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RECORDATION NO. 13655-A  
 THACHER, PROFFITT & WOOD  
 40 WALL STREET  
 NEW YORK, N. Y. 10005  
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 JUN - 4 1982 - 3 40 PM  
 INTERSTATE COMMERCE COMMISSION

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INTERSTATE COMMERCE COMMISSION  
 3-1554908

NO JUN 04 1982  
 Date.....  
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 ICC Washington, D. C.

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 TELECOPIERS (212) 483-5853  
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June 3, 1982

Ms. Agatha L. Mergenovich  
 Secretary of the Interstate  
 Commerce Commission  
 12th Street and Constitution  
 Avenue, N.W.  
 Washington, D.C. 20423

RECEIVED  
 JUN 4 3 34 PM '82  
 FEE OPERATION BR.

Dear Madam:

Please cross index this filing under the State of Wisconsin Investment Board (a filing fee of \$10.00 is enclosed).

I enclose for filing with the Interstate Commerce Commission pursuant to 49 U.S.C. §11303, the following documents:

1. EQUIPMENT LEASE AGREEMENT dated as of May 28, 1982

LESSEE: THE CHESAPEAKE AND OHIO RAILWAY COMPANY  
 100 North Charles Street  
 Baltimore, Maryland 21201

LESSOR: LOUISIANA NATIONAL LEASING CORPORATION  
 P.O. Box 451  
 Baton Rouge, Louisiana 70821

2. ASSIGNMENT OF LEASE dated as of May 28, 1982

ASSIGNOR: LOUISIANA NATIONAL LEASING CORPORATION

ASSIGNEE: STATE OF WISCONSIN INVESTMENT BOARD  
 P.O. Box 7842  
 Madison, Wisconsin 53707

*Next Number*

*A*

*Chambers Street - Mr. S. Brazil*

Ms. Agatha L. Mergenovich

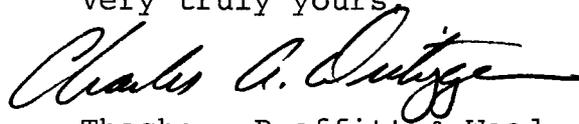
2.

The documents listed above cover the railroad equipment described in Exhibit A attached hereto (the "Equipment"). The Equipment is being purchased by the Lessor from the Lessee and various manufacturers and is being financed by the Lessor pursuant to a Financing Agreement dated as of May 28, 1982 (the "Financing Agreement") among the Lessee, the Lessor, the Assignee and Mercantile-Safe Deposit and Trust Company, as agent. The rights of the Lessor in and to the Equipment and the Lease (as hereinafter defined) were assigned to State of Wisconsin Investment Board pursuant to the Financing Agreement. The Equipment will be leased by the Lessor to the Lessee pursuant to an Equipment Lease Agreement dated as of May 28, 1982 (the "Lease").

In addition, I enclose a check in the amount of \$60.00 to cover the cost of recordation with the Secretary's Office.

Please return the stamped copies of the above documents to the bearer of this letter.

Very truly yours,



Thacher, Proffitt & Wood,  
as Agent for State of  
Wisconsin Investment Board

**Interstate Commerce Commission**  
Washington, D.C. 20423

OFFICE OF THE SECRETARY

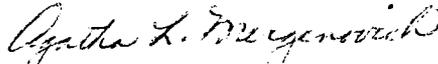
Thacher, Proffitt & Wood  
40 Wall Street  
New York, N. Y. 10005

June 4, 1982

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 6/4/82 at 3:40PM, and assigned re-  
recording number(s). 13655, & 13655-A

Sincerely yours,

  
Agatha L. Mergenovich  
Secretary

Enclosure(s)

13655  
RECORDATION NO. \_\_\_\_\_ FILED 1982

JUN -4 1982 -3 40 PM

INTERSTATE COMMERCE COMMISSION

DUPLICATE

EQUIPMENT LEASE AGREEMENT

1. PARTIES. This Equipment Lease dated as of May 28, 1982, is between The Chesapeake and Ohio Railway Company, a Virginia corporation, as lessee (herein called the Lessee) and Louisiana National Leasing Corporation, a Louisiana corporation, as lessor (herein called the Lessor, the term Lessor shall include Lessor's successors and assigns).

2. LEASING. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor upon the following terms and conditions, such items of equipment (the Unit or Units) as are described in the Schedule attached hereto as Annex "A" (hereinafter called the Schedule) and set forth in one or more Acceptance Supplements (in the form of Annex "B" attached hereto) executed by Lessor and Lessee and as are delivered to and accepted by Lessee on or before the Cut-Off Date as stated in the Schedule. Upon delivery of each Unit by the manufacturer or supplier thereof (unless previously accepted by the Lessee), Lessee as agent for Lessor will inspect such Unit, and if such Unit is found to be acceptable, and if the Lessor's Cost of such Unit, when added to the Lessor's Cost of all other Units previously delivered and accepted hereunder, does not exceed the Maximum Aggregate Lessor's Cost defined in the Schedule, Lessee (unless such Unit was previously accepted by the Lessee) on behalf of Lessor will accept delivery of such Unit under the Purchase Agreement relating thereto and immediately thereafter will execute and deliver to Lessor an Acceptance Supplement with respect to Units previously accepted by the Lessee and with respect to those Units delivered to the Lessee on behalf of the Lessor and when such Acceptance Supplement is executed by Lessee, such Unit shall be deemed to have been delivered to and accepted by Lessee under this Lease and shall be subject thereafter to all the terms and conditions of this Lease (hereinafter called the Delivery Date). Each Acceptance Supplement shall specify the date (the Funding Date) on which the Lessee, or the manufacturer or seller of the Unit is to be paid the Lessor's Cost of such Unit. Without limiting Lessee in the exercise of its own such rights, if any, for its own account, Lessor authorizes Lessee, at Lessee's expense, to assert for Lessor's account, during the term of this Lease, so long as no default shall have occurred hereunder, all of Lessor's rights under any manufacturer's or any seller's warranty of the Units, and Lessor agrees to cooperate with Lessee in asserting such rights; provided, however, that Lessee shall indemnify and

hold harmless Lessor from and against any and all claims, and all costs, expenses, damages, losses and liabilities incurred or suffered by Lessor in connection therewith, as a result of, or incident to, any action by Lessee pursuant to the above authorization. Any amount received by Lessor as payment under any warranty pursuant to the above authorization shall be applied to restore the Units to as good a condition as they were or should have been when delivered to Lessee hereunder, ordinary wear and tear excepted, with the balance of such amount, if any, to be paid over to Lessee. Nothing contained in this Lease or in any related documents shall be deemed to give rise to any rights or remedies by any manufacturer or supplier of the Units.

3. TERM AND RENT. The Term with respect to each Unit shall commence on the Delivery Date thereof (as stated in the Acceptance Supplement pertaining to such Unit), and shall continue for the period specified in the Schedule along with any renewal term, unless this Lease shall have been earlier terminated as herein provided. During the Term, Lessee agrees to pay to Lessor Interim Rent, Semiannual Rent and all other amounts as required by and to the extent set forth herein and in the Schedule.

All payments of the Rent (as defined in Section 5 hereof) shall be made so that the Agent (as such party is identified in the Financing Agreement dated as of May 28, 1982 (the Financing Agreement) among the Lessee, the Lessor, the Agent and State of Wisconsin Investment Board (the Lender)) shall have immediately available funds on the date payable hereunder, and shall be paid to the Agent for credit to account number 08246-5 to be disbursed by the Agent in accordance with the terms and provisions of the Financing Agreement. Rent shall be paid to the Agent until the obligations of the Lessor to the Lender under the Financing Agreement have been paid in full and thereafter to such account as the Lessor shall so direct in writing.

4. NO WARRANTIES BY LESSOR. LESSEE ACKNOWLEDGES AND AGREES (AS AMONG LESSOR, LESSEE AND LENDER) (1) THAT EACH UNIT IS OF A SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY LESSEE, (2) THAT AS BETWEEN LESSEE AND LESSOR, LESSEE IS SATISFIED THAT EACH UNIT IS SUITABLE FOR ITS PURPOSES, (3) THAT LESSOR IS NOT A MANUFACTURER OR INSTALLER THEREOF NOR A DEALER IN PROPERTY OF SUCH KIND AND (4) THAT LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE, ANY REPRESENTATION OR WARRANTY OR COVENANT OF ANY KIND OR CHARACTER WITH RESPECT TO THE UNITS OR THE DESIGN, VALUE, MERCHANTABILITY, FITNESS, CONDITION, QUALITY OF MATERIAL OR WORKMANSHIP OR CONFORMITY OF THE UNITS TO THE SPECIFICATIONS OF ANY PURCHASE ORDER RELATING THERETO, DURABILITY OR SUITABILITY OF THE UNITS IN ANY RESPECT OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF LESSEE, OR ANY OTHER REPRESENTATION OR WARRANTY OR COVENANT OF

ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO. LESSOR SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO LESSEE OR ANY OTHER PERSON WITH RESPECT TO ANY OF THE FOLLOWING: (i) ANY LIABILITY (INCLUDING, WITHOUT LIMITATION, STRICT OR ABSOLUTE LIABILITY IN TORT OR BY STATUTE IMPOSED), FOR LOSS OR DAMAGE CAUSED OR ALLEGED TO BE CAUSED DIRECTLY OR INDIRECTLY BY THE UNITS OR BY ANY OTHER CIRCUMSTANCES IN CONNECTION THEREWITH, (ii) THE USE, OPERATION OR PERFORMANCE OF THE UNITS OR ANY RISKS RELATING THERETO, (iii) DELAY IN OBTAINING THE UNITS (UNLESS SUCH DELAY IS CAUSED BY THE WILFUL MISCONDUCT OR GROSS NEGLIGENCE OF THE LESSOR) OR ANY INTERRUPTION OF SERVICE, LOSS OF BUSINESS OR ANTICIPATED PROFITS OR CONSEQUENTIAL DAMAGES, (iv) DELIVERY, INSTALLATION, OPERATION, SERVICING, MAINTENANCE, REPAIR, IMPROVEMENT OR REPLACEMENT OF THE UNITS OR (v) ANY OTHER DAMAGES WHATSOEVER AND HOWSOEVER CAUSED.

5. OBLIGATIONS OF LESSEE UNCONDITIONAL. This Lease is a net lease and Lessee acknowledges and agrees that Lessee's obligation to pay all Interim Rent, Semiannual Rent and all other amounts, including without limitation Stipulated Loss Value, required by and to the extent set forth herein and in the Schedule (collectively defined herein to be Rent) and the rights of Lessor in and to such Rent shall be absolute and unconditional, and shall not be affected by any circumstance, including, without limitation, (i) any set-off, counterclaim, abatement, recoupment, reduction, defense, suspension or other rights of Lessee or the manufacturer or supplier of the Units for any reason whatsoever, (ii) any defect in design, condition, operation, fitness for purpose or use of, or any damage to or loss or destruction of, any Unit or any interruption or cessation in the use or the possession thereof by Lessee for any reason whatsoever, (iii) any insolvency, bankruptcy, reorganization or similar proceeding by or against Lessee or Lessor (including any anticipatory or actual rejection or breach of this Lease in whole or in part by any trustee or receiver of Lessee's or Lessor's assets or by any court in any such proceeding) or (iv) any other circumstance, happening or event whatsoever, whether or not similar to the foregoing, including, without limitation, the invalidity, lack of enforceability or due authorization of this Lease or any provision hereof, or the existence of any mortgages, liens, security interests, charges, encumbrances or claims (hereinafter called Liens) or rights of others whatsoever with respect to the Units, whether or not resulting from claims against Lessor not related to the ownership of the Units. Each payment of Rent shall be final as to the Lessor and the Lessee and shall be payable in all events, unless the obligation to pay Rent hereunder should be terminated pursuant to the express provisions of the Lease. Should the Lease, or any part hereof, be terminated or held inoperative by operation of law, except as specifically provided in the Lease, the obligation of the Lessee to pay Rent to the Lessor hereunder

shall nevertheless remain in full force and effect. Lessee hereby waives, to the extent permitted by applicable law, any and all rights which it now has or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the Lease except in accordance with the express terms hereof.

## 6. TAXES AND LIENS.

6.1. Taxes. Lessee shall pay and discharge, and hold Lessor harmless from and against, all license and registration fees, all assessments and all taxes (including without limitation all sales, gross receipts, use, rental, franchise and property taxes) or similar charges, together with any penalties, fines or interest thereon which may now or hereafter be imposed upon or resulting from the purchase, delivery, ownership, leasing, maintenance, possession or use of the Units, or upon this Lease or the Rent due or to become due hereunder imposed against the Lessor, the Lessee or the Units by any Federal, state, county, municipal, or local taxing authority, excluding however, (i) all Federal taxes on or measured by Lessor's net income (except as provided in Section 17 hereof), (ii) any state and local taxes of the State of Louisiana or any other state measured by Lessor's net income, (iii) any taxes resulting from this Lease to the extent they are actually offset against net income taxes which are otherwise due and owing by the Lessor to any state, and (iv) franchise and capital stock taxes not directly attributable to the ownership and leasing of any Units. Lessor agrees to utilize valid state and local sales and use tax exemptions or direct payment authorizations of the Lessee which result in a reduction of the Lessor's sale or use tax liability.

6.2. Liens. Lessee shall not directly or indirectly, create, incur, assume or suffer to exist any Liens on, or attempt in any manner to dispose of, any of the Units and Lessee will take such action at its own expense as may be necessary to duly discharge each such Lien, except (1) the respective rights of the Lessor and the Lessee herein provided, (2) Liens against the Lessor not arising in connection with the ownership of the Units, (3) Liens for taxes either not yet due or being contested in good faith and by appropriate proceedings, if the nonpayment of any such tax or the contest of any such payment in such proceedings does not, in the opinion of counsel to the Lessor and the Lender, adversely affect the title, property or rights of the Lessor or the Lender, and (4) inchoate materialmen's mechanics', workmen's employees', landlords' or other like Liens arising in the ordinary course of business of the Lessee and not delinquent. Each Unit, upon return to the Lessor pursuant to the terms of Sections 11 and 14 hereof, shall be free and clear of all Liens, except such Liens as are excepted above. In case any report or return is required to be made with respect to any obligation of Lessee under this Section, Lessee will either (after notice to Lessor) make such report or return in such manner as will show the

ownership of the Units in Lessor and send a copy of such report or return to Lessor or will notify Lessor of such requirement and make such report or return in such manner as shall be satisfactory to Lessor.

7. INSURANCE. The Lessee at its expense will cause to be carried and maintained casualty insurance with respect to each Unit and public liability insurance, in each case in such amounts and against such risks as are customarily insured against by the Lessee on similar equipment. Any proceeds received by the Lessee with respect to any insurance policies maintained under this Section 7, shall be held in constructive trust for the benefit of the Lessor and the Lender, as their interests may appear, and shall be paid immediately to the Agent, to the extent such amounts have not been previously paid by the Lessee to the Agent. With respect to casualty insurance, such insurance will be sufficient at all times to cover the Stipulated Loss Value of each Unit.

Lessee may self insure Units to the extent that it self insures property similar to such Units and to the extent that such self insurance is consistent with prudent industry practice. It shall be the Lessee's sole responsibility to defend any and all claims with respect to the Units. Lessee further agrees to hold the Lessor and Lender harmless from any and all such claims.

8. INSPECTION. Lessor shall have the right, but not the duty, to inspect the Units. Upon the reasonable request of Lessor and upon reasonable advance notice, Lessee shall confirm in writing to Lessor within 60 days after receipt of such request the approximate location of any Unit and shall, at any reasonable time, make the Units, and Lessee's records pertaining to the Units, available to Lessor for inspection at the Lessor's sole risk and expense and at such reasonable places as will not conflict with Lessee's use thereof or the conduct of its business.

9. USE, MAINTENANCE AND ADDITIONS.

9.1. Use and Maintenance.

Lessee agrees that the Units will be used solely in the conduct of its business and in compliance with any and all statutes, laws, ordinances and regulations of any governmental authorities or agencies whether Federal, state, county or municipal, now or hereinafter in effect, applicable to the use of the Units, and will at all times be and remain in the possession and control of Lessee at the location(s) as set forth in the Schedule. Throughout the Term, the possession, use and maintenance of each of the Units shall be at the sole

risk and expense of Lessee. Lessee, at its own cost and expense, will repair, service and maintain the Units so as to keep each Unit in as good condition as when delivered to Lessee hereunder, ordinary wear and tear excepted. In addition, Lessee shall maintain each Unit in such condition as will enable such Unit to perform the functions for which it was originally intended, and shall maintain each Unit in accordance with the specifications of the manufacturer of such Unit and in accordance with the standards prescribed by the Association of American Railroads and in any event according to those standards applied by Lessee to equipment owned by it. Throughout the Term, the possession, use and maintenance of the Units shall be at the sole risk and expense of Lessee and Lessee assumes all risk and liability for injuries or deaths to persons and damage to property, however arising from or incident to such possession, use and maintenance. Lessee will not affix or install any Unit to or in any real property.

9.2. Additions and Improvements.

(a) Generally. Except as may be required pursuant to Subsection (b) hereof, Lessee shall not, without the prior written approval of Lessor, which approval shall not be unreasonably withheld, make any addition or improvement to any Unit which is not readily removable without causing material damage to any Unit, unless such addition or improvement constitutes an "Improvement" which Lessee may finance pursuant to the provisions of Revenue Procedure 79-48 or any successor revenue procedure, revenue ruling or law, except as allowed under Section 168(f)(8) of the Code. Lessee shall be entitled from time to time during the term of this Lease to acquire and install, at Lessee's expense, such additions or improvements to any Unit which are readily removable without causing material damage to any Unit and which do not impair the value or utility of any Unit as originally delivered hereunder to Lessee (ordinary wear and tear excepted).

(b) Compliance with Law. Lessee agrees to make, at its own expense and without offset for Rent due hereunder, any addition or improvement required to be made to any Unit in order to satisfy Lessee's obligations set forth in Section 9.1. hereof. Any such addition or improvement shall immediately and without further act become the property of Lessor.

(c) Severable Additions. Should Lessee install, at its own expense, any addition or improvement on any

Unit which is readily removable without causing material damage to such Unit and which does not impair the value or utility of such Unit as originally delivered hereunder to Lessee (ordinary wear and tear excepted), and provided that no Event of Default (as hereinafter defined) or event which but for the lapse of time or the giving of notice or both would be an event of default, shall have occurred and be continuing, Lessee may remove such addition or improvement before such Unit is returned to Lessor, and Lessee shall thereafter own such addition or improvement. Lessee shall repair all damage to such Unit resulting from such installation and removal so as to restore such Unit to the condition in which it existed prior to the installation of such addition or improvement (ordinary wear and tear excepted). Notwithstanding the foregoing and provided that Lessee has not exercised its option to purchase such Unit pursuant to Section 19 hereof or to renew this Lease with respect to such Unit pursuant to Section 20 hereof, at the end of the applicable initial term or any renewal term of this Lease, Lessor shall be entitled to purchase from Lessee any such addition or improvement at its then Fair Market Value (as to be determined in accordance with Section 19 hereof). If Lessor agrees, Lessee shall not be required to remove any such addition or improvement if the retention of such addition or improvement will not adversely affect the operating capabilities of such Unit in the possession of Lessor. Any addition or improvement not so removed shall become the property of Lessor.

(d) Nonseverable Additions. Should Lessee make to any Unit any addition or improvement which is not readily removable without causing material damage to such Unit, such addition or improvement shall immediately and without further act become the property of Lessor.

10. INDEMNIFICATION. In addition to the indemnity provided for in Sections 6 and 17 hereof, the Lessee agrees to assume liability for, and does hereby agree to indemnify, protect, save and keep harmless the Lessor from and against, any and all liabilities, losses, damages, injuries, penalties, claims, demands (including, without limitation, claims or demands involving strict or absolute liability), actions, suits, costs, expenses and disbursements (including without limitation, legal fees and expenses, penalties and interest) of any kind and nature whatsoever (including any increase to Lessor in federal, state or local income taxes as a result of the inclusion in Lessor's income of any amounts required to be paid by Lessee under this Section 10) (hereinafter called the Claim or Claims) which may be imposed on,

incurred or asserted against the Lessor whether or not the Lessor shall also be indemnified as to any such Claim by any other person (provided however, that, for purposes of the indemnity provided by this Section 10, Lessor shall not be indemnified to an extent greater than necessary to hold the Lessor completely harmless in the particular circumstances), (i) in any way relating to or arising out of the Lease or any document contemplated hereby, or the performance or enforcement of any of the terms hereof or thereof, or (ii) in any way relating to or arising from or incident to the manufacture, ordering, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, maintenance, condition, registration, sale, return, storage or disposition (hereinafter called the Use) of any Unit or Units or any injuries or deaths of persons and damage to property howsoever arising from or incident to such Use or in connection therewith (including, without limitation, latent and other defects, whether or not discoverable and any Claim for patent, trademark or copyright infringement); provided, however, that the Lessee shall not be required to indemnify the Lessor for (1) any Claim in respect to any Unit arising from acts or events which occur after possession of such Unit has been delivered by the Lessee to the Lessor or to any other person designated by Lessor, (2) any Claim resulting from acts which would constitute the willful misconduct or gross negligence of the Lessor or (3) expenses to be borne pursuant to the express provisions hereof by the Lessor. Lessee agrees that the willful misconduct or gross negligence by any party to be indemnified hereunder shall not affect the rights of any other indemnified party hereunder. Lessee assumes all risk of loss, theft or destruction of, and damage to, the Units, and shall defend and hold the Lessor and the Units harmless from any risk from the Use referred to in this Section. If either the Lessor or the Lessee has knowledge of any Claim hereby indemnified against, it shall give prompt written notice thereof to the other, but the omission or failure by the Lessor to notify the Lessee shall not relieve the Lessee from any liability which it may have to the Lessor. In case any such action shall be brought against the Lessor with respect to a Claim, and the Lessor shall notify the Lessee of the commencement thereof or the Lessee shall otherwise acquire knowledge of such commencement, the Lessee shall be entitled to participate in, and, to the extent that it shall wish, to assume the defense thereof, with counsel reasonably satisfactory to the Lessor and after notice from the Lessee to the Lessor of its election so to assume the defense thereof. The Lessee shall not be liable to the Lessor for any legal or other expenses subsequently incurred by the Lessor in connection with the defense thereof other than reasonable costs of investigation by the Lessor. The indemnities contained in this Section 10 shall survive the expiration or termination of this Lease.

11. RETURN OF UNITS. Upon the expiration of the Term or any Renewal Term (as hereinafter defined) with respect to any Unit, Lessee will, in the absence of exercise of the options to purchase or renew as provided in Sections 19 and 20 hereof, return and yield possession of such Unit to Lessor. At the time of its return, such Unit shall be free and clear of all liens and rights of others and shall be in the condition and repair required to be maintained during the Term hereof or any Renewal Term, under Section 9, and Lessee shall deliver to Lessor all logs, manuals, data and inspection, modification and overhaul logs applicable to such Unit. Lessee shall notify the Lessor as to the date on which such Units will be available for the Lessor's inspection, the location of such Units and the number of Units at such location. On such date (or the later expiration of the Term or any Renewal Term pertaining to such Units) Lessee's obligations to pay Rent (unless otherwise specifically required hereunder) shall cease with respect to such Units. Thereupon, the Lessor may inspect such Units at such location and accept or reject the same with respect to their condition. As to Units which are so reasonably rejected by Lessor, Lessee shall, at its option, either restore such Units to the standard of maintenance required by Section 9 hereof or pay the costs of such restoration. Inspection by the Lessor, if desired, shall be conducted within thirty (30) days following the designated availability date. Lessee will, at Lessee's own expense and risk, deliver possession of the Units in accordance with the Lessor's instructions (such instructions shall be delivered to the Lessee not less than 30 days prior to the expiration of the Term with respect to such Units) to Lessor or to any other person designated by Lessor at any one or more of the following locations: Martinsburg, West Virginia; Grand Rapids, Michigan; Lima, Ohio; Baltimore, Maryland; Dunbar, Pennsylvania and Barboursville, West Virginia.

12. LOSS OR DAMAGE. In the event that any Unit is damaged so as to preclude its use for the purpose intended, lost, stolen or destroyed by any cause or title thereto is taken or requisitioned or appropriated by any governmental authority (each such occurrence being an Event of Loss), then Lessee shall pay on the Semiannual Rent Date (as set forth in the Schedule) immediately following such Event of Loss, the sum of (i) the Stipulated Loss Value specified in Annex "C" attached hereto, plus (ii) the installment of Semiannual Rent with respect to such Unit due on such Semiannual Rent Date; provided, however, if such Event of Loss shall have occurred within 90 days prior to a Semiannual Rent Date, the Lessee shall pay on the 90th day following such Event of Loss the sum of (i) the Stipulated Loss Value due on the Semiannual Rent Date immediately preceding such payment date and (ii) Rent accrued on such Unit from the Semiannual Rent Date specified in (i) of this proviso to the date of payment (Rent shall accrue on a daily basis and shall be equal to 1/180th of

the Semiannual Rent applicable to such Unit). Upon receipt by Lessor of such Stipulated Loss Value and all Rent and all other amounts due and payable pursuant to this Lease or as described in the Schedule with respect to such Unit, this Lease shall be deemed terminated as to such Unit and Lessor shall deliver title to such Unit to the Lessee, together with a bill of sale and any other documents reasonably requested by Lessee but without warranty of any kind. Should any Unit be damaged, so as not to preclude its use for the purpose intended, but be capable of repair, Lessee shall repair the same at its sole cost and expense and this Lease shall continue in full force and effect with respect to such Unit. Any proceeds from insurance received by Lessor in connection with any damage capable of repair shall be applied to the cost of repair, and Lessor agrees to release such proceeds to Lessee for such purpose upon receipt by Lessor of information indicating that such repair has been made in a manner satisfactory to Lessor.

13. EVENTS OF DEFAULT. The following events shall constitute Events of Default (whether any such event shall be voluntary, involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) The Lessee shall fail to make any payment of Rent when due, and such failure shall continue for five (5) Business Days after written notice thereof from the Lessor to the Lessee; or

(b) The Lessee shall fail to perform or observe any other covenant, condition, or agreement to be performed or observed by it hereunder and such failure shall continue for twenty (20) days after written notice thereof from the Lessor to the Lessee; or

(c) Any representation or warranty made by the Lessee hereunder or in any document or certificate furnished to the Lessor or Lender in connection herewith or pursuant hereto or thereto, shall have been incorrect in any material respect when any such representation or warranty was made or given and cannot, within 15 days after discovery thereof, be corrected to the reasonable satisfaction of Lessor and Lender; or

(d) A court having jurisdiction in the premises shall have entered a decree or order providing for relief in respect of the Lessee in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a

receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) of the Lessee or for any substantial part of its property, or ordering the wind-up or liquidation of its affairs and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days; or

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

(f) The Lessee shall be in default under any material obligation for the payment of borrowed money or for the deferred purchase price of, or for the payment of any rent under any lease agreement covering, material real or personal property, and the applicable grace period with respect thereto shall have expired and, in the Lessor's reasonable opinion, the consequences of such default might impair Lessee's ability to discharge its obligations hereunder; or

(g) Other than as expressly authorized or permitted herein, the Lessee shall attempt to remove, sell, transfer, encumber, part with possession of, assign or sublet or create, incur or assume any Lien on any of the Units or the Lease; or

(h) The Lessee shall fail to maintain public liability insurance as provided in Section 7 hereof.

14. REMEDIES. Upon the occurrence of any Event of Default and at any time thereafter Lessor may, at its option, declare this Lease to be in default and at any time thereafter Lessor may do any one or more of the following with respect to the Units as Lessor in its sole discretion shall elect, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law then in effect: (a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by Lessee of the applicable covenants of

this Lease or to recover damages for the breach thereof; (b) by notice in writing terminate this Lease, whereupon all rights of Lessee to the use of the Units shall absolutely cease and terminate but Lessee shall remain liable as hereinafter provided; and thereupon Lessee, if so requested by Lessor, shall at its expense promptly return the Units to the possession of Lessor and in the condition required upon the return thereof pursuant to and in accordance with the terms hereof, or Lessor, at its option, may enter upon the premises where the Units are located and take immediate possession of and remove the same by summary proceedings or otherwise. Lessee shall, without further demand, forthwith pay to Lessor an amount equal to any unpaid Semiannual Rent and all other amounts due and payable hereunder or pursuant to the Schedule for all periods up to and including the Semiannual Rent Date following the date on which Lessor has declared this Lease to be in default, plus, an amount equal to the Stipulated Loss Value of the Units, computed as of the Semiannual Rent Date following the date on which Lessor has declared this Lease to be in default. Following the return of the Units to Lessor pursuant to this Section, Lessor shall proceed to sell or lease the Units in such manner as it shall reasonably deem appropriate. In the event of the sale of the Units, the proceeds of such sale shall be applied by Lessor (A) first, to all cost, charges and expenses including reasonable attorney's fees and disbursements, incurred by Lessor as a result of the default and the exercise of its remedies with respect thereto and (B) second, provided that Lessee has paid to Lessor all the amounts required to be paid to Lessor pursuant to this Section, to reimburse Lessee for the Stipulated Loss Value previously paid by Lessee. Any surplus remaining thereafter shall be retained by Lessor. No remedy referred to in this Section is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity; and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all of such other remedies. No express or implied waiver by Lessor of any default shall in any way be, or be construed to be, a waiver of any future or subsequent default. To the extent permitted by applicable law, and except with respect to Lessor's obligation to Lessee upon the sale of the Units as provided above, Lessee hereby waives any rights now or hereafter conferred by statute or otherwise which may require Lessor to mitigate Lessor's damages as set forth in this Section or which may otherwise limit or modify any of the Lessor's right and remedies under this Section. Lessee also shall be liable for all damages and expenses, including reasonable attorneys' fees, in addition to the amounts referred to in this Section, which Lessor shall have sustained as a result of the breach of one or more of the representations, warranties and covenants made by Lessee in this Lease.

15. ASSIGNMENT.

15.1 . Assignment by Lessee. Without Lessor's prior written consent, Lessee shall not assign, transfer, sublet, pledge, hypothecate or otherwise dispose of this Lease or the Units or any interest herein or therein; provided, however, Lessee may sublease (written notice of such sublease shall be given to the Lessor within ten (10) days after commencement of such sublease) the Units to any corporation controlled directly or indirectly by CSX Corporation through stock ownership, provided further however, such sublease shall not release the Lessee from its obligations hereunder.

15.2 Assignment by Lessor. Lessor may assign this Lease in whole or in part without notice to Lessee, and such assignee shall have all of the rights, but none of the obligations (which shall remain solely the Lessor's), of Lessor under this Lease. Lessee shall recognize each such assignment and covenants not to assert against such assignee any defense, counterclaim or set-off that Lessee has or may have against Lessor, and upon receipt of notice of such assignment, Lessee agrees to pay Semi-annual rent and other payments due and to become due hereunder to such assignee.

16. LESSEE'S REPRESENTATIONS. Lessee covenants, represents and warrants that (a) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, is duly qualified to do business in each jurisdiction where the Units are or are to be located, and has sufficient corporate power and authority to enter into and perform the obligations imposed upon Lessee under this Lease; (b) the execution, delivery and performance of this Lease have been duly authorized by sufficient corporate action on the part of Lessee, are not inconsistent with its Certificate of Incorporation or By-laws, do not contravene any law, governmental rule, regulation, or order binding on Lessee, do not and will not contravene any provision of or constitute a default under any indenture, mortgage, contract or other instrument to which Lessee is a party or by which it is bound, and upon execution and delivery of this Lease, this Lease will constitute a legal, valid and binding obligation of Lessee enforceable in accordance with its terms; (c) neither the execution and delivery by Lessee of this Lease nor the consummation of any of the transactions contemplated hereby require the consent or approval of, the giving of notice to, the registration with, or the taking of any other action in respect of, any Federal, state or foreign governmental authority or agency; (d) neither the execution and delivery by Lessee of the Lease nor the consummation of any of the transactions contemplated hereby will cause any third party claiming by, under, through or against Lessee (whether a secured party, lienholder,

mortgagee or other third party) to acquire any right, title, interest or claim, in to or against this Lease or the Units; (e) there is no action or proceeding pending or threatened against the Lessee before any court or administrative agency or other governmental body, which is likely to result in any material adverse effect on the business, properties and assets, or condition, financial or otherwise, of the Lessee or the ability of the Lessee to fulfill its obligations hereunder.

17. INCOME TAXES.

Tax Indemnification. (a) This Lease has been entered into on the basis that the Safe Harbor Units (identified in Annex A hereto) are "qualified leased property", within the meaning of Section 168(f)(8)(D) of the Code and the Non-Safe Harbor Units (as defined in Annex A hereto) are "new section 38 property" under Section 48(b) of the Code, and that, Lessor shall be entitled (i) for Federal income tax purposes and (ii) to the extent that Federal taxable income is used in such computation, for purposes of computing its liability to states, cities and other local taxing authorities for taxes based upon net income and to the extent that the states, cities, and other local taxing authorities adopt such deductions, credits and other benefits, as are provided to an owner of property (the Assumed Tax Benefits) including, without limitation, (A) the deductions, with respect to each Item of Leased Equipment, under Section 168(b)(1)(A) of the Code based upon the full amount of Lessor's Cost of each Unit, computed on the basis of the applicable percentage for five-year property (ACRS Deductions) (B) the investment credit (the Investment Credit) allowed by Section 38 and related sections of the Code in the amount of 10% of Lessor's Cost for such Unit, and (C) the deduction in accordance with the Lessor's method of accounting for interest (the Interest Deduction) allowed pursuant to Section 163 of the Code in each taxable year of the Lessor on all interest payable by the Lessor on all borrowings from the Lender.

(b) If, by reason of (i) the inaccuracy of any statement in any letter or document furnished to Lessor by or on behalf of Lessee in connection with the financing contemplated by this Lease, (ii) any act, failure to act or omission (whether voluntary or involuntary, except if required pursuant to this Lease) of or by Lessee (or any agent thereof), (iii) any amendment to, or change in, the Code, the income tax regulations thereunder or published administrative or judicial interpretations of the Code or such regulations or any comparable changes affecting states, cities or other local taxing authorities (Law Change), which Law Change has an effective date on or prior to the Cut-Off Date or (iv) the failure of the Lease, as to the Safe Harbor Units, to meet the requirements of Section 168(f)(8) of the Code as such Section is in effect on or prior to the Cut-Off Date, Lessor shall lose, shall not have or shall lose the right to claim, or if there shall be disallowed or recaptured with respect to Lessor, all or any portion of the Assumed Tax Benefits, assuming a marginal

Federal income tax rate of 46%, with respect to a Unit (Loss) then the Semiannual Rent Payment and Stipulated Loss Value applicable to such Unit shall, in and after the next succeeding Semiannual Rent Date after written notice to Lessee by Lessor that a Loss has occurred, be increased by such amount for such Unit which, after the deduction of all taxes required to be paid by Lessor by virtue of such increase and after taking into account the effects of any interest or penalty required to be paid by Lessor as a result of such Loss, in the reasonable opinion of Lessor and, upon Lessee's request and at Lessee's sole expense, as verified by Lessor's independent auditors, will cause Lessor's net after-tax rate of return and total after-tax cash flow over the entire term of the Lease in respect of such Unit to equal the net after-tax rate of return and total after-tax cash flow that would have been available if Lessor had been entitled to the full utilization of such Assumed Tax Benefits. With respect to a Loss ascertained after the expiration of this Lease, Lessee shall, within 30 days after written notice from Lessor that a Loss has occurred, make a lump sum payment to compensate Lessor for such Loss.

(c) However, Lessee shall not be required to indemnify Lessor with respect to any Loss that results solely and directly from:

(i) any event which by the terms of this Lease requires payment by Lessee of the Stipulated Loss Value of any Unit, if such Stipulated Loss Value shall thereafter actually be paid by Lessee, to the extent that such payment shall reimburse Lessor for amounts otherwise payable by Lessee pursuant to this Section 17;

(ii) a voluntary disposition by Lessor of its interest in any Unit or Units (regardless of whether such Loss accrues to the detriment of the transferor or transferee), if such disposition (x) shall be the direct cause of such Loss with respect to such Unit or Units, (y) shall occur at a time while no Event of Default (and no event that, with the lapse of time or the giving of notice, or both, would constitute an Event of Default) has occurred and is continuing, and (z) shall not be pursuant to the written consent of Lessee;

(iii) the failure (except where such failure is solely attributable to any Loss otherwise indemnified against under this Section 17) of Lessor to claim in a timely and proper manner (including making all requisite elections under the Code and applicable income tax regulations thereunder) any permissible deductions, credits and treatment of income and deductions in its income tax returns for the appropriate years in order

to realize the benefit of the Assumed Tax Benefits, unless (A) Lessor shall have been advised by independent tax counsel, selected by Lessor and approved by Lessee (which approval shall not be unreasonably withheld), that it is more likely than not that such deduction or credit would be disallowed or (B) with respect to any prior taxable year, in the case of any credit or deduction which is allowable on a recurring basis, Lessor shall have been so advised, or with respect to which Lessee's obligation to pay has become unconditional pursuant to Section 17.3 hereof;

(iv) the failure of Lessor to have sufficient tax to benefit from the Investment Credit;

(v) the failure of the Lessor to have sufficient gross income within the meaning of Section 61(a) of the Code from which to deduct the ACRS Deduction or Interest Deduction;

(vi) the failure of Lessor to take timely action in contesting a claim made by the Internal Revenue Service or any state or local taxing authority, but only if such action is required by the terms of Section 17.2 hereof;

(vii) Lessor's failure to file an income tax return with the Internal Revenue Service or the appropriate state or local taxing authority in the manner and at the proper place and time;

(viii) the failure of Lessor to qualify as a corporation (other than an electing small business corporation (within the meaning of Section 1371(b) of the Code) or a personal holding company (within the meaning of Section 542(a) of the Code)) for purposes of Section 168(f)(8) of the Code;

(ix) any losses not caused by the act, failure to act, omission, breach of warranty or misrepresentation of the Lessee, with respect to the lease of Non-Safe Harbor Units to which Rev. Proc. 75-21 applies;

(x) any minimum tax or alternative minimum tax or any limitation on the Lessor's ability to utilize (by reducing its overall tax liability) Assumed Tax Benefits otherwise available to it imposed upon Lessor as a result of any amendment to the Code made subsequent to the execution of this Lease which imposes such a minimum tax or alternative minimum tax or limitation upon lessors under leases in which the parties elect to have

the provisions of Section 168(f)(8) of the Code apply;  
or

(xi) any other act, failure to act or omission of the Lessor, its agents or employees.

(d) All of Lessor's rights and privileges arising from the indemnities contained in this Section 17 shall survive the expiration or other termination of this Lease with respect to any or all Units leased hereunder, and such indemnities are expressly made for the benefit of, and shall be enforceable by Lessor, its successors and assigns. For purposes of this Section 17(b)-(f), the term "Lessor" shall include any affiliated group, within the meaning of Section 1504 of the Code, of which Lessor is a member, if consolidated returns are filed for such affiliated group for federal income tax purposes.

(e) Lessee represents and warrants that (i) none of the Units constitutes property, the construction, reconstruction or erection of which was completed by, or which was acquired by Lessee on or before March 4, 1982; (ii) at the time Lessor becomes the owner of the Non-Safe Harbor Units, such Units will qualify as "new section 38 property" within the meaning of Section 48(b) of the Code with a basis equal to Lessor's Cost of the Units; (iii) at the time Lessor becomes the owner of the Units, each Non-Safe Harbor Unit will not have been used by any person so as to preclude "the original use of such property" within the meaning of Sections 48(b) of the Code from commencing with Lessor, each Safe Harbor Unit will be "qualified leased property" within the meaning of Section 168(f)(8)(D) of the Code, and each Unit will be "recovery property" within the meaning of Section 168(c)(1) and (e) of the Code with an "unadjusted basis" (as defined in Section 168(d)(1)(A) of the Code) equal to Lessor's Cost of such Unit; (iv) at the time Lessor becomes the owner of each Unit, no Investment Credit, ACRS Deductions or other tax benefits will have been claimed by any person with respect to that Unit; (v) the term of this Lease with respect to each Safe Harbor Unit does not exceed the greater of (A) 90 percent of the useful life of such Unit for purposes of Section 167 of the Code or (B) 150 percent of the "present class life" (within the meaning of Section 168(g)(2) of the Code) of such Unit; (vi) each Non-Safe Harbor Unit, at the time of its acquisition by Lessor, shall have an estimated useful life at least equal to 125% of the Term in respect of it and an estimated fair market value (without including inflation during such Term and exclusive of any costs borne by Lessor for removal and delivery of such Units to Lessee or any purchaser thereof) at the end of such Term of at least 20% of the Cost of Acquisition for such Unit, (vii) at all times during the term of this Lease, Lessee will do nothing which will cause the Non-Safe Harbor Units to cease to be "section 38 property" or the

Safe Harbor Units to cease to be "qualified leased property" within the meaning of Sections 48(a) and 168(f)(8)(D) of the Code, respectively, (viii) Lessor's minimum at risk investment will initially be not less than 10% of the adjusted basis of the Safe Harbor Units and not less than 20% of the Lessor's Cost of the Non-Safe Harbor Units, (ix) Lessee has not loaned any funds, guaranteed any indebtedness, borrowed any funds or incurred any indebtedness to finance the Lessor's purchase of any of the Units, and (x) the use of any of the Units outside the United States of America will be on a de-minimus basis.

(f) Lessor shall also be entitled to indemnification pursuant to this Section 17, if any amount is included, at any time prior to the end of the Term of this Lease, in the gross income of Lessor as a result of any transfer of any Unit or Units by Lessee or any repair, improvement, alteration, modification or addition (including replacement of parts) to such Unit or Units made by Lessee.

17.2. Contest Requirements. Lessor shall notify Lessee immediately of any adjustment or deficiency proposed or asserted by the Internal Revenue Service or any state or local taxing authority in connection with the Assumed Tax Benefits. Lessee shall be entitled to contest or assist Lessor in contesting any such adjustment or deficiency in any manner available to Lessor and to direct Lessor not to agree to or pay any such adjustment or deficiency pending the outcome of any such contest or other pursuit of available remedies. Lessor shall cooperate with Lessee in the contest of any such adjustment or deficiency. Any expenses incurred by the Lessee or the Lessor with respect to such contest will be for the account of the Lessee. Any refund or other amount awarded to Lessor as a result of any such contest will result in a decrease to the amount of Supplemental Rent (as provided in Section 17.3) or Semiannual Rent which the Lessee is required to pay; provided, however no Semiannual Rent Payment shall be decreased below the amount necessary to meet installment payments due to the Lender on the Promissory Notes.

17.3. Time of Payment of Indemnity. (a) Lessee's obligation to pay any indemnity payable pursuant to this Section 17 with respect to a Loss shall become unconditional (1) in the case of a Loss that is required to be reflected on a tax return of Lessor, 30 days after the date such tax return is filed; (2) in the case of a Loss that results from a proposed adjustment by the Internal Revenue Service that is not contested pursuant to Section 17.2 hereof, 10 days after Lessee's receipt of the statement referred to in the first sentence of Section 17.2 hereof, and (3) in the case of a Loss that results from a proposed adjustment of the Internal Revenue Service that is contested pursuant to Section 17.2 hereof, 30 days after the day on which such contest is finally concluded.

(b) Lessee shall pay to Lessor a lump sum indemnity at the time its obligation to pay indemnity pursuant to this Section 17 becomes unconditional with respect to any Loss, if Lessee's obligation to pay indemnity pursuant to this Section becomes unconditional on or after the termination of this Lease. Any other indemnity payable pursuant to this Section 17 shall be structured as level future rent (defined to be Supplemental Rent), and Lessee shall commence payment of such Supplemental Rent on the first Semiannual Rent Date after Lessee's obligation to pay indemnity pursuant to this Section 17 becomes unconditional.

17.4. Adjustment of Casualty Values. In the event that Lessee shall be required to pay Lessor pursuant to this Section 17 with respect to a Loss relating to any Unit or Units, the Stipulated Value of such Unit or Units shall be adjusted appropriately so as to reflect, among other things, the reduction (if any) in taxes that will be payable by Lessor with respect to the Unit or Units upon an Event of Loss with respect thereto; and so that the adjustment shall preserve for Lessor both the after-tax rate of return and the total after-tax cash flow over the entire term of the Lease that would have been realized by Lessor had such Loss not occurred, as prescribed by Section 17.1(b) hereof, and upon Lessee's request and at Lessee's sole expense, as verified by Lessor's independent auditors.

18. CONDITIONS OF LESSOR. The obligation of Lessor to consummate this Lease is subject to the performance by Lessee of all of its obligations hereunder and to the satisfaction of each of the following further conditions on or prior to the date on which the first Unit is delivered to and accepted by Lessee: (a) Lessor shall have received an opinion of counsel for Lessee in the form attached as Exhibit F to the Financing Agreement, dated June 3, 1982 to Lessor; (b) Lessee shall have taken sufficient corporate action necessary to authorize and consummate this Lease; and (c) Lessee shall have executed and delivered to Lessor such documents as Lessor shall deem necessary to protect its interest hereunder and its title to the Units.

19. OPTION TO PURCHASE OR SELL. Provided that this Lease has not been earlier terminated and that no default under this Lease has occurred and is continuing, Lessee may, according to the provisions set forth in the Annex to Schedule, elect to purchase any or all of the Group I Units at the end of the Term or any Renewal Term pertaining thereto for a purchase price equal to the Fair Market Value of such Units at the end of such Term. In addition, the Lessor may require the Lessee to purchase and the Lessee may purchase at its option any or all of the Group II Units at a price equal to 20% of the Lessor's Cost of such Units at the end of the initial Term (notwithstanding the Lessee's

right of renewal pursuant to Section 20) or at the end of each Renewal Term pursuant to Section 20. Fair Market Value shall mean and shall be determined on the basis of and shall be equal in amount to the value which should be obtained in an arm's length transaction between an informed and willing buyer-user under no compulsion to buy (other than (i) a lessee currently in possession and (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell. Such Fair Market Value is to be determined by agreement between Lessor and Lessee, or, if they cannot agree, by an independent appraiser selected by Lessor but reasonably satisfactory to Lessee. The determination so made shall be binding upon both Lessor and Lessee and the cost of any such appraisal shall be borne by Lessee.

20. OPTION TO RENEW. Provided that this Lease has not been earlier terminated and that no default under this Lease has occurred, Lessee may, according to the provisions set forth in the Annex to the Schedule, elect to renew this Lease (the Renewal Term) with respect to any of the Units at the end of the Term for two renewal term(s) of one year each and for such Renewal Term rent shall be paid in the same manner and times as the Semiannual Rent during the initial Term and shall be equal to the Fair Market Rental Value. Fair Market Rental Value shall mean and shall be determined on the basis of and shall be equal to the rent which should be obtained in an arm's length transaction between an informed and willing lessee, under no compulsion to lease (other than (i) a lessee currently in possession and (ii) a used equipment dealer) and an informed and willing lessor under no compulsion to lease. Such Fair Market Rental Value is to be determined by agreement between Lessor and Lessee, or, if they cannot agree, by an independent appraiser selected by Lessor but reasonably satisfactory to Lessee. The determination so made shall be binding upon both Lessor and Lessee. The cost of any such appraisal shall be borne by Lessee.

21. ELECTION UNDER CODE SECTION 168(f)(8). (a) Lessor and Lessee hereby agree (i) that this Lease is a lease, (ii) that Lessor is the owner and lessor of the Units and Lessee is the lessee of the Units, (iii) that the provisions of Code Section 168(f)(8), as added by the Economic Recovery Tax Act of 1981, shall apply to this Lease with respect to the Safe Harbor Units, as such Units are identified as Safe Harbor Units in Annex A which is attached hereto and as updated from time to time by the parties hereto, (iv) to execute and file the information returns required by Temporary Regulations Section 5c.168(f)(8)-2(a)(3) in a timely manner with respect to the Safe Harbor Units and (v) that each will take such action, including, but not limited to, execution of such other documents and instruments as the other may reasonably request, to effectuate such characterization, treatment and election.

(b) If a regulation or other interpretive material is hereafter published under Section 168 of the Code, or any other relevant section of the Code, or if the Internal Revenue Service in connection with an audit of either party to the agreement in Section 21(a) above (the "Agreement") takes a position which in either case is for any reason and in any respect contrary to or inconsistent with the terms and provisions of the Agreement, or if Section 168 of the Code should be amended, and, in consequence thereof, the parties to the Agreement above are required or permitted to amend or modify the Agreement to conform to or comply with such regulation, interpretative material, position or amended Code section, Lessor and Lessee agree to negotiate in good faith all such amendments and modifications as shall be required or appropriate in order to preserve for the parties to the Agreement the rights and benefits which each seeks in the execution of the Agreement.

22. REPORTS. Within one hundred (100) days after the close of each fiscal year of Lessee, Lessee shall provide Lessor with copies of Lessee's annual financial statements.

23. MISCELLANEOUS. The terms of this Lease shall not be waived, altered, modified, amended, supplemented or terminated in any manner whatsoever except by written instrument signed by Lessor and Lessee. This Lease shall be binding upon and inure to the benefit of Lessor, and its successors, assigns, and agents, and Lessee and its successors. This Lease may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute but one and the same instrument. Fully executed counterparts shall be delivered to and retained by the Lessor, with the Lessee receiving a fully executed counterpart of this Lease. Lessee shall execute and deliver to Lessor from time to time, such other documents, instruments and further assurances, including financing statements, and take all other action as may be reasonably necessary, proper or desirable to carry out and consummate the transaction referred to herein. All agreements, representations and warranties contained in this Lease, or in any document or certificate delivered pursuant hereto, or in connection herewith, shall survive the execution and delivery of this Lease and the expiration or other termination of this Lease. This Lease shall constitute an agreement of lease, and nothing herein shall be construed as conveying to Lessee any right, title or interest in any Unit except as lessee only, and title in and to the Units shall remain in Lessor exclusively. This Lease shall be construed in accordance with, and shall be governed by, the laws of the State of Maryland. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to

DUPLICATE

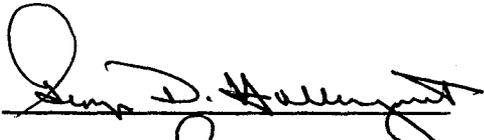
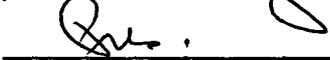
such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction. To the extent permitted by applicable law, Lessee hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect. If Lessee fails to make any payment or fails to perform or comply with any of its agreements contained herein, Lessor may itself make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the reasonable expenses (including reasonable attorney's fees) incurred by Lessor in connection with such payment or the performance or compliance with such agreement, as the case may be, together with interest thereon at the rate of 16.875% per annum, shall be deemed additional rent, payable by Lessee on demand. In addition, Lessee also agrees to pay Lessor interest at the rate of 16.825% per annum on any part of any installment of Semiannual Rent or other amounts due and payable under the Lease or the Schedule not paid when due for any period for which the same shall be overdue. Service of all notices under this Lease shall be sufficient if given personally or mailed to the party involved at its respective address set forth below, or at such other address as said party may provide in writing from time to time. In addition, a copy of such notice shall be sent to The Chesapeake and Ohio Railway Company, Law Department, Attention: General Finance Attorney, P.O. Box 6419, Cleveland, Ohio 44101. Any such notice mailed to such address shall be effective when deposited in the United States mail, duly addressed and with postage prepaid.

IN WITNESS WHEREOF, LESSEE HAS HEREBY EXECUTED THIS LEASE AS OF THE \_\_\_\_ DAY OF \_\_\_\_\_, 1982.

LESSOR:

LOUISIANA NATIONAL LEASING CORPORATION  
 P.O. Box 451  
 Baton Rouge, LA 70821

Attention: President

By   
 Its: 

LESSEE:

THE CHESAPEAKE AND OHIO RAILWAY COMPANY  
 100 North Charles Street  
 Suite 1800  
 Baltimore, MD 21201

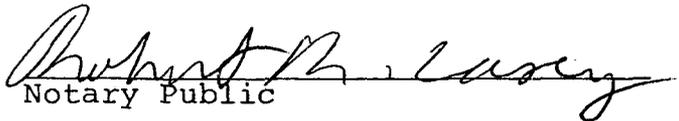
Attention: Treasurer-303

By \_\_\_\_\_  
 Its: \_\_\_\_\_

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

On this 3rd day of June, 1982, before me appeared George D. Hollingsworth, to me personally known, who, being by me duly sworn did say that he is the President of Louisiana National Leasing Corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its board of directors and he duly acknowledged said instrument to be the free act and deed of said corporation.

  
Notary Public

ROBERT R. CASEY  
NOTARY PUBLIC  
PARISH OF EAST BATON ROUGE  
STATE OF LOUISIANA  
MY COMMISSION IS FOR LIFE

ANNEX "A"

Schedule

Description of Units:

The Group I Units are:

<u>Quantity</u>	<u>Equipment</u>	<u>Estimated Lessor's Cost</u>	<u>Safe Harbor (SH) Non-Safe Harbor (N-SH)</u>
2	Production Tamper	\$ 278,102	(SH) \$278,102
8	Ballast Regulator	525,504	(SH) 394,128 (N-SH) 131,376
15	Air Compressor	165,375	(SH) 165,375
6	Brush Cutter	784,156	(N-SH) 784,156
12	Tractor Weed Mower	229,853	(SH) 80,869 (N-SH) 148,984
3	Single Rail Gang Compressor	193,881	(SH) 193,881
14	Back Hoe Loader	374,376	(SH) 345,072 (N-SH) 29,304
2	Dual Spike Driver	19,950	(SH) 19,950
2	Dual Rail Gang Compressor	161,798	(SH) 161,798
2	Tie Remover/Inserter	74,430	(SH) 74,430
2	Tie Exchanger	36,000	(SH) 36,000
9	Tie Handler	278,518	(SH) 216,624 (N-SH) 61,894
2	Tandem Tamper	152,118	(SH) 152,118
8	Dual Spike Puller	160,800	(SH) 160,800
20	Spot Tamper	1,389,585	(SH) 828,867 (N-SH) 560,718
1	Production Switch Tamper	156,173	(SH) 156,173
1	Vacuum Sweeper	202,721	(N-SH) 202,721

<u>Quantity</u>	<u>Equipment</u>	<u>Estimated Lessor's Cost</u>	<u>Safe Harbor (SH) Non-Safe Harbor (N-SH)</u>
5	One Piece Tie Remover	\$ 276,480	(SH) \$276,480
2	Single Cribber	35,270	(SH) 35,270
3	Dunrite Gauger with pregauger	128,894	(SH) 42,965 (N-SH) 85,939
2	Gauger Spiker	162,174	(N-SH) 162,174
1	Tie Gang Spiker	70,892	(SH) 70,892
4	Dual Anchor Applicator	152,700	(SH) 152,700
2	Dual Tire Drill	<u>21,070</u>	(SH) 21,070
	Total Group I	\$6,030,820	
			Safe Harbor Total - \$3,863,564
			Non-Safe Harbor Total - <u>2,167,256</u>
			<u>\$6,030,820</u>

The Group II Units (Safe Harbor) are:

<u>Quantity</u>	<u>Equipment</u>	<u>Estimated Lessor's Cost</u>
6	Rubber Tired End Loader	\$ 354,000
3	Crawler Angle Dozer	233,680
5	Rubber Tired Cranes	764,904
3	Gradall Cranes	439,724
1	Shop Crane	21,739
5	Single Adzer	134,230
11	Burro Crane (Includes 3, 1981 Units)	2,184,385
1	Locomotive Crane	<u>544,499</u>
	Total Group II	<u>\$4,677,161</u>

Total Group I and Group II: \$10,707,981

First Delivery Date: June 4, 1982

Cut-Off Date: January 2, 1983

Term

The Term for each Unit shall commence on the date of delivery of such Unit (as stated in the Acceptance Supplement pertaining thereto). In the case of a Group I Unit, the Term shall end 8 years after the Commencement Date (as defined below) pertaining to such Unit. In the case of a Group II Unit, the Term shall end 15 years after the Commencement Date (as defined below) pertaining to such Unit.

Interim Rent

Interim Rent shall be payable on the Commencement Date (as defined below) and shall be in an amount equal to the aggregate of accrued interest payable on the Promissory Notes issued by the Lessor to the Lender pursuant to the Finance Agreement to such Date.

Semiannual Rent:

Semiannual Rent for each Unit shall begin on the Commencement Date pertaining to such Unit, shall be payable semiannually in arrears on each Semiannual Rent Date and shall be computed by multiplying the Lessor's Cost of such Unit by the applicable percent below:

<u>Group</u>	<u>Number of Semiannual Rent Payments</u>	<u>Semiannual Rent as a % of Lessor's Cost*</u>
I (Safe Harbor)	16	8.824625%
I (Non Safe Harbor)	16	7.874112% (First 8) 9.623915% (Second 8)
II	30	5.668758%

\*The Semiannual Rents set forth above were determined on the following assumed delivery and settlement dates:

Group I (Safe Harbor) - Aggregate Lessor's Cost \$3,863,564

	Assumed Delivery	Assumed Settlement
100% of Lessor's Cost	May, 1982	May, 1982

Group I (Non-Safe Harbor) - Aggregate Lessor's Cost \$2,167,256

	Assumed Delivery	Assumed Settlement
50% of Lessor's Cost	May, 1982	May, 1982
25% of Lessor's Cost	June, 1982	June, 1982
25% of Lessor's Cost	August, 1982	August, 1982

Group II (Safe Harbor) - Aggregate Lessor's Cost - \$4,677,161

	Assumed Delivery	Assumed Settlement
26.8% of Lessors' Cost	May, 1982	August, 1982
61.6% of Lessor's Cost	August, 1982	November, 1982
11.6% of Lessor's Cost	November, 1982	January, 1983

If the Units within a particular Group are not delivered and settled in accordance with the assumed delivery and settlement dates set forth above, the Semiannual Rent Payment applicable to such Group shall be adjusted so that the Lessor's net after-tax rate of return and total after-tax cash flow over the Term with respect to such Unit is equal to the net after-tax rate of return and total after-tax cash flow that would have been available if such Unit had been delivered and settled for in accordance with the assumptions set forth above and, upon Lessee's request and Lessee's sole expense as verified by Lessor's independent auditors. The Semiannual Rent applicable to a Unit shall be set forth in its respective Acceptance Supplement and shall be in an amount at least equal to the amount necessary to service that portion of the Promissory Note issued to the Lender allocable to such Unit.

Semiannual Rent Dates:

The Semiannual Rent Dates shall be the 2nd day of each January and July during the Term of the Lease commencing on July 2, 1983.

The Commencement Date for the lease of each Unit will be January 2, 1983.

Locations

Pursuant to Paragraph 9 of the Lease, the Units may be used by Lessee (or its permitted sublessee) in Canada, the District of Columbia and any of the states in which Lessee or its permitted Sublessee carry on their operations.

Return of Units

Pursuant to Paragraph 11 of the Lease, each Unit shall be returned to Lessor, at Lessee's expense ready for shipment, F.O.B. to the railhead/rail loading point designated by Lessor.

Lessor's Cost

The Lessor's Cost for each Unit shall be as specified in the Acceptance Supplement pertaining thereto and shall be deemed to be set forth herein.

## LEASE EXPIRATION PROCEDURE

1. Approximately six (6) months prior to expiration of the Term with respect to any Unit, Lessor will notify Lessee of the following options available for Units coming off lease:
  - Purchase Units - Lessor to advise purchase price at Fair Market Value with respect to the Group I Units and the purchase price of 20% of Lessor's Cost with respect to the Group II Units and whether Lessor will exercise its option to require Lessee to purchase any of such Group II Units.
  - Renew Lease - Lessor to advise renewal term and rate of Fair Market Rental Value.
  - Surrender Units to Lessor.
2. At least three (3) months prior to expiration of lease, Lessee will advise Lessor of the option it chooses.
3. In the event an election to purchase is made, Lessee will issue a purchase order to Lessor who, in turn, will send invoice for the purchase price.
4. In the event Lessee elects to renew lease, Lessor will invoice periodically pursuant to its standard billing procedure at the renewed rate.
5. In the event Lessee elects to surrender the Units, Lessor will be notified by letter, at least thirty (30) days prior to the time Units are actually available for pick up, to arrange for disposition. If Units will not be available until after expiration of the original lease term, Lessor will invoice Lessee for holdover rent based on the quoted renewal rates from the expiration date of lease until the date the Units are actually made available by Lessee at field locations. This will permit utilization of Units until replacement arrives.
6. Lessee shall transport at the request of Lessor and at the expense of Lessee any Units surrendered to Lessor to such location as Lessor may designate, in accordance with the provisions of Section 11 of the Lease.
7. Lessor will provide Lessee, on a quarterly basis, with a report regarding the status of Acceptance Supplements on which action remains to be taken.

8. Each Unit which is surrendered shall be in as good condition as when delivered to Lessee under the Lease, ordinary wear and tear for the purpose originally intended excepted.

ANNEX "B"

ACCEPTANCE SUPPLEMENT

Supplement No. \_\_\_\_\_

Delivery Date \_\_\_\_\_

THIS ACCEPTANCE SUPPLEMENT is executed pursuant to that certain Equipment Lease Agreement (Lease) dated as of May 28, 1982, between Louisiana National Leasing Corporation (Lessor) and The Chesapeake and Ohio Railway Company (Lessee).

The terms used herein shall have the meaning given to such terms in the Lease.

Lessee hereby confirms that the Unit described below has been delivered as of this date and that the Term of the Lease with respect to such Unit shall be as provided below and in the Lease and Schedule thereto.

Lessee confirms that, at the time of delivery set forth in this Acceptance Supplement, (a) such Unit has been examined by duly appointed and authorized representatives of Lessee; (b) such Unit was duly accepted by Lessee as a Unit for leasing under the Lease; (c) such Unit became subject to and governed by the terms of the Lease; and (d) Lessee became obligated to pay to Lessor Interim Rent and Semiannual Rent and all other amounts provided for in the Lease and the Schedule with respect to such Unit.

Lessee represents and warrants that each Non-Safe Harbor Unit covered hereby is new section 38 property and was not placed in the service of Lessee or otherwise used by Lessee prior to delivery and acceptance of such Unit under the Lease and each Safe Harbor Unit is "qualified leased property" under Section 168(f)(8)(D) of the Code.

Lessee further represents and warrants that (i) no default or event which, with the giving of notice or the lapse of time, or both, would become such a default under the Lease has occurred and is continuing; and (ii) the representations and warranties of Lessee contained in the Lease are true and correct on and as of the date hereof.

LESSEE:

THE CHESAPEAKE AND OHIO  
RAILWAY COMPANY

By \_\_\_\_\_

PURCHASER ORDER NO. \_\_\_\_\_

DESCRIPTION \_\_\_\_\_

IDENTIFICATION OR SERIAL NO. \_\_\_\_\_

VENDOR \_\_\_\_\_

LOCATION \_\_\_\_\_

LESSOR'S COST	_____	Semiannual Rent	_____	% of Lessor's Cost	_____
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FUNDING DATE \_\_\_\_\_

TERM \_\_\_\_\_

(Stipulated Loss Values are to be paid in addition to Semiannual Rent, other Rent and other amount payable under the Lease and the Schedule)

ANNEX "C"

Stipulated Loss Values (1)(2)  
(as % of Lessor's Cost)

<u>Safe Harbor Units</u> <u>Eight-Year Term</u>		<u>Non-Safe Harbor Units</u> <u>Eight-Year Term</u>		<u>Fifteen-Year Term</u>	
<u>Semiannual Rent</u> <u>Payment Date</u>		<u>Semiannual Rent</u> <u>Payment Date</u>		<u>Semiannual Rent</u> <u>Payment Date</u>	
1-2-83	92.3858%	1-2-83	90.0695%	1-2-83	84.3638%
7-3-83	91.6684	7-3-83	90.2681	7-3-83	86.6928
1-3-84	92.7085	1-3-84	88.3084	1-3-84	85.9859
7-3-84	86.8639	7-3-84	87.1445	7-3-84	87.0402
1-3-85	84.1327	1-3-85	85.3494	1-3-85	87.4438
7-3-85	80.8746	7-3-85	83.1218	7-3-85	87.4903
1-3-86	77.3257	1-3-86	80.5813	1-3-86	87.1207
7-3-86	72.9054	7-3-86	77.2472	7-3-86	86.1149
1-3-87	68.1821	1-3-87	73.5799	1-3-87	84.6429
7-3-87	62.6594	7-3-87	67.5801	7-3-87	82.8204
1-3-88	60.7530	1-3-88	65.2817	1-3-88	84.5615
7-3-88	54.8407	7-3-88	58.6387	7-3-88	82.4380
1-3-89	48.9241	1-3-89	52.3290	1-3-89	80.3221
7-3-89	42.6066	7-3-89	45.2532	7-3-89	77.9412
1-3-90	36.2755	1-3-90	38.1594	1-3-90	75.6934
7-3-90	29.5347	7-3-90	30.6338	7-3-90	73.1527
1-3-91	20.0000	1-3-91	20.0000	1-3-91	70.6720
				7-3-91	67.9232
				1-3-92	65.2179
				7-3-92	62.2457
				1-3-93	59.3133
				7-3-93	56.1010
				1-3-94	52.9247
				7-3-94	49.4545
				1-3-95	46.0163
				7-3-95	42.2694
				1-3-96	38.5504
				7-3-96	34.5068
				1-3-97	30.4870
				7-3-97	26.1255
				1-3-98	20.0000

- (1) The Stipulated Loss Value with respect to an Event of Loss shall be calculated by applying the percentage applicable to the Semiannual Rent Date immediately following such Event of Loss.
- (2) Stipulated Loss Value includes full compensation for loss of tax benefits attributable to depreciation recapture.

(a) Stipulated Loss Values are expressed as percentages of Lessor's Cost. Such percentages have been computed without regard to recapture of Investment Credit. Consequently, such percentages applicable on the Interim Rent Date or any Semiannual Rent Date where Stipulated Loss Values shall be payable with respect to an Event of Loss occurring before the first, second, third, fourth or fifth anniversary of the Date of Acceptance set forth in the Certificate of Acceptance for such Unit shall be increased by the percentage of Lessor's Cost set forth below, and for purposes of this Lease, Stipulated Loss Values payable on such dates shall be determined on the basis of the sum of such percentages:

	Event of Loss on or before	% of Lessor's Cost
ITC Recapture Group I Non-Safe Harbor Units	1st Anniversary	18.5186
	2nd Anniversary	14.8149
	3rd Anniversary	11.1112
	4th Anniversary	7.4075
	5th Anniversary	3.7038
		% of Lessor's Cost
ITC Recapture Group I Safe Harbor Units	1st Anniversary	18.5186
	2nd Anniversary	14.8149
	3rd Anniversary	11.1112
	4th Anniversary	7.4075
	5th Anniversary	3.7038
		% of Lessor's Cost
ITC Recapture Group II Safe Harbor Units	1st Anniversary	18.5186
	2nd Anniversary	14.8149
	3rd Anniversary	11.1112
	4th Anniversary	7.4075
	5th Anniversary	3.7038

(b) Subject to adjustment as provided in Section 17 of the Lease, provided that the Stipulated Loss Value, together with any Semiannual Rent due on the date on which the Stipulated Loss Value is payable, shall at all times be not less than the amount which is sufficient to pay all of the principal of and premium, if any, and interest on the Notes or portion thereof attributable to the Units which was the subject of the related Event of Loss.

DUPLICATE

EQUIPMENT LEASE AGREEMENT

1. PARTIES. This Equipment Lease dated as of May 28, 1982, is between The Chesapeake and Ohio Railway Company, a Virginia corporation, as lessee (herein called the Lessee) and Louisiana National Leasing Corporation, a Louisiana corporation, as lessor (herein called the Lessor, the term Lessor shall include Lessor's successors and assigns).

2. LEASING. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor upon the following terms and conditions, such items of equipment (the Unit or Units) as are described in the Schedule attached hereto as Annex "A" (hereinafter called the Schedule) and set forth in one or more Acceptance Supplements (in the form of Annex "B" attached hereto) executed by Lessor and Lessee and as are delivered to and accepted by Lessee on or before the Cut-Off Date as stated in the Schedule. Upon delivery of each Unit by the manufacturer or supplier thereof (unless previously accepted by the Lessee), Lessee as agent for Lessor will inspect such Unit, and if such Unit is found to be acceptable, and if the Lessor's Cost of such Unit, when added to the Lessor's Cost of all other Units previously delivered and accepted hereunder, does not exceed the Maximum Aggregate Lessor's Cost defined in the Schedule, Lessee (unless such Unit was previously accepted by the Lessee) on behalf of Lessor will accept delivery of such Unit under the Purchase Agreement relating thereto and immediately thereafter will execute and deliver to Lessor an Acceptance Supplement with respect to Units previously accepted by the Lessee and with respect to those Units delivered to the Lessee on behalf of the Lessor and when such Acceptance Supplement is executed by Lessee, such Unit shall be deemed to have been delivered to and accepted by Lessee under this Lease and shall be subject thereafter to all the terms and conditions of this Lease (hereinafter called the Delivery Date). Each Acceptance Supplement shall specify the date (the Funding Date) on which the Lessee, or the manufacturer or seller of the Unit is to be paid the Lessor's Cost of such Unit. Without limiting Lessee in the exercise of its own such rights, if any, for its own account, Lessor authorizes Lessee, at Lessee's expense, to assert for Lessor's account, during the term of this Lease, so long as no default shall have occurred hereunder, all of Lessor's rights under any manufacturer's or any seller's warranty of the Units, and Lessor agrees to cooperate with Lessee in asserting such rights; provided, however, that Lessee shall indemnify and

hold harmless Lessor from and against any and all claims, and all costs, expenses, damages, losses and liabilities incurred or suffered by Lessor in connection therewith, as a result of, or incident to, any action by Lessee pursuant to the above authorization. Any amount received by Lessor as payment under any warranty pursuant to the above authorization shall be applied to restore the Units to as good a condition as they were or should have been when delivered to Lessee hereunder, ordinary wear and tear excepted, with the balance of such amount, if any, to be paid over to Lessee. Nothing contained in this Lease or in any related documents shall be deemed to give rise to any rights or remedies by any manufacturer or supplier of the Units.

3. TERM AND RENT. The Term with respect to each Unit shall commence on the Delivery Date thereof (as stated in the Acceptance Supplement pertaining to such Unit), and shall continue for the period specified in the Schedule along with any renewal term, unless this Lease shall have been earlier terminated as herein provided. During the Term, Lessee agrees to pay to Lessor Interim Rent, Semiannual Rent and all other amounts as required by and to the extent set forth herein and in the Schedule.

All payments of the Rent (as defined in Section 5 hereof) shall be made so that the Agent (as such party is identified in the Financing Agreement dated as of May 28, 1982 (the Financing Agreement) among the Lessee, the Lessor, the Agent and State of Wisconsin Investment Board (the Lender)) shall have immediately available funds on the date payable hereunder, and shall be paid to the Agent for credit to account number 08246-5 to be disbursed by the Agent in accordance with the terms and provisions of the Financing Agreement. Rent shall be paid to the Agent until the obligations of the Lessor to the Lender under the Financing Agreement have been paid in full and thereafter to such account as the Lessor shall so direct in writing.

4. NO WARRANTIES BY LESSOR. LESSEE ACKNOWLEDGES AND AGREES (AS AMONG LESSOR, LESSEE AND LENDER) (1) THAT EACH UNIT IS OF A SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY LESSEE, (2) THAT AS BETWEEN LESSEE AND LESSOR, LESSEE IS SATISFIED THAT EACH UNIT IS SUITABLE FOR ITS PURPOSES, (3) THAT LESSOR IS NOT A MANUFACTURER OR INSTALLER THEREOF NOR A DEALER IN PROPERTY OF SUCH KIND AND (4) THAT LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE, ANY REPRESENTATION OR WARRANTY OR COVENANT OF ANY KIND OR CHARACTER WITH RESPECT TO THE UNITS OR THE DESIGN, VALUE, MERCHANTABILITY, FITNESS, CONDITION, QUALITY OF MATERIAL OR WORKMANSHIP OR CONFORMITY OF THE UNITS TO THE SPECIFICATIONS OF ANY PURCHASE ORDER RELATING THERETO, DURABILITY OR SUITABILITY OF THE UNITS IN ANY RESPECT OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF LESSEE, OR ANY OTHER REPRESENTATION OR WARRANTY OR COVENANT OF

ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO. LESSOR SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO LESSEE OR ANY OTHER PERSON WITH RESPECT TO ANY OF THE FOLLOWING: (i) ANY LIABILITY (INCLUDING, WITHOUT LIMITATION, STRICT OR ABSOLUTE LIABILITY IN TORT OR BY STATUTE IMPOSED), FOR LOSS OR DAMAGE CAUSED OR ALLEGED TO BE CAUSED DIRECTLY OR INDIRECTLY BY THE UNITS OR BY ANY OTHER CIRCUMSTANCES IN CONNECTION THEREWITH, (ii) THE USE, OPERATION OR PERFORMANCE OF THE UNITS OR ANY RISKS RELATING THERETO, (iii) DELAY IN OBTAINING THE UNITS (UNLESS SUCH DELAY IS CAUSED BY THE WILFUL MISCONDUCT OR GROSS NEGLIGENCE OF THE LESSOR) OR ANY INTERRUPTION OF SERVICE, LOSS OF BUSINESS OR ANTICIPATED PROFITS OR CONSEQUENTIAL DAMAGES, (iv) DELIVERY, INSTALLATION, OPERATION, SERVICING, MAINTENANCE, REPAIR, IMPROVEMENT OR REPLACEMENT OF THE UNITS OR (v) ANY OTHER DAMAGES WHATSOEVER AND HOWSOEVER CAUSED.

5. OBLIGATIONS OF LESSEE UNCONDITIONAL. This Lease is a net lease and Lessee acknowledges and agrees that Lessee's obligation to pay all Interim Rent, Semiannual Rent and all other amounts, including without limitation Stipulated Loss Value, required by and to the extent set forth herein and in the Schedule (collectively defined herein to be Rent) and the rights of Lessor in and to such Rent shall be absolute and unconditional, and shall not be affected by any circumstance, including, without limitation, (i) any set-off, counterclaim, abatement, recoupment, reduction, defense, suspension or other rights of Lessee or the manufacturer or supplier of the Units for any reason whatsoever, (ii) any defect in design, condition, operation, fitness for purpose or use of, or any damage to or loss or destruction of, any Unit or any interruption or cessation in the use or the possession thereof by Lessee for any reason whatsoever, (iii) any insolvency, bankruptcy, reorganization or similar proceeding by or against Lessee or Lessor (including any anticipatory or actual rejection or breach of this Lease in whole or in part by any trustee or receiver of Lessee's or Lessor's assets or by any court in any such proceeding) or (iv) any other circumstance, happening or event whatsoever, whether or not similar to the foregoing, including, without limitation, the invalidity, lack of enforceability or due authorization of this Lease or any provision hereof, or the existence of any mortgages, liens, security interests, charges, encumbrances or claims (hereinafter called Liens) or rights of others whatsoever with respect to the Units, whether or not resulting from claims against Lessor not related to the ownership of the Units. Each payment of Rent shall be final as to the Lessor and the Lessee and shall be payable in all events, unless the obligation to pay Rent hereunder should be terminated pursuant to the express provisions of the Lease. Should the Lease, or any part hereof, be terminated or held inoperative by operation of law, except as specifically provided in the Lease, the obligation of the Lessee to pay Rent to the Lessor hereunder

shall nevertheless remain in full force and effect. Lessee hereby waives, to the extent permitted by applicable law, any and all rights which it now has or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the Lease except in accordance with the express terms hereof.

6. TAXES AND LIENS.

6.1. Taxes. Lessee shall pay and discharge, and hold Lessor harmless from and against, all license and registration fees, all assessments and all taxes (including without limitation all sales, gross receipts, use, rental, franchise and property taxes) or similar charges, together with any penalties, fines or interest thereon which may now or hereafter be imposed upon or resulting from the purchase, delivery, ownership, leasing, maintenance, possession or use of the Units, or upon this Lease or the Rent due or to become due hereunder imposed against the Lessor, the Lessee or the Units by any Federal, state, county, municipal, or local taxing authority, excluding however, (i) all Federal taxes on or measured by Lessor's net income (except as provided in Section 17 hereof), (ii) any state and local taxes of the State of Louisiana or any other state measured by Lessor's net income, (iii) any taxes resulting from this Lease to the extent they are actually offset against net income taxes which are otherwise due and owing by the Lessor to any state, and (iv) franchise and capital stock taxes not directly attributable to the ownership and leasing of any Units. Lessor agrees to utilize valid state and local sales and use tax exemptions or direct payment authorizations of the Lessee which result in a reduction of the Lessor's sale or use tax liability.

6.2. Liens. Lessee shall not directly or indirectly, create, incur, assume or suffer to exist any Liens on, or attempt in any manner to dispose of, any of the Units and Lessee will take such action at its own expense as may be necessary to duly discharge each such Lien, except (1) the respective rights of the Lessor and the Lessee herein provided, (2) Liens against the Lessor not arising in connection with the ownership of the Units, (3) Liens for taxes either not yet due or being contested in good faith and by appropriate proceedings, if the nonpayment of any such tax or the contest of any such payment in such proceedings does not, in the opinion of counsel to the Lessor and the Lender, adversely affect the title, property or rights of the Lessor or the Lender, and (4) inchoate materialmen's mechanics', workmen's employees', landlords' or other like Liens arising in the ordinary course of business of the Lessee and not delinquent. Each Unit, upon return to the Lessor pursuant to the terms of Sections 11 and 14 hereof, shall be free and clear of all Liens, except such Liens as are excepted above. In case any report or return is required to be made with respect to any obligation of Lessee under this Section, Lessee will either (after notice to Lessor) make such report or return in such manner as will show the

ownership of the Units in Lessor and send a copy of such report or return to Lessor or will notify Lessor of such requirement and make such report or return in such manner as shall be satisfactory to Lessor.

7. INSURANCE. The Lessee at its expense will cause to be carried and maintained casualty insurance with respect to each Unit and public liability insurance, in each case in such amounts and against such risks as are customarily insured against by the Lessee on similar equipment. Any proceeds received by the Lessee with respect to any insurance policies maintained under this Section 7, shall be held in constructive trust for the benefit of the Lessor and the Lender, as their interests may appear, and shall be paid immediately to the Agent, to the extent such amounts have not been previously paid by the Lessee to the Agent. With respect to casualty insurance, such insurance will be sufficient at all times to cover the Stipulated Loss Value of each Unit.

Lessee may self insure Units to the extent that it self insures property similar to such Units and to the extent that such self insurance is consistent with prudent industry practice. It shall be the Lessee's sole responsibility to defend any and all claims with respect to the Units. Lessee further agrees to hold the Lessor and Lender harmless from any and all such claims.

8. INSPECTION. Lessor shall have the right, but not the duty, to inspect the Units. Upon the reasonable request of Lessor and upon reasonable advance notice, Lessee shall confirm in writing to Lessor within 60 days after receipt of such request the approximate location of any Unit and shall, at any reasonable time, make the Units, and Lessee's records pertaining to the Units, available to Lessor for inspection at the Lessor's sole risk and expense and at such reasonable places as will not conflict with Lessee's use thereof or the conduct of its business.

9. USE, MAINTENANCE AND ADDITIONS.

9.1. Use and Maintenance.

Lessee agrees that the Units will be used solely in the conduct of its business and in compliance with any and all statutes, laws, ordinances and regulations of any governmental authorities or agencies whether Federal, state, county or municipal, now or hereinafter in effect, applicable to the use of the Units, and will at all times be and remain in the possession and control of Lessee at the location(s) as set forth in the Schedule. Throughout the Term, the possession, use and maintenance of each of the Units shall be at the sole

risk and expense of Lessee. Lessee, at its own cost and expense, will repair, service and maintain the Units so as to keep each Unit in as good condition as when delivered to Lessee hereunder, ordinary wear and tear excepted. In addition, Lessee shall maintain each Unit in such condition as will enable such Unit to perform the functions for which it was originally intended, and shall maintain each Unit in accordance with the specifications of the manufacturer of such Unit and in accordance with the standards prescribed by the Association of American Railroads and in any event according to those standards applied by Lessee to equipment owned by it. Throughout the Term, the possession, use and maintenance of the Units shall be at the sole risk and expense of Lessee and Lessee assumes all risk and liability for injuries or deaths to persons and damage to property, however arising from or incident to such possession, use and maintenance. Lessee will not affix or install any Unit to or in any real property.

#### 9.2. Additions and Improvements.

(a) Generally. Except as may be required pursuant to Subsection (b) hereof, Lessee shall not, without the prior written approval of Lessor, which approval shall not be unreasonably withheld, make any addition or improvement to any Unit which is not readily removable without causing material damage to any Unit, unless such addition or improvement constitutes an "Improvement" which Lessee may finance pursuant to the provisions of Revenue Procedure 79-48 or any successor revenue procedure, revenue ruling or law, except as allowed under Section 168(f)(8) of the Code. Lessee shall be entitled from time to time during the term of this Lease to acquire and install, at Lessee's expense, such additions or improvements to any Unit which are readily removable without causing material damage to any Unit and which do not impair the value or utility of any Unit as originally delivered hereunder to Lessee (ordinary wear and tear excepted).

(b) Compliance with Law. Lessee agrees to make, at its own expense and without offset for Rent due hereunder, any addition or improvement required to be made to any Unit in order to satisfy Lessee's obligations set forth in Section 9.1. hereof. Any such addition or improvement shall immediately and without further act become the property of Lessor.

(c) Severable Additions. Should Lessee install, at its own expense, any addition or improvement on any

Unit which is readily removable without causing material damage to such Unit and which does not impair the value or utility of such Unit as originally delivered hereunder to Lessee (ordinary wear and tear excepted), and provided that no Event of Default (as hereinafter defined) or event which but for the lapse of time or the giving of notice or both would be an event of default, shall have occurred and be continuing, Lessee may remove such addition or improvement before such Unit is returned to Lessor, and Lessee shall thereafter own such addition or improvement. Lessee shall repair all damage to such Unit resulting from such installation and removal so as to restore such Unit to the condition in which it existed prior to the installation of such addition or improvement (ordinary wear and tear excepted). Notwithstanding the foregoing and provided that Lessee has not exercised its option to purchase such Unit pursuant to Section 19 hereof or to renew this Lease with respect to such Unit pursuant to Section 20 hereof, at the end of the applicable initial term or any renewal term of this Lease, Lessor shall be entitled to purchase from Lessee any such addition or improvement at its then Fair Market Value (as to be determined in accordance with Section 19 hereof). If Lessor agrees, Lessee shall not be required to remove any such addition or improvement if the retention of such addition or improvement will not adversely affect the operating capabilities of such Unit in the possession of Lessor. Any addition or improvement not so removed shall become the property of Lessor.

(d) Nonseverable Additions. Should Lessee make to any Unit any addition or improvement which is not readily removable without causing material damage to such Unit, such addition or improvement shall immediately and without further act become the property of Lessor.

10. INDEMNIFICATION. In addition to the indemnity provided for in Sections 6 and 17 hereof, the Lessee agrees to assume liability for, and does hereby agree to indemnify, protect, save and keep harmless the Lessor from and against, any and all liabilities, losses, damages, injuries, penalties, claims, demands (including, without limitation, claims or demands involving strict or absolute liability), actions, suits, costs, expenses and disbursements (including without limitation, legal fees and expenses, penalties and interest) of any kind and nature whatsoever (including any increase to Lessor in federal, state or local income taxes as a result of the inclusion in Lessor's income of any amounts required to be paid by Lessee under this Section 10) (hereinafter called the Claim or Claims) which may be imposed on,

incurred or asserted against the Lessor whether or not the Lessor shall also be indemnified as to any such Claim by any other person (provided however, that, for purposes of the indemnity provided by this Section 10, Lessor shall not be indemnified to an extent greater than necessary to hold the Lessor completely harmless in the particular circumstances), (i) in any way relating to or arising out of the Lease or any document contemplated hereby, or the performance or enforcement of any of the terms hereof or thereof, or (ii) in any way relating to or arising from or incident to the manufacture, ordering, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, maintenance, condition, registration, sale, return, storage or disposition (hereinafter called the Use) of any Unit or Units or any injuries or deaths of persons and damage to property howsoever arising from or incident to such Use or in connection therewith (including, without limitation, latent and other defects, whether or not discoverable and any Claim for patent, trademark or copyright infringement); provided, however, that the Lessee shall not be required to indemnify the Lessor for (1) any Claim in respect to any Unit arising from acts or events which occur after possession of such Unit has been delivered by the Lessee to the Lessor or to any other person designated by Lessor, (2) any Claim resulting from acts which would constitute the willful misconduct or gross negligence of the Lessor or (3) expenses to be borne pursuant to the express provisions hereof by the Lessor. Lessee agrees that the willful misconduct or gross negligence by any party to be indemnified hereunder shall not affect the rights of any other indemnified party hereunder. Lessee assumes all risk of loss, theft or destruction of, and damage to, the Units, and shall defend and hold the Lessor and the Units harmless from any risk from the Use referred to in this Section. If either the Lessor or the Lessee has knowledge of any Claim hereby indemnified against, it shall give prompt written notice thereof to the other, but the omission or failure by the Lessor to notify the Lessee shall not relieve the Lessee from any liability which it may have to the Lessor. In case any such action shall be brought against the Lessor with respect to a Claim, and the Lessor shall notify the Lessee of the commencement thereof or the Lessee shall otherwise acquire knowledge of such commencement, the Lessee shall be entitled to participate in, and, to the extent that it shall wish, to assume the defense thereof, with counsel reasonably satisfactory to the Lessor and after notice from the Lessee to the Lessor of its election so to assume the defense thereof. The Lessee shall not be liable to the Lessor for any legal or other expenses subsequently incurred by the Lessor in connection with the defense thereof other than reasonable costs of investigation by the Lessor. The indemnities contained in this Section 10 shall survive the expiration or termination of this Lease.

11. RETURN OF UNITS. Upon the expiration of the Term or any Renewal Term (as hereinafter defined) with respect to any Unit, Lessee will, in the absence of exercise of the options to purchase or renew as provided in Sections 19 and 20 hereof, return and yield possession of such Unit to Lessor. At the time of its return, such Unit shall be free and clear of all liens and rights of others and shall be in the condition and repair required to be maintained during the Term hereof or any Renewal Term, under Section 9, and Lessee shall deliver to Lessor all logs, manuals, data and inspection, modification and overhaul logs applicable to such Unit. Lessee shall notify the Lessor as to the date on which such Units will be available for the Lessor's inspection, the location of such Units and the number of Units at such location. On such date (or the later expiration of the Term or any Renewal Term pertaining to such Units) Lessee's obligations to pay Rent (unless otherwise specifically required hereunder) shall cease with respect to such Units. Thereupon, the Lessor may inspect such Units at such location and accept or reject the same with respect to their condition. As to Units which are so reasonably rejected by Lessor, Lessee shall, at its option, either restore such Units to the standard of maintenance required by Section 9 hereof or pay the costs of such restoration. Inspection by the Lessor, if desired, shall be conducted within thirty (30) days following the designated availability date. Lessee will, at Lessee's own expense and risk, deliver possession of the Units in accordance with the Lessor's instructions (such instructions shall be delivered to the Lessee not less than 30 days prior to the expiration of the Term with respect to such Units) to Lessor or to any other person designated by Lessor at any one or more of the following locations: Martinsburg, West Virginia; Grand Rapids, Michigan; Lima, Ohio; Baltimore, Maryland; Dunbar, Pennsylvania and Barboursville, West Virginia.

12. LOSS OR DAMAGE. In the event that any Unit is damaged so as to preclude its use for the purpose intended, lost, stolen or destroyed by any cause or title thereto is taken or requisitioned or appropriated by any governmental authority (each such occurrence being an Event of Loss), then Lessee shall pay on the Semiannual Rent Date (as set forth in the Schedule) immediately following such Event of Loss, the sum of (i) the Stipulated Loss Value specified in Annex "C" attached hereto, plus (ii) the installment of Semiannual Rent with respect to such Unit due on such Semiannual Rent Date; provided, however, if such Event of Loss shall have occurred within 90 days prior to a Semiannual Rent Date, the Lessee shall pay on the 90th day following such Event of Loss the sum of (i) the Stipulated Loss Value due on the Semiannual Rent Date immediately preceding such payment date and (ii) Rent accrued on such Unit from the Semiannual Rent Date specified in (i) of this proviso to the date of payment (Rent shall accrue on a daily basis and shall be equal to 1/180th of

the Semiannual Rent applicable to such Unit). Upon receipt by Lessor of such Stipulated Loss Value and all Rent and all other amounts due and payable pursuant to this Lease or as described in the Schedule with respect to such Unit, this Lease shall be deemed terminated as to such Unit and Lessor shall deliver title to such Unit to the Lessee, together with a bill of sale and any other documents reasonably requested by Lessee but without warranty of any kind. Should any Unit be damaged, so as not to preclude its use for the purpose intended, but be capable of repair, Lessee shall repair the same at its sole cost and expense and this Lease shall continue in full force and effect with respect to such Unit. Any proceeds from insurance received by Lessor in connection with any damage capable of repair shall be applied to the cost of repair, and Lessor agrees to release such proceeds to Lessee for such purpose upon receipt by Lessor of information indicating that such repair has been made in a manner satisfactory to Lessor.

13. EVENTS OF DEFAULT. The following events shall constitute Events of Default (whether any such event shall be voluntary, involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) The Lessee shall fail to make any payment of Rent when due, and such failure shall continue for five (5) Business Days after written notice thereof from the Lessor to the Lessee; or

(b) The Lessee shall fail to perform or observe any other covenant, condition, or agreement to be performed or observed by it hereunder and such failure shall continue for twenty (20) days after written notice thereof from the Lessor to the Lessee; or

(c) Any representation or warranty made by the Lessee hereunder or in any document or certificate furnished to the Lessor or Lender in connection herewith or pursuant hereto or thereto, shall have been incorrect in any material respect when any such representation or warranty was made or given and cannot, within 15 days after discovery thereof, be corrected to the reasonable satisfaction of Lessor and Lender; or

(d) A court having jurisdiction in the premises shall have entered a decree or order providing for relief in respect of the Lessee in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a

receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) of the Lessee or for any substantial part of its property, or ordering the wind-up or liquidation of its affairs and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days; or

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

(f) The Lessee shall be in default under any material obligation for the payment of borrowed money or for the deferred purchase price of, or for the payment of any rent under any lease agreement covering, material real or personal property, and the applicable grace period with respect thereto shall have expired and, in the Lessor's reasonable opinion, the consequences of such default might impair Lessee's ability to discharge its obligations hereunder; or

(g) Other than as expressly authorized or permitted herein, the Lessee shall attempt to remove, sell, transfer, encumber, part with possession of, assign or sublet or create, incur or assume any Lien on any of the Units or the Lease; or

(h) The Lessee shall fail to maintain public liability insurance as provided in Section 7 hereof.

14. REMEDIES. Upon the occurrence of any Event of Default and at any time thereafter Lessor may, at its option, declare this Lease to be in default and at any time thereafter Lessor may do any one or more of the following with respect to the Units as Lessor in its sole discretion shall elect, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law then in effect: (a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by Lessee of the applicable covenants of

this Lease or to recover damages for the breach thereof; (b) by notice in writing terminate this Lease, whereupon all rights of Lessee to the use of the Units shall absolutely cease and terminate but Lessee shall remain liable as hereinafter provided; and thereupon Lessee, if so requested by Lessor, shall at its expense promptly return the Units to the possession of Lessor and in the condition required upon the return thereof pursuant to and in accordance with the terms hereof, or Lessor, at its option, may enter upon the premises where the Units are located and take immediate possession of and remove the same by summary proceedings or otherwise. Lessee shall, without further demand, forthwith pay to Lessor an amount equal to any unpaid Semiannual Rent and all other amounts due and payable hereunder or pursuant to the Schedule for all periods up to and including the Semiannual Rent Date following the date on which Lessor has declared this Lease to be in default, plus, an amount equal to the Stipulated Loss Value of the Units, computed as of the Semiannual Rent Date following the date on which Lessor has declared this Lease to be in default. Following the return of the Units to Lessor pursuant to this Section, Lessor shall proceed to sell or lease the Units in such manner as it shall reasonably deem appropriate. In the event of the sale of the Units, the proceeds of such sale shall be applied by Lessor (A) first, to all cost, charges and expenses including reasonable attorney's fees and disbursements, incurred by Lessor as a result of the default and the exercise of its remedies with respect thereto and (B) second, provided that Lessee has paid to Lessor all the amounts required to be paid to Lessor pursuant to this Section, to reimburse Lessee for the Stipulated Loss Value previously paid by Lessee. Any surplus remaining thereafter shall be retained by Lessor. No remedy referred to in this Section is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity; and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all of such other remedies. No express or implied waiver by Lessor of any default shall in any way be, or be construed to be, a waiver of any future or subsequent default. To the extent permitted by applicable law, and except with respect to Lessor's obligation to Lessee upon the sale of the Units as provided above, Lessee hereby waives any rights now or hereafter conferred by statute or otherwise which may require Lessor to mitigate Lessor's damages as set forth in this Section or which may otherwise limit or modify any of the Lessor's right and remedies under this Section. Lessee also shall be liable for all damages and expenses, including reasonable attorneys' fees, in addition to the amounts referred to in this Section, which Lessor shall have sustained as a result of the breach of one or more of the representations, warranties and covenants made by Lessee in this Lease.

15. ASSIGNMENT.

15.1 . Assignment by Lessee. Without Lessor's prior written consent, Lessee shall not assign, transfer, sublet, pledge, hypothecate or otherwise dispose of this Lease or the Units or any interest herein or therein; provided, however, Lessee may sublease (written notice of such sublease shall be given to the Lessor within ten (10) days after commencement of such sublease) the Units to any corporation controlled directly or indirectly by CSX Corporation through stock ownership, provided further however, such sublease shall not release the Lessee from its obligations hereunder.

15.2 Assignment by Lessor. Lessor may assign this Lease in whole or in part without notice to Lessee, and such assignee shall have all of the rights, but none of the obligations (which shall remain solely the Lessor's), of Lessor under this Lease. Lessee shall recognize each such assignment and covenants not to assert against such assignee any defense, counterclaim or set-off that Lessee has or may have against Lessor, and upon receipt of notice of such assignment, Lessee agrees to pay Semi-annual rent and other payments due and to become due hereunder to such assignee.

16. LESSEE'S REPRESENTATIONS. Lessee covenants, represents and warrants that (a) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, is duly qualified to do business in each jurisdiction where the Units are or are to be located, and has sufficient corporate power and authority to enter into and perform the obligations imposed upon Lessee under this Lease; (b) the execution, delivery and performance of this Lease have been duly authorized by sufficient corporate action on the part of Lessee, are not inconsistent with its Certificate of Incorporation or By-laws, do not contravene any law, governmental rule, regulation, or order binding on Lessee, do not and will not contravene any provision of or constitute a default under any indenture, mortgage, contract or other instrument to which Lessee is a party or by which it is bound, and upon execution and delivery of this Lease, this Lease will constitute a legal, valid and binding obligation of Lessee enforceable in accordance with its terms; (c) neither the execution and delivery by Lessee of this Lease nor the consummation of any of the transactions contemplated hereby require the consent or approval of, the giving of notice to, the registration with, or the taking of any other action in respect of, any Federal, state or foreign governmental authority or agency; (d) neither the execution and delivery by Lessee of the Lease nor the consummation of any of the transactions contemplated hereby will cause any third party claiming by, under, through or against Lessee (whether a secured party, lienholder,

mortgagee or other third party) to acquire any right, title, interest or claim, in to or against this Lease or the Units; (e) there is no action or proceeding pending or threatened against the Lessee before any court or administrative agency or other governmental body, which is likely to result in any material adverse effect on the business, properties and assets, or condition, financial or otherwise, of the Lessee or the ability of the Lessee to fulfill its obligations hereunder.

#### 17. INCOME TAXES.

Tax Indemnification. (a) This Lease has been entered into on the basis that the Safe Harbor Units (identified in Annex A hereto) are "qualified leased property", within the meaning of Section 168(f)(8)(D) of the Code and the Non-Safe Harbor Units (as defined in Annex A hereto) are "new section 38 property" under Section 48(b) of the Code, and that, Lessor shall be entitled (i) for Federal income tax purposes and (ii) to the extent that Federal taxable income is used in such computation, for purposes of computing its liability to states, cities and other local taxing authorities for taxes based upon net income and to the extent that the states, cities, and other local taxing authorities adopt such deductions, credits and other benefits, as are provided to an owner of property (the Assumed Tax Benefits) including, without limitation, (A) the deductions, with respect to each Item of Leased Equipment, under Section 168(b)(1)(A) of the Code based upon the full amount of Lessor's Cost of each Unit, computed on the basis of the applicable percentage for five-year property (ACRS Deductions) (B) the investment credit (the Investment Credit) allowed by Section 38 and related sections of the Code in the amount of 10% of Lessor's Cost for such Unit, and (C) the deduction in accordance with the Lessor's method of accounting for interest (the Interest Deduction) allowed pursuant to Section 163 of the Code in each taxable year of the Lessor on all interest payable by the Lessor on all borrowings from the Lender.

(b) If, by reason of (i) the inaccuracy of any statement in any letter or document furnished to Lessor by or on behalf of Lessee in connection with the financing contemplated by this Lease, (ii) any act, failure to act or omission (whether voluntary or involuntary, except if required pursuant to this Lease) of or by Lessee (or any agent thereof), (iii) any amendment to, or change in, the Code, the income tax regulations thereunder or published administrative or judicial interpretations of the Code or such regulations or any comparable changes affecting states, cities or other local taxing authorities (Law Change), which Law Change has an effective date on or prior to the Cut-Off Date or (iv) the failure of the Lease, as to the Safe Harbor Units, to meet the requirements of Section 168(f)(8) of the Code as such Section is in effect on or prior to the Cut-Off Date, Lessor shall lose, shall not have or shall lose the right to claim, or if there shall be disallowed or recaptured with respect to Lessor, all or any portion of the Assumed Tax Benefits, assuming a marginal

to realize the benefit of the Assumed Tax Benefits, unless (A) Lessor shall have been advised by independent tax counsel, selected by Lessor and approved by Lessee (which approval shall not be unreasonably withheld), that it is more likely than not that such deduction or credit would be disallowed or (B) with respect to any prior taxable year, in the case of any credit or deduction which is allowable on a recurring basis, Lessor shall have been so advised, or with respect to which Lessee's obligation to pay has become unconditional pursuant to Section 17.3 hereof;

(iv) the failure of Lessor to have sufficient tax to benefit from the Investment Credit;

(v) the failure of the Lessor to have sufficient gross income within the meaning of Section 61(a) of the Code from which to deduct the ACRS Deduction or Interest Deduction;

(vi) the failure of Lessor to take timely action in contesting a claim made by the Internal Revenue Service or any state or local taxing authority, but only if such action is required by the terms of Section 17.2 hereof;

(vii) Lessor's failure to file an income tax return with the Internal Revenue Service or the appropriate state or local taxing authority in the manner and at the proper place and time;

(viii) the failure of Lessor to qualify as a corporation (other than an electing small business corporation (within the meaning of Section 1371(b) of the Code) or a personal holding company (within the meaning of Section 542(a) of the Code)) for purposes of Section 168(f)(8) of the Code;

(ix) any losses not caused by the act, failure to act, omission, breach of warranty or misrepresentation of the Lessee, with respect to the lease of Non-Safe Harbor Units to which Rev. Proc. 75-21 applies;

(x) any minimum tax or alternative minimum tax or any limitation on the Lessor's ability to utilize (by reducing its overall tax liability) Assumed Tax Benefits otherwise available to it imposed upon Lessor as a result of any amendment to the Code made subsequent to the execution of this Lease which imposes such a minimum tax or alternative minimum tax or limitation upon lessors under leases in which the parties elect to have

the provisions of Section 168(f)(8) of the Code apply;  
or

(xi) any other act, failure to act or omission of the Lessor, its agents or employees.

(d) All of Lessor's rights and privileges arising from the indemnities contained in this Section 17 shall survive the expiration or other termination of this Lease with respect to any or all Units leased hereunder, and such indemnities are expressly made for the benefit of, and shall be enforceable by Lessor, its successors and assigns. For purposes of this Section 17(b)-(f), the term "Lessor" shall include any affiliated group, within the meaning of Section 1504 of the Code, of which Lessor is a member, if consolidated returns are filed for such affiliated group for federal income tax purposes.

(e) Lessee represents and warrants that (i) none of the Units constitutes property, the construction, reconstruction or erection of which was completed by, or which was acquired by Lessee on or before March 4, 1982; (ii) at the time Lessor becomes the owner of the Non-Safe Harbor Units, such Units will qualify as "new section 38 property" within the meaning of Section 48(b) of the Code with a basis equal to Lessor's Cost of the Units; (iii) at the time Lessor becomes the owner of the Units, each Non-Safe Harbor Unit will not have been used by any person so as to preclude "the original use of such property" within the meaning of Sections 48(b) of the Code from commencing with Lessor, each Safe Harbor Unit will be "qualified leased property" within the meaning of Section 168(f)(8)(D) of the Code, and each Unit will be "recovery property" within the meaning of Section 168(c)(1) and (e) of the Code with an "unadjusted basis" (as defined in Section 168(d)(1)(A) of the Code) equal to Lessor's Cost of such Unit; (iv) at the time Lessor becomes the owner of each Unit, no Investment Credit, ACRS Deductions or other tax benefits will have been claimed by any person with respect to that Unit; (v) the term of this Lease with respect to each Safe Harbor Unit does not exceed the greater of (A) 90 percent of the useful life of such Unit for purposes of Section 167 of the Code or (B) 150 percent of the "present class life" (within the meaning of Section 168(g)(2) of the Code) of such Unit; (vi) each Non-Safe Harbor Unit, at the time of its acquisition by Lessor, shall have an estimated useful life at least equal to 125% of the Term in respect of it and an estimated fair market value (without including inflation during such Term and exclusive of any costs borne by Lessor for removal and delivery of such Units to Lessee or any purchaser thereof) at the end of such Term of at least 20% of the Cost of Acquisition for such Unit, (vii) at all times during the term of this Lease, Lessee will do nothing which will cause the Non-Safe Harbor Units to cease to be "section 38 property" or the

Safe Harbor Units to cease to be "qualified leased property" within the meaning of Sections 48(a) and 168(f)(8)(D) of the Code, respectively, (viii) Lessor's minimum at risk investment will initially be not less than 10% of the adjusted basis of the Safe Harbor Units and not less than 20% of the Lessor's Cost of the Non-Safe Harbor Units, (ix) Lessee has not loaned any funds, guaranteed any indebtedness, borrowed any funds or incurred any indebtedness to finance the Lessor's purchase of any of the Units, and (x) the use of any of the Units outside the United States of America will be on a de-minimus basis.

(f) Lessor shall also be entitled to indemnification pursuant to this Section 17, if any amount is included, at any time prior to the end of the Term of this Lease, in the gross income of Lessor as a result of any transfer of any Unit or Units by Lessee or any repair, improvement, alteration, modification or addition (including replacement of parts) to such Unit or Units made by Lessee.

17.2. Contest Requirements. Lessor shall notify Lessee immediately of any adjustment or deficiency proposed or asserted by the Internal Revenue Service or any state or local taxing authority in connection with the Assumed Tax Benefits. Lessee shall be entitled to contest or assist Lessor in contesting any such adjustment or deficiency in any manner available to Lessor and to direct Lessor not to agree to or pay any such adjustment or deficiency pending the outcome of any such contest or other pursuit of available remedies. Lessor shall cooperate with Lessee in the contest of any such adjustment or deficiency. Any expenses incurred by the Lessee or the Lessor with respect to such contest will be for the account of the Lessee. Any refund or other amount awarded to Lessor as a result of any such contest will result in a decrease to the amount of Supplemental Rent (as provided in Section 17.3) or Semiannual Rent which the Lessee is required to pay; provided, however no Semiannual Rent Payment shall be decreased below the amount necessary to meet installment payments due to the Lender on the Promissory Notes.

17.3. Time of Payment of Indemnity. (a) Lessee's obligation to pay any indemnity payable pursuant to this Section 17 with respect to a Loss shall become unconditional (1) in the case of a Loss that is required to be reflected on a tax return of Lessor, 30 days after the date such tax return is filed; (2) in the case of a Loss that results from a proposed adjustment by the Internal Revenue Service that is not contested pursuant to Section 17.2 hereof, 10 days after Lessee's receipt of the statement referred to in the first sentence of Section 17.2 hereof, and (3) in the case of a Loss that results from a proposed adjustment of the Internal Revenue Service that is contested pursuant to Section 17.2 hereof, 30 days after the day on which such contest is finally concluded.

(b) Lessee shall pay to Lessor a lump sum indemnity at the time its obligation to pay indemnity pursuant to this Section 17 becomes unconditional with respect to any Loss, if Lessee's obligation to pay indemnity pursuant to this Section becomes unconditional on or after the termination of this Lease. Any other indemnity payable pursuant to this Section 17 shall be structured as level future rent (defined to be Supplemental Rent), and Lessee shall commence payment of such Supplemental Rent on the first Semiannual Rent Date after Lessee's obligation to pay indemnity pursuant to this Section 17 becomes unconditional.

17.4. Adjustment of Casualty Values. In the event that Lessee shall be required to pay Lessor pursuant to this Section 17 with respect to a Loss relating to any Unit or Units, the Stipulated Value of such Unit or Units shall be adjusted appropriately so as to reflect, among other things, the reduction (if any) in taxes that will be payable by Lessor with respect to the Unit or Units upon an Event of Loss with respect thereto; and so that the adjustment shall preserve for Lessor both the after-tax rate of return and the total after-tax cash flow over the entire term of the Lease that would have been realized by Lessor had such Loss not occurred, as prescribed by Section 17.1(b) hereof, and upon Lessee's request and at Lessee's sole expense, as verified by Lessor's independent auditors.

18. CONDITIONS OF LESSOR. The obligation of Lessor to consummate this Lease is subject to the performance by Lessee of all of its obligations hereunder and to the satisfaction of each of the following further conditions on or prior to the date on which the first Unit is delivered to and accepted by Lessee: (a) Lessor shall have received an opinion of counsel for Lessee in the form attached as Exhibit F to the Financing Agreement, dated June 3, 1982 to Lessor; (b) Lessee shall have taken sufficient corporate action necessary to authorize and consummate this Lease; and (c) Lessee shall have executed and delivered to Lessor such documents as Lessor shall deem necessary to protect its interest hereunder and its title to the Units.

19. OPTION TO PURCHASE OR SELL. Provided that this Lease has not been earlier terminated and that no default under this Lease has occurred and is continuing, Lessee may, according to the provisions set forth in the Annex to Schedule, elect to purchase any or all of the Group I Units at the end of the Term or any Renewal Term pertaining thereto for a purchase price equal to the Fair Market Value of such Units at the end of such Term. In addition, the Lessor may require the Lessee to purchase and the Lessee may purchase at its option any or all of the Group II Units at a price equal to 20% of the Lessor's Cost of such Units at the end of the initial Term (notwithstanding the Lessee's

right of renewal pursuant to Section 20) or at the end of each Renewal Term pursuant to Section 20. Fair Market Value shall mean and shall be determined on the basis of and shall be equal in amount to the value which should be obtained in an arm's length transaction between an informed and willing buyer-user under no compulsion to buy (other than (i) a lessee currently in possession and (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell. Such Fair Market Value is to be determined by agreement between Lessor and Lessee, or, if they cannot agree, by an independent appraiser selected by Lessor but reasonably satisfactory to Lessee. The determination so made shall be binding upon both Lessor and Lessee and the cost of any such appraisal shall be borne by Lessee.

20. OPTION TO RENEW. Provided that this Lease has not been earlier terminated and that no default under this Lease has occurred, Lessee may, according to the provisions set forth in the Annex to the Schedule, elect to renew this Lease (the Renewal Term) with respect to any of the Units at the end of the Term for two renewal term(s) of one year each and for such Renewal Term rent shall be paid in the same manner and times as the Semiannual Rent during the initial Term and shall be equal to the Fair Market Rental Value. Fair Market Rental Value shall mean and shall be determined on the basis of and shall be equal to the rent which should be obtained in an arm's length transaction between an informed and willing lessee, under no compulsion to lease (other than (i) a lessee currently in possession and (ii) a used equipment dealer) and an informed and willing lessor under no compulsion to lease. Such Fair Market Rental Value is to be determined by agreement between Lessor and Lessee, or, if they cannot agree, by an independent appraiser selected by Lessor but reasonably satisfactory to Lessee. The determination so made shall be binding upon both Lessor and Lessee. The cost of any such appraisal shall be borne by Lessee.

21. ELECTION UNDER CODE SECTION 168(f)(8). (a) Lessor and Lessee hereby agree (i) that this Lease is a lease, (ii) that Lessor is the owner and lessor of the Units and Lessee is the lessee of the Units, (iii) that the provisions of Code Section 168(f)(8), as added by the Economic Recovery Tax Act of 1981, shall apply to this Lease with respect to the Safe Harbor Units, as such Units are identified as Safe Harbor Units in Annex A which is attached hereto and as updated from time to time by the parties hereto, (iv) to execute and file the information returns required by Temporary Regulations Section 5c.168(f)(8)-2(a)(3) in a timely manner with respect to the Safe Harbor Units and (v) that each will take such action, including, but not limited to, execution of such other documents and instruments as the other may reasonably request, to effectuate such characterization, treatment and election.

(b) If a regulation or other interpretive material is hereafter published under Section 168 of the Code, or any other relevant section of the Code, or if the Internal Revenue Service in connection with an audit of either party to the agreement in Section 21(a) above (the "Agreement") takes a position which in either case is for any reason and in any respect contrary to or inconsistent with the terms and provisions of the Agreement, or if Section 168 of the Code should be amended, and, in consequence thereof, the parties to the Agreement above are required or permitted to amend or modify the Agreement to conform to or comply with such regulation, interpretative material, position or amended Code section, Lessor and Lessee agree to negotiate in good faith all such amendments and modifications as shall be required or appropriate in order to preserve for the parties to the Agreement the rights and benefits which each seeks in the execution of the Agreement.

22. REPORTS. Within one hundred (100) days after the close of each fiscal year of Lessee, Lessee shall provide Lessor with copies of Lessee's annual financial statements.

23. MISCELLANEOUS. The terms of this Lease shall not be waived, altered, modified, amended, supplemented or terminated in any manner whatsoever except by written instrument signed by Lessor and Lessee. This Lease shall be binding upon and inure to the benefit of Lessor, and its successors, assigns, and agents, and Lessee and its successors. This Lease may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute but one and the same instrument. Fully executed counterparts shall be delivered to and retained by the Lessor, with the Lessee receiving a fully executed counterpart of this Lease. Lessee shall execute and deliver to Lessor from time to time, such other documents, instruments and further assurances, including financing statements, and take all other action as may be reasonably necessary, proper or desirable to carry out and consummate the transaction referred to herein. All agreements, representations and warranties contained in this Lease, or in any document or certificate delivered pursuant hereto, or in connection herewith, shall survive the execution and delivery of this Lease and the expiration or other termination of this Lease. This Lease shall constitute an agreement of lease, and nothing herein shall be construed as conveying to Lessee any right, title or interest in any Unit except as lessee only, and title in and to the Units shall remain in Lessor exclusively. This Lease shall be construed in accordance with, and shall be governed by, the laws of the State of Maryland. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to

# DUPLICATE

such jurisdiction, be 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. To the extent permitted by applicable law, Lessee hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect. If Lessee fails to make any payment or fails to perform or comply with any of its agreements contained herein, Lessor may itself make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the reasonable expenses (including reasonable attorney's fees) incurred by Lessor in connection with such payment or the performance or compliance with such agreement, as the case may be, together with interest thereon at the rate of 16.875% per annum, shall be deemed additional rent, payable by Lessee on demand. In addition, Lessee also agrees to pay Lessor interest at the rate of 16.825% per annum on any part of any installment of Semiannual Rent or other amounts due and payable under the Lease or the Schedule not paid when due for any period for which the same shall be overdue. Service of all notices under this Lease shall be sufficient if given personally or mailed to the party involved at its respective address set forth below, or at such other address as said party may provide in writing from time to time. In addition, a copy of such notice shall be sent to The Chesapeake and Ohio Railway Company, Law Department, Attention: General Finance Attorney, P.O. Box 6419, Cleveland, Ohio 44101. Any such notice mailed to such address shall be effective when deposited in the United States mail, duly addressed and with postage prepaid.

IN WITNESS WHEREOF, LESSEE HAS HEREBY EXECUTED THIS LEASE AS OF THE 1st DAY OF JUNE, 1982.

LESSOR:

LOUISIANA NATIONAL LEASING CORPORATION  
P.O. Box 451  
Baton Rouge, LA 70821

Attention: President

By \_\_\_\_\_

Its: \_\_\_\_\_

LESSEE:

THE CHESAPEAKE AND OHIO RAILWAY COMPANY  
100 North Charles Street  
Suite 1800  
Baltimore, MD 21201

Attention: Treasurer-303

By Alan A. Rudnick  
Its: Assistant Treasurer

APPROVED AS TO FORM  
Walter Recker  
ASSISTANT GENERAL ATTORNEY

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

On this 1st day of June, 1982, before me appeared Alan A. Rudnick, to me personally known, who, being by me duly sworn (or affirmed) did say that he is the Assistant Treasurer of The Chesapeake and Ohio Railway Company, a Virginia corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its board of directors and said Alan A. Rudnick acknowledged said instrument to be the free act and deed of said corporation.

*Beatrice M. McCauley*  
Notary Public  
*Commission Expires 7-1-82*

ANNEX "A"

Schedule

Description of Units:

The Group I Units are:

<u>Quantity</u>	<u>Equipment</u>	<u>Estimated Lessor's Cost</u>	<u>Safe Harbor (SH) Non-Safe Harbor (N-SH)</u>
2	Production Tamper	\$ 278,102	(SH) \$278,102
8	Ballast Regulator	525,504	(SH) 394,128 (N-SH) 131,376
15	Air Compressor	165,375	(SH) 165,375
6	Brush Cutter	784,156	(N-SH) 784,156
12	Tractor Weed Mower	229,853	(SH) 80,869 (N-SH) 148,984
3	Single Rail Gang Compressor	193,881	(SH) 193,881
14	Back Hoe Loader	374,376	(SH) 345,072 (N-SH) 29,304
2	Dual Spike Driver	19,950	(SH) 19,950
2	Dual Rail Gang Compressor	161,798	(SH) 161,798
2	Tie Remover/Insertter	74,430	(SH) 74,430
2	Tie Exchanger	36,000	(SH) 36,000
9	Tie Handler	278,518	(SH) 216,624 (N-SH) 61,894
2	Tandem Tamper	152,118	(SH) 152,118
8	Dual Spike Puller	160,800	(SH) 160,800
20	Spot Tamper	1,389,585	(SH) 828,867 (N-SH) 560,718
1	Production Switch Tamper	156,173	(SH) 156,173
1	Vacuum Sweeper	202,721	(N-SH) 202,721

<u>Quantity</u>	<u>Equipment</u>	<u>Estimated Lessor's Cost</u>	<u>Safe Harbor (SH) Non-Safe Harbor (N-SH)</u>	
5	One Piece Tie Remover	\$ 276,480	(SH)	\$276,480
2	Single Cribber	35,270	(SH)	35,270
3	Dunrite Gauger with pregauger	128,894	(SH) (N-SH)	42,965 85,939
2	Gauger Spiker	162,174	(N-SH)	162,174
1	Tie Gang Spiker	70,892	(SH)	70,892
4	Dual Anchor Applicator	152,700	(SH)	152,700
2	Dual Tire Drill	<u>21,070</u>	(SH)	21,070
	Total Group I	\$6,030,820		
			Safe Harbor Total -	\$3,863,564
			Non-Safe Harbor Total -	<u>2,167,256</u>
				<u>\$6,030,820</u>

The Group II Units (Safe Harbor) are:

<u>Quantity</u>	<u>Equipment</u>	<u>Estimated Lessor's Cost</u>
6	Rubber Tired End Loader	\$ 354,000
3	Crawler Angle Dozer	233,680
5	Rubber Tired Cranes	764,904
3	Gradall Cranes	439,724
1	Shop Crane	21,739
5	Single Adzer	134,230
11	Burro Crane (Includes 3, 1981 Units)	2,184,385
1	Locomotive Crane	<u>544,499</u>
	Total Group II	<u>\$4,677,161</u>

Total Group I and Group II: \$10,707,981

First Delivery Date: June 4, 1982

Cut-Off Date: January 2, 1983

Term

The Term for each Unit shall commence on the date of delivery of such Unit (as stated in the Acceptance Supplement pertaining thereto). In the case of a Group I Unit, the Term shall end 8 years after the Commencement Date (as defined below) pertaining to such Unit. In the case of a Group II Unit, the Term shall end 15 years after the Commencement Date (as defined below) pertaining to such Unit.

Interim Rent

Interim Rent shall be payable on the Commencement Date (as defined below) and shall be in an amount equal to the aggregate of accrued interest payable on the Promissory Notes issued by the Lessor to the Lender pursuant to the Finance Agreement to such Date.

Semiannual Rent:

Semiannual Rent for each Unit shall begin on the Commencement Date pertaining to such Unit, shall be payable semiannually in arrears on each Semiannual Rent Date and shall be computed by multiplying the Lessor's Cost of such Unit by the applicable percent below:

<u>Group</u>	<u>Number of Semiannual Rent Payments</u>	<u>Semiannual Rent as a % of Lessor's Cost*</u>
I (Safe Harbor)	16	8.824625%
I (Non Safe Harbor)	16	7.874112% (First 8)
		9.623915% (Second 8)
II	30	5.668758%

\*The Semiannual Rents set forth above were determined on the following assumed delivery and settlement dates:

Group I (Safe Harbor) - Aggregate Lessor's Cost \$3,863,564

	Assumed Delivery	Assumed Settlement
100% of Lessor's Cost	May, 1982	May, 1982

Group I (Non-Safe Harbor) - Aggregate Lessor's Cost \$2,167,256

	Assumed Delivery	Assumed Settlement
50% of Lessor's Cost	May, 1982	May, 1982
25% of Lessor's Cost	June, 1982	June, 1982
25% of Lessor's Cost	August, 1982	August, 1982

Group II (Safe Harbor) - Aggregate Lessor's Cost - \$4,677,161

	Assumed Delivery	Assumed Settlement
26.8% of Lessors' Cost	May, 1982	August, 1982
61.6% of Lessor's Cost	August, 1982	November, 1982
11.6% of Lessor's Cost	November, 1982	January, 1983

If the Units within a particular Group are not delivered and settled in accordance with the assumed delivery and settlement dates set forth above, the Semiannual Rent Payment applicable to such Group shall be adjusted so that the Lessor's net after-tax rate of return and total after-tax cash flow over the Term with respect to such Unit is equal to the net after-tax rate of return and total after-tax cash flow that would have been available if such Unit had been delivered and settled for in accordance with the assumptions set forth above and, upon Lessee's request and Lessee's sole expense as verified by Lessor's independent auditors. The Semiannual Rent applicable to a Unit shall be set forth in its respective Acceptance Supplement and shall be in an amount at least equal to the amount necessary to service that portion of the Promissory Note issued to the Lender allocable to such Unit.

Semiannual Rent Dates:

The Semiannual Rent Dates shall be the 2nd day of each January and July during the Term of the Lease commencing on July 2, 1983.

The Commencement Date for the lease of each Unit will be January 2, 1983.

Locations

Pursuant to Paragraph 9 of the Lease, the Units may be used by Lessee (or its permitted sublessee) in Canada, the District of Columbia and any of the states in which Lessee or its permitted Sublessee carry on their operations.

Return of Units

Pursuant to Paragraph 11 of the Lease, each Unit shall be returned to Lessor, at Lessee's expense ready for shipment, F.O.B. to the railhead/rail loading point designated by Lessor.

Lessor's Cost

The Lessor's Cost for each Unit shall be as specified in the Acceptance Supplement pertaining thereto and shall be deemed to be set forth herein.

## LEASE EXPIRATION PROCEDURE

1. Approximately six (6) months prior to expiration of the Term with respect to any Unit, Lessor will notify Lessee of the following options available for Units coming off lease:
  - Purchase Units - Lessor to advise purchase price at Fair Market Value with respect to the Group I Units and the purchase price of 20% of Lessor's Cost with respect to the Group II Units and whether Lessor will exercise its option to require Lessee to purchase any of such Group II Units.
  - Renew Lease - Lessor to advise renewal term and rate of Fair Market Rental Value.
  - Surrender Units to Lessor.
2. At least three (3) months prior to expiration of lease, Lessee will advise Lessor of the option it chooses.
3. In the event an election to purchase is made, Lessee will issue a purchase order to Lessor who, in turn, will send invoice for the purchase price.
4. In the event Lessee elects to renew lease, Lessor will invoice periodically pursuant to its standard billing procedure at the renewed rate.
5. In the event Lessee elects to surrender the Units, Lessor will be notified by letter, at least thirty (30) days prior to the time Units are actually available for pick up, to arrange for disposition. If Units will not be available until after expiration of the original lease term, Lessor will invoice Lessee for holdover rent based on the quoted renewal rates from the expiration date of lease until the date the Units are actually made available by Lessee at field locations. This will permit utilization of Units until replacement arrives.
6. Lessee shall transport at the request of Lessor and at the expense of Lessee any Units surrendered to Lessor to such location as Lessor may designate, in accordance with the provisions of Section 11 of the Lease.
7. Lessor will provide Lessee, on a quarterly basis, with a report regarding the status of Acceptance Supplements on which action remains to be taken.

8. Each Unit which is surrendered shall be in as good condition as when delivered to Lessee under the Lease, ordinary wear and tear for the purpose originally intended excepted.

ANNEX "B"

ACCEPTANCE SUPPLEMENT

Supplement No. \_\_\_\_\_

Delivery Date \_\_\_\_\_

THIS ACCEPTANCE SUPPLEMENT is executed pursuant to that certain Equipment Lease Agreement (Lease) dated as of May 28, 1982, between Louisiana National Leasing Corporation (Lessor) and The Chesapeake and Ohio Railway Company (Lessee).

The terms used herein shall have the meaning given to such terms in the Lease.

Lessee hereby confirms that the Unit described below has been delivered as of this date and that the Term of the Lease with respect to such Unit shall be as provided below and in the Lease and Schedule thereto.

Lessee confirms that, at the time of delivery set forth in this Acceptance Supplement, (a) such Unit has been examined by duly appointed and authorized representatives of Lessee; (b) such Unit was duly accepted by Lessee as a Unit for leasing under the Lease; (c) such Unit became subject to and governed by the terms of the Lease; and (d) Lessee became obligated to pay to Lessor Interim Rent and Semiannual Rent and all other amounts provided for in the Lease and the Schedule with respect to such Unit.

Lessee represents and warrants that each Non-Safe Harbor Unit covered hereby is new section 38 property and was not placed in the service of Lessee or otherwise used by Lessee prior to delivery and acceptance of such Unit under the Lease and each Safe Harbor Unit is "qualified leased property" under Section 168(f)(8)(D) of the Code.

Lessee further represents and warrants that (i) no default or event which, with the giving of notice or the lapse of time, or both, would become such a default under the Lease has occurred and is continuing; and (ii) the representations and warranties of Lessee contained in the Lease are true and correct on and as of the date hereof.

LESSEE:

THE CHESAPEAKE AND OHIO  
RAILWAY COMPANY

By \_\_\_\_\_

PURCHASER ORDER NO. \_\_\_\_\_

DESCRIPTION \_\_\_\_\_

IDENTIFICATION OR SERIAL NO. \_\_\_\_\_

VENDOR \_\_\_\_\_

LOCATION \_\_\_\_\_

LESSOR'S COST	_____	Semiannual Rent	_____	% of Lessor's Cost	_____
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FUNDING DATE \_\_\_\_\_

TERM \_\_\_\_\_

(Stipulated Loss Values are to be paid in addition to Semiannual Rent, other Rent and other amount payable under the Lease and the Schedule)

ANNEX "C"

Stipulated Loss Values (1)(2)  
(as % of Lessor's Cost)

<u>Safe Harbor Units</u> <u>Eight-Year Term</u>		<u>Non-Safe Harbor Units</u> <u>Eight-Year Term</u>		<u>Fifteen-Year Term</u>	
<u>Semiannual Rent</u> <u>Payment Date</u>		<u>Semiannual Rent</u> <u>Payment Date</u>		<u>Semiannual Rent</u> <u>Payment Date</u>	
1-2-83	92.3858%	1-2-83	90.0695%	1-2-83	84.3638%
7-3-83	91.6684	7-3-83	90.2681	7-3-83	86.6928
1-3-84	92.7085	1-3-84	88.3084	1-3-84	85.9859
7-3-84	86.8639	7-3-84	87.1445	7-3-84	87.0402
1-3-85	84.1327	1-3-85	85.3494	1-3-85	87.4438
7-3-85	80.8746	7-3-85	83.1218	7-3-85	87.4903
1-3-86	77.3257	1-3-86	80.5813	1-3-86	87.1207
7-3-86	72.9054	7-3-86	77.2472	7-3-86	86.1149
1-3-87	68.1821	1-3-87	73.5799	1-3-87	84.6429
7-3-87	62.6594	7-3-87	67.5801	7-3-87	82.8204
1-3-88	60.7530	1-3-88	65.2817	1-3-88	84.5615
7-3-88	54.8407	7-3-88	58.6387	7-3-88	82.4380
1-3-89	48.9241	1-3-89	52.3290	1-3-89	80.3221
7-3-89	42.6066	7-3-89	45.2532	7-3-89	77.9412
1-3-90	36.2755	1-3-90	38.1594	1-3-90	75.6934
7-3-90	29.5347	7-3-90	30.6338	7-3-90	73.1527
1-3-91	20.0000	1-3-91	20.0000	1-3-91	70.6720
				7-3-91	67.9232
				1-3-92	65.2179
				7-3-92	62.2457
				1-3-93	59.3133
				7-3-93	56.1010
				1-3-94	52.9247
				7-3-94	49.4545
				1-3-95	46.0163
				7-3-95	42.2694
				1-3-96	38.5504
				7-3-96	34.5068
				1-3-97	30.4870
				7-3-97	26.1255
				1-3-98	20.0000

- (1) The Stipulated Loss Value with respect to an Event of Loss shall be calculated by applying the percentage applicable to the Semiannual Rent Date immediately following such Event of Loss.
- (2) Stipulated Loss Value includes full compensation for loss of tax benefits attributable to depreciation recapture.

(a) Stipulated Loss Values are expressed as percentages of Lessor's Cost. Such percentages have been computed without regard to recapture of Investment Credit. Consequently, such percentages applicable on the Interim Rent Date or any Semiannual Rent Date where Stipulated Loss Values shall be payable with respect to an Event of Loss occurring before the first, second, third, fourth or fifth anniversary of the Date of Acceptance set forth in the Certificate of Acceptance for such Unit shall be increased by the percentage of Lessor's Cost set forth below, and for purposes of this Lease, Stipulated Loss Values payable on such dates shall be determined on the basis of the sum of such percentages:

	Event of Loss on or before	% of Lessor's Cost
ITC Recapture Group I Non-Safe Harbor Units	1st Anniversary	18.5186
	2nd Anniversary	14.8149
	3rd Anniversary	11.1112
	4th Anniversary	7.4075
	5th Anniversary	3.7038
		% of Lessor's Cost
ITC Recapture Group I Safe Harbor Units	1st Anniversary	18.5186
	2nd Anniversary	14.8149
	3rd Anniversary	11.1112
	4th Anniversary	7.4075
	5th Anniversary	3.7038
		% of Lessor's Cost
ITC Recapture Group II Safe Harbor Units	1st Anniversary	18.5186
	2nd Anniversary	14.8149
	3rd Anniversary	11.1112
	4th Anniversary	7.4075
	5th Anniversary	3.7038

(b) Subject to adjustment as provided in Section 17 of the Lease, provided that the Stipulated Loss Value, together with any Semiannual Rent due on the date on which the Stipulated Loss Value is payable, shall at all times be not less than the amount which is sufficient to pay all of the principal of and premium, if any, and interest on the Notes or portion thereof attributable to the Units which was the subject of the related Event of Loss.

A  
→ 2 other