

CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA

NEW YORK, N. Y. 10005

212 HANOVER 2-3000

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RCA 233663
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ROYALL VICTOR
HENRY W. DEKOSMAN
ALLEN F. MAULSBY
STEWART R. BROSS, JR.
HENRY P. RIORDAN
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SAMUEL C. BUTLER
WILLIAM J. SCHRENK, JR.
BENJAMIN F. CRANE
FRANCIS F. RANDOLPH, JR.
JOHN F. HUNT
GEORGE J. GILLESPIE, III
RICHARD S. SIMMONS
WAYNE E. CHAPMAN
THOMAS D. BARR
MELVIN L. BEDRICK
GEORGE T. LOWY
ROBERT ROSENMAN
JAMES H. DUFFY
ALAN J. HRUSKA
JOHN E. YOUNG

JAMES M. EDWARDS
DAVID G. ORMSBY
DAVID L. SCHWARTZ
RICHARD J. HIEGEL
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CHRISTINE BESHAR
ROBERT S. RIFKIND
DAVID BOIES
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PAUL M. DODYK
RICHARD M. ALLEN
THOMAS R. BROME
ROBERT D. JOFFE
ROBERT F. MULLEN
ALLEN FINKELSON
RONALD S. ROLFE
JOSEPH R. SAHID
PAUL C. SAUNDERS
MARTIN L. SENZEL
DOUGLAS D. BROADWATER
ALAN C. STEPHENSON
RICHARD L. HOFFMAN
JOSEPH A. MULLINS
MAX R. SHULMAN

RECORDATION NO. 11064-E Filed 1425

JAN 29 1980 - 11 11 AM

INTERSTATE COMMERCE COMMISSION

No. 0-029A028

Date JAN 29 1980

Fee \$ 50.00

ICC Washington, D. C.

COUNSEL
CARLYLE E. MAW
ALBERT R. CONNELLY
FRANK H. DETWEILER
GEORGE G. TYLER

ROSWELL L. GILPATRICK
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33 THROMORTON STREET
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CABLE ADDRESSES
CRAVATH, N. Y.
CRAVATH, PARIS
CRAVATH, LONDON E. C. 2

January 28, 1980

Richmond, Fredericksburg and Potomac Railroad Company
Lease Financing Dated as of September 1, 1979
9-5/8% Conditional Sale Indebtedness Due April 1, 1995

[CS&M Ref: 4650-046]

Dear Madam:

Pursuant to 49 U.S.C. § 11303(a), I enclose here-
with on behalf of Richmond, Fredericksburg and Potomac
Railroad Company, for filing and recordation, counterparts
of the Lease Agreement dated as of January 25, 1980, between
McHugh Brothers Heavy Hauling, Inc., and Warwick Railway
Company. Please file and record the enclosed Lease Agreement
under your number 11064-E and cross-index it to the following
documents and parties:

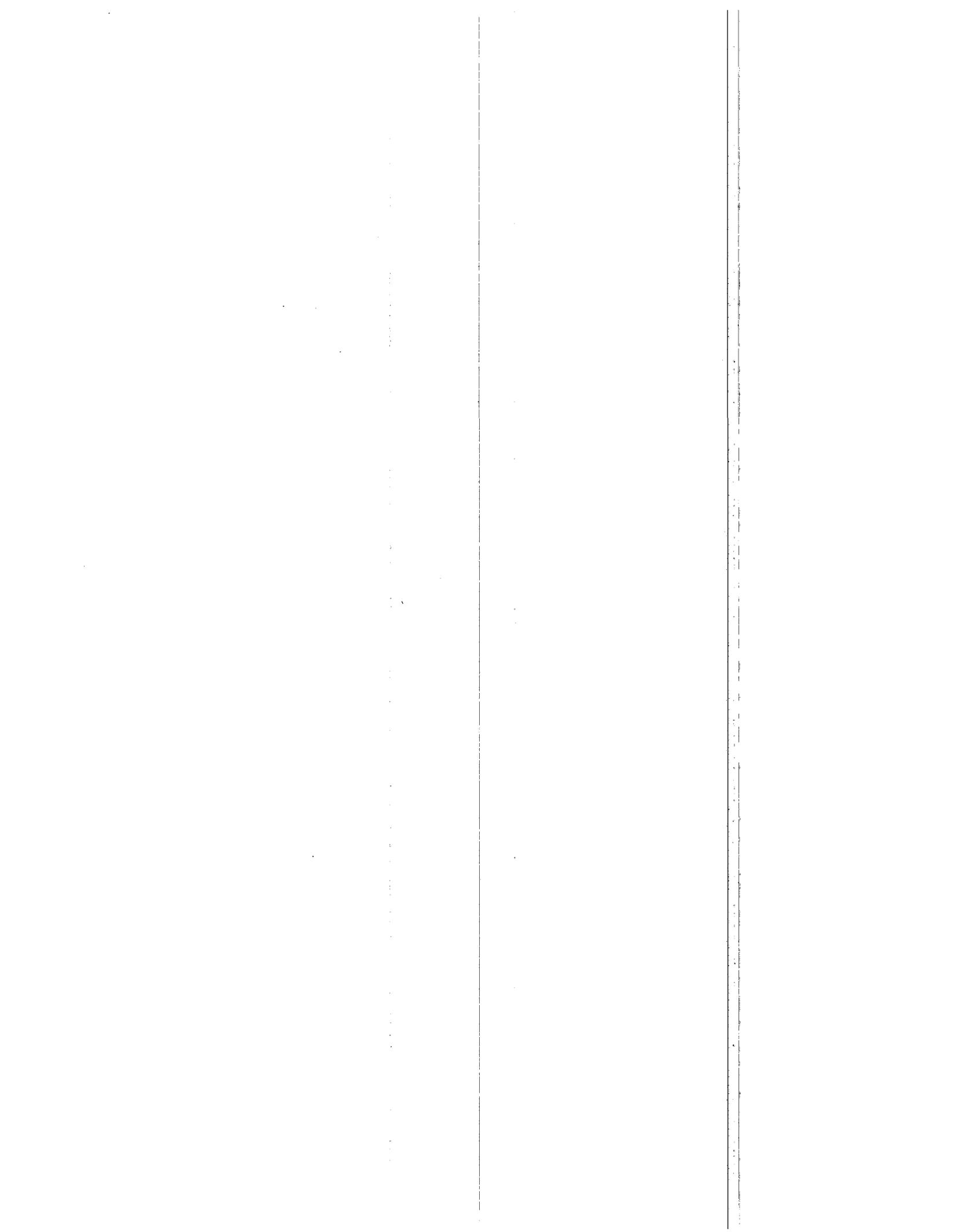
(1)(a) Conditional Sale Agreement dated as of
September 1, 1979, between Richmond, Fredericksburg and
Potomac Railroad Company (ICC No. 11064);

(b) Agreement and Assignment dated as of
September 1, 1979, between FMC Corporation and United
States Trust Company of New York (ICC No. 11064-A);

(2) Equipment Lease dated as of September 1, 1979,
between Richmond, Fredericksburg and Potomac Railroad

*Please record
under 11064-E*

*McHugh Brothers
Warwick Railway*



Assignee of Sublessee-Subsublessor:

McHugh Brothers Heavy Hauling, Inc.,
P.O. Box 196,
Pennel, Pennsylvania 19047.

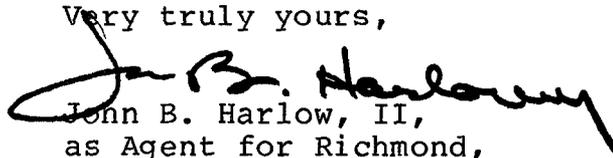
Subsublessee:

Warwick Railway Company,
P.O. Box 1490,
Woonsocket, Rhode Island 02895.

The equipment covered by the aforementioned agreements consists of 300 50 Ft. XM and XF boxcars, bearing the reporting numbers WRWK 5001-5300 (formerly NHIR 5001-5300), inclusive.

Enclosed is our check for \$50 for the required recordation fee. Please accept for recordation one counterpart of the enclosed agreement, stamp the remaining counterparts with your recordation number and return them to the delivering messenger along with your fee receipt, addressed to the undersigned.

Very truly yours,


John B. Harlow, II,
as Agent for Richmond,
Fredericksburg and Potomac
Railroad Company

Ms. Agatha Mergenovich, Secretary,
Interstate Commerce Commission,
Washington, D. C. 20423

Encls.

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

John B. Harlowe
Cravath, Swaine & Moore
One Chase Manhattan Plaza
New York, N. Y. 10005

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 1/29/80 at 11:45AM, and assigned re-
recording number (s). 1064-E

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure (s)

RECORDATION NO. 11064-E
Filed 1425

JAN 29 1980 - 11 15 AM

INTERSTATE COMMERCE COMMISSION

LEASE AGREEMENT

THIS AGREEMENT, made as of the 25th day of January, 1980 between McHugh Bros. Heavy Hauling, Inc., a Pennsylvania corporation, whose address is P. O. Box 196, Penndel, Pennsylvania 19047 (hereinafter called "McHugh") and Warwick Railway Company, a Rhode Island corporation, whose address is P. O. Box 1490, Woonsocket, Rhode Island 02895 (hereinafter called "Warwick"). WHEREAS, McHugh has the right to the use of 300 new boxcars, 150 of which have already been manufactured and delivered by FMC Corporation and the other 150 of which are currently being manufactured by FMC, pursuant to various documents on file at the Interstate Commerce Commission as follows:

Conditional Sales Agreement dated as of September 1, 1979 between FMC Corporation and Richmond, Fredericksburg and Potomac Railroad Company filed on November 20, 1979 as no. 11064;

Agreement and Assignment dated as of September 1, 1979 between FMC Corporation and United States Trust Company of New York filed as document no. 11064-A;

Equipment Lease dated as of September 1, 1979 between Richmond, Fredericksburg and Potomac Railroad Company and McHugh Brothers Crane Rentals, Inc. filed as no. 11064-B;

Equipment Sublease dated as of November 1, 1979 between McHugh Brothers Crane Rentals, Inc. and New Hope & Ivyland Railroad Company filed as no. 11064-C;

Assignment and Assumption Agreement dated November 15, 1979 between New Hope & Ivyland Railroad Company and McHugh Bros. Heavy

Hauling, Inc. filed as no. 11064-D;

and also, pursuant to a Participation Agreement dated as of September 1, 1979 among McHugh Brothers Crane Rentals, Inc., Richmond, Fredericksburg and Potomac Railroad Company, United States Trust Company of New York and certain investors, which is not recorded at the Interstate Commerce Commission.

1. Scope of Agreement

A. McHugh agrees to provide to Warwick, and Warwick agrees to accept from McHugh the Equipment as set forth in any schedules executed by the parties concurrently herewith or hereafter and made a part of this Agreement. The word "Schedule" as used herein includes the Schedule or Schedules executed herewith and any additional Schedules and amendments thereto, each of which when signed by both parties shall be a part of this Agreement. The scheduled items of equipment are hereinafter called "Equipment" or "Item" or "Items of Equipment".

B. It is the intent of the parties to this Agreement that Richmond, Fredericksburg and Potomac Railroad Company (RF&P) shall at all times be and remain the owner of all Equipment. Warwick agrees that it will at no time take any action or file any document which is inconsistent with the foregoing intent and that it will take such action and execute such documents as may be necessary to accomplish this intent.

C. McHugh and Warwick agree that, as between themselves, RF&P (or its nominee) shall be entitled to claim the benefits of any available Investment Tax Credit for Federal Income Tax purposes in accordance with the Internal Revenue Code and the regulations promulgated thereunder in connection with the acquisition of the Equipment set forth on the Schedule. Warwick agrees to execute such

documents as may be required to permit RF&P (or its nominee) to claim any Investment Tax Credits relating to such Equipment.

2. Term

A. This Agreement shall remain in full force until it shall have been terminated as to all of the Equipment as provided herein. The term (the "Term") of this agreement with respect to all of the Equipment described on each Schedule shall commence when all items of equipment covered by this agreement shall have been delivered by FMC or by McHugh to Warwick and shall run until ten years from April 1, 1980. The date of commencement shall be evidenced by a writing executed by the parties hereto. The term of this Agreement shall automatically be extended for one year periods (but not beyond April 1, 1995) unless either McHugh or Warwick should express its desire not to extend. Such notice shall be made in writing at least 120 days prior to the termination of the Agreement.

3. Supply Provisions

A. The Equipment will be made available for general service by McHugh, and Warwick shall cooperate in such placement. Any freight charges for delivery of the Equipment to Warwick (or lines of Providence and Worcester Company) for initial loading shall be borne by McHugh. At the request of McHugh, Warwick will issue movement orders with respect to such Equipment to other railroad lines in accordance with ICC and AAR Interchange Agreements and rules; but any cost involved shall be McHugh's responsibility.

B. The Equipment will be made available for the use of Warwick or Providence and Worcester Company in local service on their lines if Warwick so elects. If Equipment is so used, it will be according to terms mutually agreeable to the parties and these terms will be added to this Agreement in the form of an attachment.

4. Railroad Markings and Record Keeping

A. The parties agree that on or before delivery of any Item of Equipment to Warwick, said Equipment will be lettered with the railroad reporting marks of Warwick. Such lettering or marking is to be done at the expense of McHugh. The cars shall also be stencilled to protect the rights of the RF&P as owner and of United States Trust Company of New York as assignee, also at the expense of McHugh.

B. At no cost to Warwick, McHugh shall at Warwick's request during the term of this Agreement assist Warwick in filing all documents relating to the registration, maintenance and record keeping functions involving the Equipment. Such documents shall include but are not limited to the following: (i) registration in the Official Equipment Register, and the Universal Machine Language Equipment Register, and (ii) such reports as may be required from time to time by the ICC and/or other regulatory agencies.

C. Each Item of Equipment operated hereunder shall be registered by Warwick in the Official Equipment Register and the Universal Machine Language Equipment Register. Warwick will perform all record keeping functions related to the use of the Equipment by Warwick and other railroads in accordance with AAR Railroad Interchange Agreements and rules, such as car hire reconciliation. Correspondence from railroads using such Equipment shall be addressed to Warwick at such address as the party maintaining the records shall select.

D. Except as otherwise provided herein, all record keeping and car accounting hereunder shall be performed by Warwick and all record of payments, charges and correspondence related to the Equipment shall be separately recorded and maintained by Warwick in a form suitable for reasonable inspection by McHugh from time to time

during regular business hours. Warwick shall supply McHugh with such reports regarding the use of the Equipment in Warwick's control on a periodic basis.

5. Maintenance, Taxes and Insurance

A. Payment shall be made in accordance with Section 6 hereof for all costs, expenses, fees and charges incurred by Warwick in connection with the use and operation of each Item of Equipment during the Term including but not limited to repairs, maintenance and servicing, unless the same was occasioned by the fault of Warwick while such Item of Equipment is in the physical possession of Warwick. Warwick shall inspect all Equipment interchanged to it to insure that each Item of Equipment is in good working order and condition and shall be responsible for any repairs required for damage not noted at the time of interchange. Warwick shall not make any alterations, improvements or additions to the Equipment without McHugh's prior written consent. If Warwick makes an alteration, improvement or addition to any Item of Equipment (other than needed repairs or regular maintenance) without McHugh's prior written consent, they shall be liable to McHugh for any revenues lost due to such alteration. Title to any such alteration, improvement or addition shall be and remain with RF&P.

B. Warwick will at all times while this Agreement is in effect be responsible for the Equipment while in Warwick's possession or control in the same manner that they are responsible under AAR Interchange Rules for similar equipment not owned by them in their possession or control. Warwick shall, initially at its own cost and expense, protect against the consequences of an event of loss involving the Equipment while in Warwick or P&W's possession or control by obtaining insurance acceptable to McHugh providing such

insurance is available. Warwick shall furnish McHugh with a certificate of insurance with respect to the insurance carried on the Equipment signed by an independent insurance broker. All insurance, if possible, shall be taken out in the name of Warwick and McHugh (or its nominee) as their interest may appear, and as required by the other related documents.

C. Payment shall be made in accordance with Section 6 hereof for all taxes, assessments and other governmental charges of whatsoever kind or character incurred by Warwick relating to each Item of Equipment and on the delivery or operation thereof which may remain unpaid as of the date of delivery of such Item of Equipment to Warwick or which may be accrued, levied, assessed or imposed during the term of this Agreement and sales or use taxes imposed on the revenues. McHugh and Warwick will comply with all state and local laws requiring the filing of ad valorem tax returns on the Equipment. McHugh shall review all applicable tax returns prior to filing.

D. All records of payments, charges and correspondence related to maintenance of the Equipment shall be separately recorded and maintained by Warwick in a form suitable for reasonable inspection by McHugh and RF&P from time to time during regular business hours to assure that maintenance charges are reasonable.

6. Receipts and Expenses

An accounting shall be made for all Equipment as follows:

A. Warwick shall use its best efforts to collect all sums due from other railroads or other users of the Equipment for their use or handling of the Equipment including but not limited to car hire charges, demurrage, repair charges, and settlements for lost, destroyed or damaged Equipment. All of the

foregoing sums which are actually received by Warwick (including by credit, set-off or other method recognized by Warwick as actual receipt) are collectively referred to herein as "Receipts". While the Equipment is on the lines of the Warwick Railway Company and/or Providence and Worcester Company, loaded or empty, no charge will be made for car hire, mileage or demurrage except as provided in Section 3B.

B. Warwick shall disburse all monthly Receipts in the following sequence:

(i) Warwick shall first retain an amount equal to 10% of the car hire charges (hourly and mileage earnings) collected during the period after giving effect to any reclaims which Warwick may receive from and grant to other railroads or other users of the Equipment, provided such reclaims do not arise out of any action taken by McHugh to place such Equipment in assigned service.

(ii) Warwick shall next retain such amount necessary to reimburse it for all charges incurred by Warwick, if any, as described in Section 5.

(iii) The balance of all Receipts shall be remitted to McHugh or as directed by McHugh in writing, on or before the 27th day of the 2nd month following the service month. Warwick shall provide a monthly summary of Receipts and disbursements with such remittance.

7. Possession and Use

A. Warwick's rights shall be subject and subordinate to the agreements recited on page 1 hereof, except that Warwick shall not be deemed to have assumed or be responsible for the performance of any of the obligations of McHugh, RF&P or others under said agree-

ments recited on said Page 1. Upon notice to Warwick from any party that an event of default has occurred and is continuing under such agreements, Warwick shall return the equipment or arrange to remit payments as may be required in connection with such default under said agreements recited on Page 1 hereof. Any expenses connected with the return of such equipment shall not be the responsibility of Warwick or P&W.

B. Warwick agrees that to the extent that it has physical possession and can control use of the Equipment, the Equipment will at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful acts, rules and regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that either McHugh or Warwick may in good faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner at the expense of the contesting party.

C. Warwick will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or other security interest or claim on or with respect to the Equipment or any interest therein or in this Agreement or Schedules hereto. Warwick will promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance, security interest or claim, if the same shall arise at any time by any action of or failure to act by Warwick.

8. Termination

A. This Agreement may be terminated by McHugh should the main lines of Providence and Worcester Company expand more than two times its current length of 145 miles. Should such expansion occur, Warwick will notify McHugh in writing immediately and McHugh shall have thirty days within which to notify Warwick in writing of its intention to terminate the Agreement.

B. McHugh shall also have the right to terminate this Agreement:

(a) should the utilization of the Equipment for the six month period commencing upon the first day of the Term be less than 50%; or

(b) should McHugh determine in an annual review that the Receipts paid over to it under Section 6 hereof:

(i) are insufficient to cover McHugh's (including McHugh Crane Rentals, Inc.) rental obligations under the existing lease from Richmond, Fredericksburg and Potomac Railroad Company dated September 1, 1979; provided, however that if the Equipment is being utilized more than 80% of the time on lines other than the Providence and Worcester Company or the Warwick Railway Company then McHugh shall not have the right to terminate even if the Receipts paid over to it under Section 6 are insufficient to cover such rental obligations; or

(ii) are less than 50% of the amount which would have been due had the equipment been 100% utilized.

Such annual review will be made by McHugh 90 days after the end of a year of service of such Equipment. McHugh will provide Warwick a full accounting of its Receipts, and should McHugh exercise its right of cancellation, McHugh will notify Warwick in writing

within such 90 day period of its intention to terminate.

C. An Item of Equipment shall be no longer subject to this Agreement upon the authorized removal of Warwick's railroad markings from such Item of Equipment and the placing thereon of such markings as may be designated by McHugh and at McHugh's expense, either, at the option of McHugh, (1) by Warwick upon return of such Equipment to Warwick's possession and control; or (2) by another railroad line which has physical possession of the Item of Equipment at the time of or subsequent to termination of this Agreement as to such Item of Equipment. If such Equipment is not on the railroad line of Warwick upon termination, any cost of assembling, delivering, storing and transporting such Equipment to Warwick's railroad line or the railroad line of a subsequent operator shall be borne by McHugh. If such Equipment is on the railroad line of Warwick upon such expiration or termination or is subsequently returned to Warwick's railroad line, Warwick shall, within five working days remove Warwick's railroad markings from the Equipment and place thereon such markings as may be designated by McHugh such expense to be borne by McHugh. As to Equipment on the lines of Warwick or Providence and Worcester Company, after the removal and replacement of markings, Warwick shall use its best efforts to load such Equipment with freight and deliver it to a connecting carrier for shipment. Warwick shall provide up to thirty (30) days' free storage for McHugh or the subsequent operator of any terminated Item of Equipment to the extent that such can be provided without significant disruption to Warwick's normal operations. Any costs associated with movement of terminated cars shall be McHugh's responsibility.

10. Representation, Warranties and Covenants

A. Warwick represents, warrants and covenants that:

- (i) Warwick is a corporation duly organized, validly existing and in good standing under the laws of the state where it is incorporated and has the corporate power, authority and is duly qualified and authorized to do business wherever necessary, to carry out its present business and operations and to own or hold under lease its present business operations and to own or hold under lease its properties and to perform its obligations under this Agreement.
- (ii) The entering into and performance of this Agreement will not violate any judgement, order, law or regulation applicable to Warwick, or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or any instrument to which Warwick is a party or by which it or its assets may be bound.
- (iii) There is no action or proceeding pending or threatened against Warwick before any court or administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or conditions, financial or otherwise, of Warwick, that will in any way affect Warwick's ability to perform its obligations under this Agreement.
- (iv) There is no fact which Warwick has not disclosed to McHugh in writing, nor is Warwick a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as Warwick can reasonably

foresee, will individually or in the aggregate materially adversely affect the business, condition or any material portion of the properties of Warwick that will in any way affect its ability to perform its obligations under this Agreement.

(v) All of the stockholders of Warwick had entered into an agreement with Providence and Worcester Company to sell 100% of the outstanding stock of Warwick to Providence and Worcester Company. An application is now pending before the Interstate Commerce Commission for approval of this transaction. If Interstate Commerce Commission approval is obtained, the agreement will be consummated and all of the outstanding stock of Warwick will be owned by Providence and Worcester Company or its designee.

B. McHugh represents, warrants and covenants that:

(i) The entering into and performance of this Agreement between McHugh and Warwick will not result in the creation of any lien, charge, security interest, or other encumbrance upon any assets of Warwick other than receipt due to McHugh under Section 6 hereof.

11. Notification

A. Warwick shall immediately notify McHugh of any accident connected with the malfunctioning or operation of the Equipment, including in such report the time, place and nature of the accident and the damage caused, the names and addresses of any persons injured and of witnesses, and other information pertinent to Warwick's investigation of the accident. Warwick shall also notify McHugh in writing within five (5) days after any attachment, tax lien or other judicial process shall attach to any Item of Equipment.

B. Warwick shall furnish to McHugh upon request, a copy of its annual report submitted to the ICC and, when requested, copies of any other income or balance sheet statement required to be submitted to the ICC. Failure of Warwick to meet this obligation will not in and of itself constitute a default under this Agreement.

12. Miscellaneous

A. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, except that Warwick, may not without the prior written consent of McHugh and RF&P, which shall not be unreasonably withheld assign this Agreement or any of its rights hereunder or lease the Equipment to any party, and any purported assignment or lease in violation hereof shall be void.

B. Both parties agree to execute the documents contemplated by this transaction and to confirm the subordination provisions contained in Section 7.A. hereof.

C. It is expressly understood and agreed by the parties hereto that this Agreement creates a leasehold interest only in regard to the Equipment. Nothing herein shall be construed as conveying to Warwick any right, title or interest in the Equipment except as set forth herein.

D. Except as may otherwise be provided in Section 5 hereof with respect to loss of or damage to the Equipment, McHugh agrees to indemnify and save harmless Warwick against all loss, cost, damage, claims or other expense in connection with the possession or utilization of said equipment by the Warwick unless caused by the negligence of Warwick, its agents or employees.

E. This Agreement shall be governed by and construed according to the laws of the State of Rhode Island.

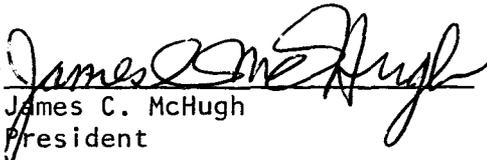
F. All notices hereunder shall be in writing and shall be deemed given when delivered personally or when deposited in the United States mail, postage prepaid, certified or registered, addressed to the other party at the address set forth above.

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

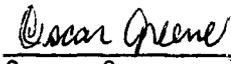
McHUGH BROS. HEAVY HAULING, INC.

WARWICK RAILWAY COMPANY

By:


James C. McHugh
President

By:


Oscar Greene
President

State of Rhode Island

County of Providence

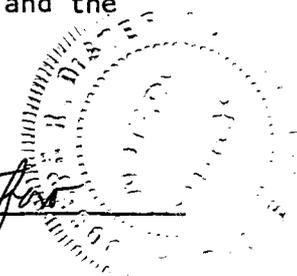
In Woonsocket on the 28th day of January, 1980, before me personally appeared James C. McHugh, President, of McHugh Bros. Heavy Hauling, Inc. to me known and known by me to be the party executing the foregoing instrument, and he acknowledged said instrument by him executed to be his free act and deed and the free act and deed of McHugh Bros. Heavy Hauling, Inc.


Notary Public

State of Rhode Island

County of Providence

In Woonsocket on the 28th day of January, 1980, before me personally appeared Oscar Greene, President of Warwick Railway Company to me known and known by me to be the party executing the foregoing instrument, and he acknowledged said instrument by him executed to be his free act and deed and the free act and deed of McHugh Bros. Heavy Hauling, Inc.


Joseph R. DeStefano
Notary Public

CONSENT

McHugh Brothers Crane Rentals, Inc., a Pennsylvania corporation P. O. Box 196, Penndel, Pennsylvania, as Sublessor under that certain Equipment Sublease with New Hope & Ivyland Railroad Company dated as of November 1, 1979 hereby consents to the provisions of the above Agreement and agrees to be bound thereby; and specifically agrees to the extension of the lease term beyond that presently held by McHugh Bros. Heavy Hauling, Inc.

McHugh Brothers Crane Rentals, Inc.

By: James C. McHugh
James C. McHugh
Secretary/Treasurer



Equipment Schedule #1 to Lease Agreement

between McHugh Bros. Heavy Hauling, Inc. and Warwick
Railway Company.

McHugh Bros. Heavy Hauling, Inc. hereby provides the
following equipment to Warwick Railway Company pursuant to the
above agreement.

<u>Quantity</u>	<u>Description</u>	<u>WRWK No.</u>
150	50 foot boxcars	5001-5300
150	50 foot boxcars (end of frame cushioned)	

Upon request of McHugh, Warwick shall request waiver of A.A.R.
Code of Car Service Rules 1 and 2 on this Equipment

McHUGH BROS. HEAVY HAULING, INC.

WARWICK RAILWAY COMPANY

By: James McHugh
Title: President
Dated: January 25, 1980

By: Oscar Greene
Title: President
Dated: January 25, 1980

McHugh Brothers Heavy Hauling, Inc.
P.O. Box 196
Pennel, Pennsylvania 19047

under Section 23.6 of the CSA. Accordingly, you are hereby directed, in accordance with Section 2.3 of the Lease and Section 23 of the CSA, to remit all of the rentals and other sums due and to become due under the Sublease, except those sums reserved under Section 23.6 of the CSA, to the Assignee.

All such sums are to be paid by wire transfer of Federal funds or funds otherwise immediately available to the Assignee to United States Trust Company of New York, 130 John Street, New York, New York 10038, Attention of Corporate Trust and Agency Department. Each such payment shall be identified as a payment of rental or Casualty Value, as the case may be, or other designated payment relating to "RF&P 9/1/79".

Dated as of November 1, 1979.

NEW HOPE AND IVYLAND
RAILROAD COMPANY

By: William H. Barnard
WILLIAM H. BARNARD
Its: PRESIDENT

Copy to: United States Trust Company of New York,
as Agent and Assignee

Richmond, Fredericksburg & Potomac
Railroad Company

ACKNOWLEDGEMENT OF NOTICE OF ASSIGNMENT

Receipt is hereby acknowledged of the above Notice of Assignment and of an executed copy of the Conditional Sale Agreement and Assignment referred to therein. The undersigned agrees until receipt of further written instructions from the Assignee named therein to make payments under the Equipment Sublease referred to therein in accordance with said Notice of Assignment.

MC HUGH BROTHERS HEAVY HAULING, INC.

By: James McHugh
Its: President