to Interchange Rules of the Association of American Railroads or any other payment with respect to a lost, stolen or destroyed boxcar, the Agent shall pay such amount to the Lessor (or its secured creditor) which owns such destroyed boxcar less any amount payable to Emons pursuant to Section 7(d) of the Management Agreement to which such Lessor is a party.

(c) Promptly after receipt thereof, all other amounts received in respect of any Car shall be paid to the Lessor of such Car.

(d) All funds paid by the Agent to any Lessor shall be applied to the obligations of the M&P to such Lessor or shall be applied as otherwise provided by law.

(4) Reliance. The Agent may rely upon any written notice, instruction or other advice or communication received by it from any Lessor pursuant to this Agreement and need not

question the validity of such notice, instruction or other advice or communication or the qualifications of the party giving the same, and the Agent shall not have any liability to the parties hereto for any action taken or omitted in good faith reliance on any such written notice, instruction or other advice or communication, in the absence of gross negligence or willful misconduct by the Agent. Moreover, where relevant, any such notice, instruction or other advice or communication shall contain complete instructions as to any action to be taken and the Agent shall, to the extent appropriate in accordance with this Agreement, comply with such instructions. Notwithstanding anything to the contrary provided herein, in the event that the Agent shall for any reason be uncertain as to his duties or rights hereunder, or shall receive instructions from any of the parties hereto with respect to any Trust Funds which, in its opinion, are in conflict with applicable law or with any of the provisions of this Agreement, it may refrain from taking any action other than to keep safe the Trust Funds until it shall be directed otherwise by joint written instructions of the parties hereto or by final unappealable order of a court of competent jurisdiction.

(5) Termination. This Agreement shall terminate with respect to each Lessor on the earlier of (x) the date upon which such Lessor sells all of the Cars subject to this Agreement or (y) June 30, 1994.

(6) Limitations on Duties. The Agent shall have no duties or responsibilities except those expressly set forth herein and shall have no liability to the parties hereto for any action taken or omitted in good faith which does not constitute gross negligence or willful misconduct by the Agent. The Agent may consult with counsel and shall have no liability to any party hereto with respect to any action taken or omitted in good faith on advice of such counsel. This Agreement sets forth the entire understanding of the parties hereto. The Agent shall not be bound by any amendment of this Agreement unless in writing and signed by the other parties hereto and, if the Agent's duties hereunder are affected, unless it shall have given prior written consent thereto.

(7) Notices. Any notice, instruction or other advice or communication required or permitted to be given hereunder shall be in writing and shall be mailed by registered or certified mail, return receipt requested, or delivered against receipt to the party to which it is to be given at the address set forth in the first paragraph of this Agreement, (or to such other address as the party in question shall have furnished in writing in accordance with the provisions hereof). Any notice, direction or other advice or communication given by registered or certified mail shall be deemed given at the time of mailing hereof.

(8) Expenses. The Lessors shall promptly pay the fees of the Agent (in accordance with the attached schedule) and reimburse the Agent for all reasonable expenses which it incurs in connection with the performance of its duties hereunder.

(9) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective representatives thereunto duly authorized, as of the date first above written.

EMONS INDUSTRIES, INC.

By _____

THE MARYLAND AND PENNSYLVANIA
RAILROAD COMPANY

By _____

BAMERILEASE, INC.

By _____

BAMERILEASE CAPITAL CORPORATION

By _____

ET RAILCAR CORPORATION

By _____

THE CONNECTICUT BANK & TRUST
COMPANY, N.A., as agent for
Chase Manhattan Services
Corporation

By _____

UNION-TIDEWATER FINANCIAL
COMPANY, INC.

By _____

WILMINGTON TRUST COMPANY, as
agent

By _____

0555E

EXHIBIT D



MSU

1377
SCL2

MARYLAND AND PENNSYLVANIA RAILROAD COMPANY

July 2, 1986

Mr. J. E. Sinnette
Director, Transportation Analysis
CSX Transportation
100 N. Charles Street
Baltimore, MD 21201

RE: 55-Boxcar Agreement dated January 2, 1935, between the
Maryland and Pennsylvania Railroad Company and Seaboard
System Railroads

Dear Mr. Sinnette:

Per previous correspondence with Mr. M. A. Teruggi, below is a
modification of the above-referenced transaction as follows:

1. Retroactive to July 1, 1986, the first sentence in Paragraph
No. 3 entitled "Compensation" is changed to:

"3. Compensation. As provided in Section 10 hereof, MPA
shall be entitled to all car hire revenue earned by the
Cars, including, but not limited to, any mileage and/or per
diem payments received from other railroads for their use
and handling of the Cars." Remainder of paragraph is unchanged.

All other terms and conditions of the above-referenced Agreement
remain unchanged.

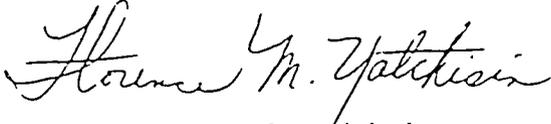
2. After 90 days of actual car hire receivables are calculated,
either party to the Agreement shall have the right to request a
further modification of the Agreement as it pertains to Paragraph
No. 3, entitled "Compensation."

Please indicate your concurrence to the above in the space
provided below and return an executed copy to us for our records.

Mr. J.-E. Sinnette
July 2, 1986
Page Two

Thank you very much, Mr. Sinnette, for your cooperation and assistance in this matter.

Very truly yours,



Florence M. Yatchisin
Manager, Leasing Administration

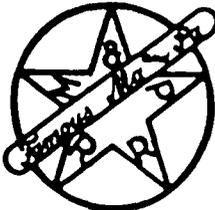
cc: Mr. M. A. Teruggi, Vice President, Maryland and Pennsylvania
Railroad Co.
Mr. W. P. Skillern, Dir. Car Utilization-Car Mgmt. Dept., CSX
Transportation

AGREED AND ACCEPTED:

FOR: SEABOARD SYSTEM RAILROADS

BY: 
J.E. Sinnette
Director, Transportation Analysis

DATE: August 1, 1986



MARYLAND AND PENNSYLVANIA RAILROAD COMPANY

January 17, 1986

Mr. W. P. Skillern
Dir. Car Utilization - Car Mgmt. Dept.
SEABOARD SYSTEM RAILROAD
500 Water Street
Jacksonville, FL 32202

FEDERAL EXPRESS

RE: 55-Boxcar Agreement dated January 2, 1985 between the Maryland and Pennsylvania Railroad Company and Seaboard System Railroads

Dear Mr. Skillern:

Per your meeting with M. A. Teruggi, this is to confirm that we are in agreement regarding modification of the above-referenced transaction as follows:

1. Retroactive to January 1, 1986, the first sentence in Paragraph No. 3 entitled "Compensation" is changed to:

"3. Compensation. As provided in Section 10 hereof, MPA shall be entitled to eighty percent (80%) and SBD shall be entitled to twenty percent (20%) of any car hire revenue earned by the Cars, including, but not limited to, any mileage and/or per diem payments received from other railroads for their use and handling of the Cars." Remainder of paragraph is unchanged.

All other terms and conditions of the above-referenced Agreement remain unchanged.

2. After 90 days of actual car hire receivables are calculated, either party to the Agreement shall have the right to request a further modification of the Agreement as it pertains to Paragraph No. 3, entitled "Compensation."

Please indicate your concurrence to the above in the space provided below and return an executed copy to us for our records.

Thank you very much, Mr. Skillern, for your cooperation and assistance in this matter.

Very truly yours,

Florence M. Yatchisin
Florence M. Yatchisin
Manager, Leasing Administration

cc: Mr. T. F. Kealey, Vice President, Maryland and Pennsylvania Railroad Co.
Mr. M. A. Teruggi, Vice President, Maryland and Pennsylvania Railroad Co.

AGREED AND ACCEPTED:

SEABOARD SYSTEM RAILROADS

BY: *William P. Skillern*
William P. Skillern
Director Car Distribution

DATE: *January 22, 1986*

AGREEMENT

Date: January 2, 1985

Parties: Maryland and Pennsylvania Railroad Company, 1 West Market Street, York, PA 17401 ("MPA"), and Seaboard System Railroads, Inc., 500 Water Street, Jacksonville, FL 32202 ("SBD")

Recitals:

A. MPA desires to permit SBD to use ^{55 wps' lines} ~~45~~ boxcars (the "Cars") that MPA owns or manages for loading on the SBD railroad tracks and SBD desires to use the Cars in accordance with the terms and conditions hereof.

B. In consideration of the premises and the mutual covenants contained herein, the parties agree as follows:

Agreement:

1. Obligations of Parties Prior to Delivery. Prior to delivering the Cars to SBD, MPA will advise SBD of the identifying marks borne by the Cars. MPA will obtain all necessary concurrences prior to delivering the Cars. SBD shall furnish to MPA such information regarding railcar loadings ("Loading Statistics") on the SBD tracks as MPA may reasonably request. The Cars will be listed and described by MPA on the Equipment Schedule attached hereto.
2. Delivery of Cars. MPA shall use best efforts to deliver the Cars to SBD at an interchange point on SBD or Chessie System Railroads, Inc. ("CSR") tracks as soon as possible after execution of this Agreement. SBD shall use best efforts to assist MPA in minimizing any transportation costs incurred in delivering the Cars to SBD. MPA shall be responsible for such transportation costs incurred in delivering the Cars to a CSR or SBD interchange point. MPA has the right, upon thirty (30) days written notice, to replace any or all of the Cars with new, used, or rebuilt Cars of the same general class and type.
3. Compensation. As provided in Section 10 hereof, MPA shall be entitled to sixty percent (60%) and SBD shall be entitled to forty percent (40%) of any car hire revenue earned by the Cars, including, but not limited to, any mileage and/or per diem payments received from other railroads for their use and handling of the Cars. The Cars will be free of all car hire charges while on SBD or CSR tracks. SBD has the right to grant car hire relief to other railroads to incent them to reload the Cars. SBD shall remit any such revenue received from other railroads, less any car hire reclaim granted by SBD to other railroads described herein, within 70 days after the end of the calendar month in which such sums are earned. SBD will use its best efforts to maintain the off-line utilization of the Cars at no less than the average off-line utilization of similar SBD

boxcars. As used herein, the term "off-line utilization" shall refer to the percentage of time during any period during the term hereof during which the Cars are earning car hire revenue.

4. Term. This Agreement shall commence upon the date hereof and shall terminate on December 31, 1989.

5. Early Termination. If MPA's portion of the off-line utilization of the Cars shall fall below an average of thirty-two percent (32%) for any consecutive three-month period which begins on the first day of any month after commencement of the Agreement term hereof, as to all Cars in the SBD's possession at the beginning of such three-month period, MPA may, within thirty (30) days after all car hire revenue payments shall have become due and payable for such period by SBD, give SBD not less than thirty (30) days written notice of its election to reclaim and remove from this Agreement a sufficient number of cars to bring the MPA's portion of off-line utilization of the remaining cars to thirty-two percent (32%). (As used herein, the term "off-line utilization" shall mean, for any period during the term of this Agreement, the percentage equivalent of a fraction, the numerator of which shall be the portion of the aggregate car hire revenues actually received for the Cars by MPA hereunder with respect to such period, and the denominator of which shall be the maximum amount of car hire revenues which could have been earned by the Cars which are serviceable during such period pursuant to the car hire rate tables of the Association of American Railroads in effect during such period, assuming operation of the Cars off the lines of the SBD and CSR during all hours of such period and moving the average of forty (40) miles per car per day and taking into effect the actual UMLER value of each Car). If such notice of election to remove cars from the Agreement is given, SBD may, but shall not be required to, within the thirty (30) day notice period pay to MPA such additional amount as will make the total portion of car hire revenues retained by MPA for such three-month period equal to the minimum amount which would be required for all Cars under the Agreement if the MPA's portion of the off-line utilization of the Cars were thirty-two percent (32%). If such additional payment is made, such Cars shall not be removed from the Agreement.

6. Responsibilities of MPA. MPA shall be responsible for the maintenance, property tax and insurance costs for the Cars not otherwise the responsibility of SBD under the AAR Interchange Rules while this Agreement is in effect.

7. Obligations of SBD. SBD shall, pursuant to the Interchange Rules, inspect all cars interchanged to it to ensure that such Cars do not contain refuse, and are in good repair, condition and working order. SBD shall also secure from interchanging lines any documentation prescribed by the AAR Interchange Rules for damaged Cars, and promptly mail such documentation to MPA. SBD shall be liable to MPA for any cleaning, servicing, or repairs required but not noted at the

time of interchange. SBD shall be responsible for the Cars while they are on the SBD tracks in accordance with the AAR Interchange Rules.

Any charges incurred by SBD for owner repairs per the AAR Interchange Rules shall be the responsibility of MPA. SBD shall not alter the physical structure of any Car without the prior written consent of MPA. SBD shall also promptly report to MPA any damage or other condition of any Car which SBD considers will make such Car unsuitable for use. In the event any Car is damaged beyond repair, destroyed or otherwise lost, SBD shall immediately notify MPA of such event, and shall promptly pay to MPA any and all amounts received by it with respect to any such Car. SBD shall not have any obligations not set forth in this Agreement.

8. Termination. At the termination of this Agreement, SBD will surrender possession of the Cars to MPA free of refuse in condition for interchange service, free of any Rule 95, Section B, defects and suitable for loading. For any Car not returned in the condition required hereby, SBD shall be liable to MPA for any and all cleaning, repair or servicing costs required to place such Car in such proper condition. SBD shall redeliver the Cars at no cost to MPA at such point or points on the SBD or CSR railroad lines as MPA shall designate. SBD will deliver the Cars free of charge to the SBD or CSR interchange points which MPA shall designate.

9. Reports. SBD shall supply MPA with such reports regarding the loading and use of the Cars as MPA may reasonably request.

10. Car Hire Revenue. SBD hereby acknowledges that it shall have no right to any car hire revenue earned by the Cars, including, but not limited to, any mileage and/or per diem payments, and that MPA shall be entitled to all such car hire revenue, except as otherwise provided by Paragraph 3 herein.

11. Remarking of Cars. SBD, at its sole expense, shall bear any and all costs incurred in connection with the restencilling of 45 Cars and the painting thereon of the name or other insignia of SBD for the Cars, should such painting be deemed necessary by SBD. MPA shall be responsible for costs incurred in restencilling replacement cars, and terminated cars.

12. Inspection. At any time during normal business hours, MPA shall have the right to enter the premises of SBD to inspect the Cars or to inspect the records kept by SBD with respect to the Cars.

13. Indemnification. SBD shall defend, indemnify and hold MPA harmless from all claims, suits, liabilities, losses, damages, costs and expenses, including attorney's fees, in any way arising out of or resulting from the condition, use, loss of

use, maintenance or operation of the Cars, except as otherwise provided herein.

14. Notices. All notices required or permitted hereunder shall be in writing and shall be deemed delivered upon actual receipt by the party to whom addressed, at the appropriate address shown in the preamble hereto.

15. Subordination. In connection with MPA's financing of the Cars, MPA may assign this Agreement, sell the Cars, grant a mortgage on or security interest in any Car in whole or in part, without notice to or the consent of the SBD, to any bank, other financial institution (including a trustee) or subsidiary thereof. It is also understood that a bank or other financial institution in connection with such financing may own any such Car with MPA leasing such Car from such owner, this Agreement thereupon being a sublease, fully subordinate to the Lease between such owner and MPA. If any assignment of this Agreement has been granted, the assignee, owner or purchaser shall have all of the rights of the MPA granted to it in such assignment but none of the obligations of MPA under this Agreement. In connection with any sale, lease, assignment or grant of security interest, SBD shall, upon written notice thereof recognize each such assignment, sale, ownership or security interest and shall accept and comply with the direction or demands given in writing by any such owner, assignee or secured party. SBD shall not assert against such assignee, secured party or owner (including purchaser) any defense, counterclaim or set-off that SBD might have against MPA. SBD's rights shall be subject and subordinate to the rights of any such assignee or transferee of MPA or any such owner or purchaser of the Cars or any bank or other secured party under any financing agreement or arrangement entered into by MPA in connection with the acquisition or financing of the Cars.

Upon giving of notice to SBD from any such transferee, bank, financial institution or secured party that an event of default by MPA has occurred and is continuing under such financing agreement or arrangement, such party may, at its option, require either (i) that the Cars be returned to such party, or if such rights have been granted by MPA to such party, that (ii) all payments otherwise due to MPA shall be made directly to such party, or both.

16. Car Replacement Obligation. In the event that any Car or group of Cars is withdrawn from this Agreement by a bank or financial institution pursuant to the subordination provision above, MPA shall use its best efforts, upon the request of SBD, to provide the SBD, without additional charge and on the terms of this Agreement, with a replacement car or group of cars having substantially similar specifications and of comparable quality to the withdrawn cars, for the remaining lease term. In such event, the MPA and SBD shall execute an appropriate lease supplement with respect to such replacement car or cars.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

MARYLAND AND PENNSYLVANIA
RAILROAD COMPANY

BY: Robert Grossman

Printed
Name: ROBERT GROSSMAN

Title: Chairman and President

SEABOARD SYSTEM RAILROADS,
INC.

BY: William P. Skellen

Printed
Name: WILLIAM P. SKELLEN

Title: DIRECTOR CAR DISTRIBUTION

EQUIPMENT SCHEDULE 1

MARYLAND AND PENNSYLVANIA RAILROAD COMPANY ("MPA") hereby permits SEABOARD SYSTEM RAILROADS, INC. to use the following railcars pursuant to that certain Agreement dated as of January 2, 1985:

NUMBER OF CARS:

~~45~~ 55 wps 1/2/85

DESCRIPTION:

50'6" Single Door, 70-ton Class A, Boxcars, with inside width and inside height of no less than 9'6" and 10'6", respectively

AAR DESIGNATION:

XP

REPORTING MARKS:

SBD or MPA

MPA and SEABOARD SYSTEM RAILROADS, INC. hereby incorporate by reference all of the terms, conditions and provisions of the Agreement in this Schedule.

IN WITNESS WHEREOF, the parties hereto have executed this Schedule as of the date first written above.

MARYLAND AND PENNSYLVANIA
RAILROAD COMPANY

SEABOARD SYSTEM RAILROAD,
INC.

By:

Robert Grossman

By:

William P. Skillen

Printed
Name:

ROBERT GROSSMAN

Printed

Name: WILLIAM P. SKILLEN

Title: Chairman and President

Title: DIRECTOR CAR DISTRICT