RECORDATION NO. 13492 FILED 1986

FEB 3 - 1982 · 1 PM

INTERSTATE COMMERCE COMMISSION

REX LEASING

February 1, 1982

2-034A078

FEB 03 1982

Fee $ 50.00

ICC Washington, D. C.

Mrs. Mildred Lee
Interstate Commerce Commission
Recordation Department, Room 2227
12th and Constitutional Avenue, N.W.
Washington, D.C. 20423

Dear Mrs. Lee:

Please find enclosed a Lease Agreement in triplicate dated January 15, 1982 between Rex Leasing, Inc., lessor and Laurinburg & Southern Railroad Co., lessee.

The lease is for a term of 21 months for car numbers SVIL 1101 - SVIL 1110 inclusive.

Would you please be kind enough to file and record one set of the Lease Agreement and return the other two copies showing the recording numbers and filing dates thereon.

For this purpose, we are enclosing a check to the order of the ICC in the sum of $50.00.

Thanking you for your courtesy and cooperation, I am

Most cordially yours,

Mark A. Salitan

Mark A. Salitan
President

MAS:lps
Encl.

FEB 3 1 [illegible] PM '82

LEASING INC. A [illegible] Company 216 Palisade Avenue Englewood Cliffs, New Jersey 07632 (201) 567-8300

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

February 3, 1982

Mark A. Salitan, Pres.
Rex Leasing, Inc.
615 Palisade Avenue
Englewood Cliffs, N. J. 07632

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 2/3/82 at 1:55PM, and assigned re-recordation number(s). 13492

Sincerely yours,

Agatha L. Mergenovich

Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

RECORDATION NO. 13400-425

FEB 3 - 1982 - 1 55 PM

INTERSTATE COMMERCE COMMISSION

LEASE AGREEMENT

THIS LEASE AGREEMENT, made as of this 15 day of January, 1982 between REX LEASING, INC., a N. J. corporation, 616 Palisade Ave., Englewood Cliffs, N.J. ("REX") as Lessor and Laurinburg & Southern Railroad Co. a North Carolina corporation (the "Lessee"), as Lessee.

RECITALS

Lessee desires to lease from Rex as Lessor certain railroad cars, hereinafter specifically designated, all upon the rentals, terms and conditions set forth in this Lease.

AGREEMENT

It is Agreed:

1. *Lease of Cars.* Rex agrees to lease to Lessee and Lessee agrees to and does hereby lease from Rex railroad cars of the number of units, model, type, construction and such other description (hereinafter referred to as the "Cars") as is set forth in Schedule 1 attached hereto and by this reference made a part hereof and as set forth in Schedules which may from time to time be added to this Lease and thereby made a part hereof. The Lease shall become effective as to any Car immediately upon its delivery to and acceptance by Lessee pursuant to Paragraph 3.

2. *Delivery of Cars.* Rex shall deliver the Cars as promptly as is reasonably possible. Rex' obligations with respect to delivery of all or any of the Cars are hereby made expressly subject to, and Rex shall not be responsible for, failure to deliver or delays in delivering Cars due to labor difficulties, fire, delays and defaults of carriers and material suppliers or Car manufacturers, acts of God, governmental acts, regulations and restrictions or any other causes, casualties or contingencies beyond Rex' control. Initial delivery shall be at the point specified in the applicable Schedule. From and after acceptance of a Car, Lessee shall be liable for, and shall pay or reimburse Rex for the payment of all costs, charges and expenses of any kind whatsoever on account of or relating to switching, demurrage, detention, storage, transportation or movement of a Car, including specifically, but not exclusively, freight and switching charges for movement at any time and from time to time to and from repair shops, storage or terminal facilities.

3. *Condition of Cars — Acceptance.* All Cars delivered hereunder shall be in satisfactory condition for movement in the normal interchange of rail traffic and shall otherwise comply with the description and specifications contained in the applicable Schedule; but Lessee shall be solely responsible for determining that Cars are in proper condition for loading and shipment. Within five days after Rex shall give Lessee notice that some or all Cars are ready for delivery, Lessee may have its authorized representative inspect such Cars at the point specified in the notice and accept or reject them as to condition. Cars so inspected and accepted and any Cars which Lessee does not elect to inspect shall upon delivery thereof to Lessee as above provided be conclusively deemed to be accepted and subject to this Lease and to meet all requirements of this Lease. At Rex' request, Lessee shall deliver to Rex an executed Certificate of Acceptance in the form of Exhibit A with respect to all accepted cars.

4. *Use and Possession.* Throughout the continuance of this Lease so long as Lessee is not in default hereunder, Lessee shall be entitled to possession of each Car from the date the Lease becomes effective as to such Car and shall use such Car on its own property or lines or in the usual interchange of traffic; provided, however, that Lessee agrees that the Cars shall at all times be used (i) in comformity with Interchange Rules; (ii) in compliance with the terms and provisions of this Lease; (iii) in a careful and prudent manner, solely in the use, service and manner for which they were designed; (iv) only within the continental limits of the United States of America or in temporary or incidental use in Canada; and (v) in such service as will not constitute a "unit train".

5. *Term.* This Lease shall be effective as to any Car on the date of delivery by Rex of such Car, as provided in Paragraph 2 hereof. The lease term shall commence on the Average Date of Delivery and shall terminate upon expiration of the lease term specified in the applicable Schedule unless sooner terminated in accordance with the provisions of this Lease.

6. *Rental.* (a) Per Car. During the term of this Lease, Lessee shall pay to Rex for each Car, commencing on the date of delivery thereof, the monthly rental specified in the applicable Schedule.

(b) Mileage Credits. If the Cars bear reporting marks and numbers, any time and mileage payments paid or allowed by railroads on the Cars shall be the property of , but Rex shall credit time and mileage payments actually received by it (less taxes, other than income taxes, due or to become due on account thereof) against rental then or thereafter due under this Lease; provided, however, that in no event shall the aggregate time and mileage payments credited exceed the total rental payable by Lessee.

This paragraph not applicable

7. *Payment.* Lessee shall make payment of all sums due hereunder to Rex in immediately available funds at the address provided in Paragraph 21 hereof, or such other place as Rex may direct. Rental payments shall be made monthly in on or before the first day of each month for which such rental is due, except that the first full month's payment shall, in addition, include rental covering any prior period of less than one month.

8. *Title.* Lessee shall not by reason of this Lease or any action taken hereunder acquire or have any right or title in the Cars except the rights herein expressly granted to it as Lessee.

9. *Repairs.* Lessee shall perform or cause to be performed and shall pay all costs and expenses of all Repair Work.

Any parts, replacements or additions made to any Car shall be accessions to such Car and title thereto shall immediately vest in Rex.

10. *Substitution of Cars.* Rex may, at any time and from time to time, replace any Casualty Cars with Replacement Cars and such Replacement Cars shall be deemed to be subject to all terms and conditions of this Lease as if the same had been originally delivered to Lessee at the time and in the place of Cars for which they are substituted. The parties shall execute amendments to this Lease and such other or further documents as may be required by either party hereto to evidence the withdrawal from and termination of this Lease with respect to Casualty Cars, or to include any Replacement Cars within the terms and provisions of this Lease and of any other document under which Rex has assigned its rights hereunder, as permitted in Paragraph 19 hereof.

11. *Abatement of Rent.* Rental payments on any Car shall abate if such Car is out of service for Repair Work from date of arrival at repair facility until date of release therefrom.

12. *Taxes.* Lessee shall be liable at all times for for payment of all Federal, State or other governmental charges or taxes assessed or levied against the

Cars, including but not limited to (i) all Federal, State or other governmental property taxes assessed or levied against the Cars; (ii) all Federal, State or local sales or use taxes imposed upon or in connection with the Cars, this Lease, or the manufacture, acquisition, or use of the Cars for or under this Lease, (iii) all taxes, duties or imposts assessed or levied on the Cars or this Lease by a foreign country and/or any governmental subdivision thereof and (iv) all taxes or governmental charges assessed or levied upon its interest as Lessee of Cars.

13. *Liens.* Lessee shall keep the Cars free from any and all encumbrances or liens in favor of anyone claiming by, through or under Lessee which may be a cloud upon or otherwise affect Rex' title, including, but not limited to liens or encumbrances which arise out of any suit involving Lessee, or any act or omission of Lessee or Lessee's failure to comply with the provisions of this Lease, and Lessee shall promptly discharge any such lien, encumbrance or legal process.

14. *Indemnities — Patent Covenants.* Lessee agrees to indemnify Rex and hold it harmless from any loss, expense or liability which Rex 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 a Car while subject to this Lease, excepting only any such loss, expense or liability which arises solely from Rex' negligence. Rex agrees to indemnify Lessee and save it harmless against any charge, loss, claim, suit, expense or liability arising out of or on account of the use or incorporation by Rex upon delivery of a Car or upon the making of repairs thereto by Rex, of any invention or the infringement of any patents, except if such invention was used or incorporated by reason of Lessee's specifications. The term "Rex" shall mean and include any subsidiary, parent or affiliated corporation for all purposes of this Paragraph 14. Lessee's indemnity shall not eliminate the rights given Lessee under any manufacturer's warranty assigned to it pursuant to Paragraph 22. 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.

15. *Lettering — Inventory.* At Rex', election all Cars may be marked to indicate the rights of Rex, or an assignee, mortgagee, trustee, pledgee or security holder of Rex' or a lessor to Rex, and may bear the following inscription: "Title to this Car subject to documents recorded under Section 20c of the Interstate Commence Act." Except for renewal and maintenance of the aforesaid lettering or lettering indicating that the Car is leased to the Lessee or to a sublessee in accordance with demurrage tariffs, no lettering or marking shall be placed upon any of the Cars by Lessee and Lessee will not remove or change the reporting marks and numbers indicated on the applicable schedule except upon the written direction or consent of Rex. Rex may at its own cost and expense inspect the Cars from time to time wherever they may be, and Lessee shall, upon request of Rex, but no more than once every year, furnish to Rex its certified inventory of all Cars then covered by this Lease.

16. *Loss, Theft or Destruction of Cars.* In the event any Car is lost, stolen, destroyed or damaged beyond economic repair, Lessee shall, within five days of its knowledge thereof, by written notice, fully advise Rex of such occurrence. Except where Rex shall have received payment for such Casualty Car from a handling railroad or other party under and pursuant to Interchange Rules, Lessee shall, within 45 days after demand by Rex promptly make payment to Rex in the same amount as is prescribed in the Interchange Rules for the loss of such Car. This Lease shall continue in full force and effect with respect to any Casualty Car irrespective of the cause, place or extent of any casualty occurrence, the risk of which shall be borne by Lessee, provided, however, that this Lease shall terminate with respect to a Casualty Car on the date Rex shall receive all amounts and things granted it on account of such Car under this Paragraph 16, and thereafter Lessee shall have no further liability to Rex hereunder with respect thereto excepting accrued rent and liabilities arising or existing under Paragraphs 12, 13, and 14 hereof.

17. *Return of Cars.* Upon the expiration or termination of this Lease with respect to any Car (other than pursuant to Paragraph 16 hereof), Lessee shall at its sole cost and expense forthwith surrender possession of such Car to Rex by delivering same to Rex at such repair shop, storage or terminal facility as Rex may designate by notice to Lessee. Each Car so surrendered shall be in the same or as good condition, order and repair as when delivered to Lessee, wear and tear from ordinary use and the passage of time excepted, shall be in need of no repairs, and shall be free from all accumulations or deposits from commodities transported in or on the Cars while in the service of Lessee. If any of the Cars do not bear Rex' reporting marks and numbers, Lessee shall place such reporting marks and numbers on any or all of the Cars as Rex shall designate in writing to Lessee prior to the end of the lease term. Until the delivery of possession to Rex pursuant to this Paragraph 17, Lessee shall continue to be liable for and shall pay rental at the rate being paid immediately prior to termination or expiration, and Lessee shall in addition make all other payments and keep all obligations and undertakings required of Lessee under any and all provisions of this Lease as though such termination or expiration had not occurred. If Lessee is a railroad, Lessee agrees to provide storage at its expense, upon the request of Rex . for any or all of the Cars for a period of ninety (90) days from the date of expiration or termination of this Lease. Nothing in this Paragraph 17 shall give Lessee the right to retain possession of any Car after expiration or termination of this Lease with respect to such Car.

18. *Default.* If Lessee shall fail to make any payment required hereunder within 20 days after same shall have become due or shall default or fail for a period of 20 days in the due observance or performance of any covenant, condition or agreement required to be observed or performed on its part hereunder, or if a proceeding shall have been commenced by or against Lessee under any bankruptcy laws, Federal or State, or for the appointment of a receiver, assignee or trustee of Lessee or its property, or if Lessee shall make a general assignment for the benefit of creditors, then and in any of said events Rex may at its election:

(a) terminate this Lease by written notice to such effect, and retake the Cars and thereafter recover as liquidated damages for loss of a bargain and not as a penalty, any and all damages sustained by reason of Lessee's default in addition to all rental unpaid as of said date; or

(b) without terminating the Lease repossess the Cars, and may relet the same or any part thereof to others upon such rental and other terms as it may see fit. The proceeds of any such reletting shall first be applied to the expenses (including reasonable attorneys' fees) of retaking and reletting of the Cars and delivery to the new lessee and then to the payment of rent due under this Lease. Lessee shall pay any deficiency remaining due after so applying the proceeds as the same shall accrue. Rex shall not be obligated to accept any lessee offered by Lessee, or to do any act or exercise any diligence whatsoever in the procuring of another lessee to mitigate the damages of Lessee or otherwise. The election by Rex to relet the Cars and the acceptance of a new lessee shall not operate to release Lessee from liability for any existing or future default in any other covenant or promise herein contained. The obligation to pay such deficiency or any sum or sums due and unpaid or any damages suffered by reason of Lessee's default hereunder shall survive the termination of the Lease and the retaking of the Cars.

The remedies provided in this Paragraph 18 in favor of Rex shall not be deemed exclusive but shall, where not by rule of law inconsistent with each other, be cumulative and may be availed of singly, in combination, or all together and in any order, and shall be in addition to all other remedies in Rex' favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law now or hereafter in effect which might limit or modify any of the remedies herein provided to the extent that such waiver is permitted by law.

19. *Sublease and Assignment.* The right to assign this Lease by either party and the Lessee's right to sublease shall exist only as follows:

(a) Lessee shall have no right to assign or sublease or loan any of the Cars without the prior written consent of Rex , provided, however, that Lessee shall have the right to sublease any of the Cars for single trips within the continental limits of the United States to its customers or suppliers where the sole purpose of such sublease is to obtain exemption from demurrage on the subleased Cars. Any such sublease shall be upon terms which are in compliance with all applicable Interchange Rules, tariffs, regulations and laws and all terms and conditions of this Lease;

(b) all rights of Rex hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of either in whole or in part without notice to or consent of Lessee. This Lease and Lessee's rights hereunder are and shall be subject and subordinate to any lease to Rex chattel mortgage, security agreement or equipment trust or other security instrument covering the Cars heretofore or hereafter created by Rex provided only that so long as Lessee is not in default under the Lease, Lessee shall be entitled to the peaceful and quiet possession of the Cars. If Rex shall have given written notice to Lessee stating the identity and post office address of any assignee entitled to receive future rentals and any other sums payable by Lessee hereunder, Lessee shall thereafter make such payments to the designated assignee.

The making of an assignment or sublease by Lessee or an assignment by Rex shall not serve to relieve such party of any liability or undertaking hereunder nor to impose any liability or undertaking hereunder upon any such assignee or sublessee except as otherwise provided herein or unless expressly assumed in writing by such sublessee or assignee.

20. *Opinion of Counsel.* Upon the request of Rex or its assignee, Lessee will deliver to Rex an opinion of counsel for Lessee, addressed to Rex or its assignee in form and substance satisfactory to counsel for Rex . or its assignee, which opinion shall be to the effect that:

(a) Lessee is a corporation duly organized and validly existing in good standing under the laws of the state of its incorporation, and has corporate power and has taken all corporate action necessary to enter into this Lease and carry out its obligations hereunder;

(b) this Lease has been duly executed on behalf of Lessee and constitutes the legal, valid and binding obligation of Lessee, enforceable in accordance with its terms;

(c) the Cars which are then subject to the Lease are held by Lessee under and subject to the provisions of this Lease prior to any lien, charge or encumbrance in favor of anyone claiming by, through or under Lessee; and

(d) no governmental, administrative or judicial authorization, permission, consent, or approval or recording is necessary on the part of Lessee in connection with this Lease or any action contemplated on its part hereunder.

21. *Notice.* Any notice required or permitted to be given pursuant to the terms of this Lease shall be properly given when made in writing, deposited in the United States mail, registered or certified, postage prepaid, addressed to:

Rex at: P. O. Box 968
Englewood Cliffs, N.J. 07632

or at such other addresses as Rex may from time to time designate by such notice in writing and to Lessee at the address first above written or any such other address as Lessee may from time to time designate by notice in writing.

22. *Warranty.* Rex agrees to assign to Lessee such rights as it may have under warranties, if any, which it may have received from the manufacturer of any Cars or parts therefor and shall at

Lessee's expense cooperate with Lessee and take such action as may be reasonably requested to enable Lessee to enforce such rights. Rex makes no warranty or representation of any kind, either express or implied, as to any matter whatsoever, including specifically but not exclusively, merchantability, fitness for a particular purpose extending beyond the description in the applicable Schedule, or the design, workmanship, condition or quality of the Cars or parts thereof which Cars have been accepted by Lessee hereunder; and Rex shall have no liability hereunder for damages of any kind, including specifically but not exclusively, special, indirect, incidental, or consequential damages on account of any matter which might otherwise constitute a breach of warranty or representation. Lessee represents that all of the matters set forth in Paragraphs 20(a), (b) and (c) shall be and are true and correct at all times that any Car is subject to this Lease.

23. *Governing Law — Writing.* The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of N.J. The terms of this Lease and the rights and obligations of the parties hereto may not be changed or terminated orally, but only by agreement in writing signed by the party against whom enforcement of such change or termination is sought.

24. *Counterparts.* This Lease may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which may be evidenced by any such signed counterpart.

25. *Severability — Waiver.* If any term or provision of this Lease or the application thereof to any persons or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law. Failure of Rex to exercise any rights hereunder shall not constitute a waiver of any such right upon the continuation or recurrence of the situation or contingency giving rise to such right.

26. *Terminology.* In construing any language contained in this Lease, no reference shall be made and no significance given to paragraph titles, such titles being used only for convenience of reference. Where the context so permits, the singular shall include the plural and vice versa.

27. *Past Due Payments.* Any nonpayment of rentals or other sums due hereunder, whether during the period within which a default may be cured or for a longer period, and whether or not deemed a default or violation of this Lease, shall result in the obligation on the part of the Lessee to pay also an amount equal to twelve per cent per annum (or if such rate may not lawfully be charged, then the highest rate which may lawfully be charged) of such overdue sum for the period of time from one week after the due date until such overdue sum is paid.

28. *Definitions.* For all purposes of this Lease the following terms shall have the following meaning:

(a) "Interchange Rules" — all codes, rules, interpretations, laws or orders governing hire, use, condition, repair and all other matters pertaining to the interchange of freight traffic reasonably interpreted as being applicable to the Cars, adopted and in effect from time to time by the Association of American Railroads and any other organization, association, agency, or governmental authority, including the Interstate Commerce Commission and the United States Department of Transportation, which may from time to time be responsible for or have authority to impose such codes, rules, interpretations, laws or orders.

(b) "Average Date of Delivery" — that date which is determined by (i) multiplying the number of Cars delivered by Rex on each day by the number of days elapsed between such day and the date of delivery of the first Car under the applicable Schedule, and (ii) adding all of the

products so obtained and dividing that sum by the total number of Cars delivered under the applicable Schedule and (iii) adding such quotient rounded out to the nearest whole number to the date of delivery of the first Car under the applicable Schedule. The date on which delivery of a Car shall be deemed to have been made will be the day following delivery of the Car to the Lessee. A Car shall be conclusively deemed delivered to the Lessee on the earliest date shown on any of the following: (i) Certificate of Acceptance or other writing accepting a Car signed by the Lessee; or (ii) a bill of lading showing delivery to Lessee or to a railroad for the account of Lessee.

(c) "Repair Work" – all repairs, maintenance, modifications, additions or replacements required to keep and maintain the Cars in good working order and repair in accordance with and on the effective date of the requirements of all Interchange Rules and preventive maintenance necessary to keep and maintain the Cars in good working order and repair.

(d) "Casualty Cars" – Cars which are lost, stolen, destroyed or damaged beyond economic repair.

(e) "Replacement Cars" – Cars of substantially similar description and specification to that set forth in the applicable Schedule which are substituted for Casualty Cars.

29. *Benefit.* Except as otherwise provided herein the covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of the parties and (to the extent permitted in Paragraph 19 hereof) their successors and assigns. Without limiting the generality of the foregoing, the indemnities of the Lessee contained in Paragraph 14 hereof shall apply to and inure to the benefit of any assignee of Rex . and if such assignee is a trustee or secured party under an indenture under which evidence of indebtedness has been issued in connection with the financing of the Cars, then also to the benefit of any holder of such evidence of indebtness.

IN WITNESS WHEREOF, Rex and Lessee have duly executed this Lease as of the day and year first above written..

REX LEASING, INC.

By _____ its President

[CORPORATE SEAL]

ATTEST:

Doris Carlson
Asst Secretary

Laurinburg & Southern Railroad Co.

a(n) North Carolina corporation

By _____ Vice President

[CORPORATE SEAL]

ATTEST:

_____ Secretary

EXHIBIT A

Schedule 1 to Lease dated Jan. 15, 1982 by and between Rex Leasing, Inc. ("Rex") and Laurinburg & Southern Railroad Co. ("Lessee")

CERTIFICATE OF ACCEPTANCE

_____, 19____

Rex Leasing, Inc.
P.O. Box 968
Englewood Cliffs, New Jersey 07632

Gentlemen:

The undersigned, being a duly authorized representative of Lessee, hereby accepts _____ (_____) Cars bearing numbers as follows:

SVIL 1101 - SVIL 1110, inclusive

for the Lessee pursuant to the Lease and certifies that each of said Cars is plainly marked in stencil on both sides of each Car with the words

Title to this Car subject to documents recorded with Interstate Commerce Commission.

in readily visible letters not less than one inch (1") in height, and that each of said Cars conforms to, and fully complies with the terms of said Lease and is in condition satisfactory to the Lessee. If the Lessee is a railroad, Lessee hereby certifies that it is an interstate carrier by rail and that the Cars are intended for actual use and movement in interstate commerce.

4A-a

REX LOT NO._____

Schedule 2

Page 1 of Schedule 2 dated January 15, 19 82 to Lease dated January 15, 19 82 by and between REX LEASING, Inc. (Rex) and Laurinburg & Southern Railroad Company ("Lessee").

TYPE AND DESCRIPTION OF CAR: 100-ton Marine Industry, 4650 cubic foot covered hopper cars SVIL 1101 - 1110 inclusive.

NUMBER OF CARS: Ten (10)

INTERIOR EQUIPMENT:

SPECIAL LININGS: None

PERMITTED LADING USE: Non-corrosive commodities

*REPORTING MARKS AND NUMBERS: SVIL 1101 - SVIL 1110, incl.

SPECIFICATIONS DESIGNATED BY LESSEE:

INITIAL F.O.T. DELIVERY POINT:

*When Rex reporting marks are specified, this lease subject to the granting of all necessary consents to such use by carrier or any other approval nor or hereafter required by tariff, interchange rules or other applicable laws and regulations.

Page 2 of Schedule 2 dated January 15, 19 82 to Lease dated January 15, 19 82 by and between REX LEASING, INC. ("Rex") and Laurinburg & Southern Railroad Company ("Lessee")

LEASE TERM: Date of delivery to October 31, 1983.

MONTHLY RENTAL: $200.00 per car per month

SPECIAL TERMS: (1) Cars will be restenciled at no expense to Lessee.

(2) Car movement will be at the the cost of the Lessee, with cars being moved to any Milwaukee Road Interchange requested by the Lessee, at no expense to the Lessee.

(3) Lessee agrees to store, free of charge, all leased cars for a period not to exceed 9 months upon expiration of the Lease, to restencil at no cost to Rex as directed at Lease expiration, or within the 9 month storage period, and to move cars to Interchange at no cost to Rex.

LESSOR HAS NOT MADE AND MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER AS TO THE AVAILABILITY OF ANY INVESTMENT TAX CREDIT TO LESSOR OR LESSEE AND LESSEE HEREBY AFFIRMS THAT NO SUCH REPRESENTATION OR WARRANTY HAS BEEN MADE.

Lessee:
LAURINBURG & SOUTHERN RAILROAD CO.

by _____
Vice President & G.M.

(Corporate Seal)
Attest:

_____
Secretary

REX LEASING, INC.

by: _____
President

(Corporate Seal)

Doris Wilson
Asst. Secretary

STATE OF New Jersey
COUNTY OF Bergen } ss

On this 15 day of January, 19 82, before me personally appeared Mark A. Salitan, to me personally known, who being by me duly sworn, says that he is President of REX LEASING INC., and Doris Wilson, to me personally known to be the Asst. Secretary of said corporation, that the seal 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 they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

ROSEANNE K. NOVAK
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires June 16, 1985

Notary Public

STATE OF
COUNTY OF

On this 19th day of January, 19 82, before me personally appeared W.S. Jones, to me personally known, who being by me duly sworn, says that he is Vice President of Laurinburg & Southern Railroad Co., and C.E. Beman to me personally known to be the C.I. Secretary of said corporation, that the seal 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 they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

R J Pearson
Notary Public