Michael C. Bynane
Assistant General Attorney

11392
RECORDATION NO. ..... Filed 1425

JAN 21 1980 - 11 ... AM

INTERSTATE COMMERCE COMMISSION

Chessie System

Law Department
Terminal Tower
P. O. Box 6419
Cleveland, Ohio 44101
216 623 2472

January 16, 1980

D-021626

Date JAN 21 1980
Fee $ 50.00

ICC Washington, D. C

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

Dear Mrs. Mergenovich:

Pursuant to 49 U.S.C. §11303 and the Commission's rules and regulations thereunder, as currently administered, I enclose herewith for filing and recordation two counterparts of an Equipment Lease dated as of January 1, 1980 between Harold K. Criswell, Weldon J. Smith and Bruce L. Cronander, as Trustee, Lessor, and The Chesapeake and Ohio Railway Company, Lessee.

The names and addresses of the parties to the aforementioned Lease are as follows:

(1) Trustee - Lessee:

Harold K. Criswell, Weldon J. Smith and
Bruce L. Cronander
c/o Matrix Leasing International Inc.
555 California Street
San Francisco, California 94014

(2) Lessee:

The Chesapeake and Ohio Railway Company
One Charles Center (Room 2012)
100 N. Charles Street
Baltimore, Maryland 21201

The equipment covered by the aforementioned Lease consists of the equipment listed on Exhibit 1 to the Lease.

There is also enclosed our check in the amount of $50 payable to the Interstate Commerce Commission representing the fee for recording the aforementioned Lease.

Please stamp both counterparts of the enclosed document with your official recording stamp. You will wish to retain one counterpart of the Lease for your files. Kindly return the remaining counterpart to the undersigned.

Very truly yours,

Michael C. Bynane

MCB:aj

The Chessie System railroads are the C&O, B&O, WM and affiliated lines. Chessie System, Inc. is the parent for the railroads, Chessie Resources, Inc., Western Pocahontas Corp. and The Greenbrier.

Interstate Commerce Commission
Washington, D.C. 20423

1/21/80

OFFICE OF THE SECRETARY

Michael C. Bynum
Chessie Systems
Terminal Tower
P.O.Box 6419
Cleveland, Ohio 44101

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 1/21/80 at 11:30am, and assigned re-recordation number(s). 11392

Sincerely yours,

Agatha L. Mergenovich

Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

EQUIPMENT LEASE

11392 COPY 1
RECORDATION NO. ..... Filed 1425
JAN 21 1980 - 11 52 AM
INTERSTATE COMMERCE COMMISSION

THIS EQUIPMENT LEASE is made as of the date hereof January, 1980, by and between Harold K. Criswell, Weldon J. Smith and Bruce L. Cronander, not in their individual capacities but solely as Trustee under a Trust Agreement dated as of the date hereof (hereinafter called "Lessor") and The Chesapeake and Ohio Railway Company, a Virginia corporation (hereinafter called "Lessee"). It is hereby mutually agreed:

WITNESSETH:

1. Lease. Lessor hereby agrees to lease to Lessee, and Lessee hereby agrees to hire from Lessor, the unit or units of equipment, machinery or other personal property (hereinafter called the "Equipment") described in the Equipment Lease Schedule or Schedules, in substantially the form thereof attached hereto as Exhibit 1 (hereinafter called the "Schedule" or "Schedules"), executed by the parties concurrently herewith or hereafter with reference hereto. Each such Schedule shall be a separate lease upon the terms contained herein and in the Schedule.

2. Term. The term of any lease hereunder for a unit or units of Equipment shall commence upon acceptance by Lessee, of such unit or units, evidenced by the execution and delivery of a Schedule relating thereto, and shall end at the expiration of the term stated in the applicable Schedule or any renewal term pursuant thereto.

3. Rent. The rent for Equipment described in the Schedules shall be the amount stated in the Schedules. Lessee shall pay Lessor the total rental without demand in installments in arrears, in the amounts and at the times set forth in the Schedules. Rent shall be payable to Lessor or its assignee (at such place as Lessor or its assignee may from time to time designate in writing) and shall not abate for any reason during the term.

4. Net Lease. This Lease is a net lease, and Lessee acknowledges and agrees that Lessee's obligation to pay all rent and other monetary obligations of Lessee hereunder, and the rights of Lessor in and to such rent and other obligations, shall be absolute and unconditional and shall not be subject to any abatement, reduction, set-off, defense, counterclaim or recoupment ("Abatements") for any reason whatsoever, including, without limitation, Abatements due to any present or future claims of Lessee against Lessor under this Lease or otherwise, or against the manufacturer or vendor of any unit of Equipment. Except as otherwise expressly provided herein, this Lease shall not terminate, nor shall the obligations of Lessee be affected, by reason of any defect in or damage to, or any loss or destruction of, the Equipment or any unit thereof from whatsoever cause, or the interference with the use thereof by Lessor or any person, or the invalidity or unenforceability or lack of due authorization of this Lease or for any other cause, whether similar or dissimilar to the foregoing, any present or future law or regulation to the contrary notwithstanding, it it being the express intention of Lessor and Lessee that all rent and other amounts payable by Lessee hereunder shall be, and continue to be, payable in all events unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

5. Licensing, Registration and Taxes. Lessee shall obtain such licensing and registration of the Equipment as is required by law, and shall file appropriate financing statements in each jurisdiction and with the Interstate Commerce Commission with respect to the Equipment as Lessor shall reasonably require. In addition to rent, Lessee shall pay and discharge when due all license, registration and other fees, all assessments, sales, use, property and other taxes, together with any fines, penalties or interest applicable thereto, now or hereafter imposed by any State, Federal or local government upon or on account of the Equipment, or the acquisition, purchase, leasing, use, possession or operation thereof, whether or not measured by rental income received by Lessor (excluding, however, income taxes based on net income or gross receipts or gross income of Lessor), and whether the same be payable by or assessed to Lessor or Lessee; provided, however, if under local law or custom such payments may be made only by Lessor, Lessee shall promptly notify Lessor and shall reimburse Lessor, upon demand, for all payments thereof made by Lessor. If by law any such fee or tax is billed to Lessor, Lessee at its expense will do any and all things required to be done by Lessor in connection therewith and in payment thereof.

6. No Warranties by Lessor. Lessee acknowledges that Lessor is not the manufacturer or vendor of the Equipment, and that LESSOR MAKES NO WARRANTY, REPRESENTATION, OR PROMISE, EXPRESS OR IMPLIED, AS TO THE CONDITION, QUALITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER MATTER CONCERNING THE EQUIPMENT OR THE MATERIALS OR WORKMANSHIP IN THE EQUIPMENT, OR THAT THE EQUIPMENT IS FREE OF DEFECTS OR WILL SATISFY ANY REQUIREMENT FOR SPECIFIC MACHINERY OR CAPACITY OR SPECIAL METHODS, ALL WARRANTIES BEING HEREBY EXPRESSLY DISCLAIMED. Lessor shall have no obligation to install, erect, test, adjust or service the Equipment. Responsibility for all matters regarding the Equipment is to be borne by Lessee at its sole risk and expense. Lessee may obtain whatever installation and service to the Equipment the manufacturer or vendor customarily renders, provided that no such installation or service be at the expense of Lessor. Lessee hereby waives any claim it might have against Lessor for any loss, damage or expense caused by the Equipment or by any defect therein, use or maintenance thereof or servicing or adjustment thereto. During the period of any lease hereunder in which Lessee renders faithful performance of its obligations, Lessor hereby assigns to Lessee any factory or dealer warranty Lessor may have on the Equipment covered by any lease hereunder. All such warranties are for the benefit of both parties. Lessee shall make and enforce claims on any such warranty at Lessee's expense. Lessor may but shall have no obligation whatsoever to claim on or enforce any warranty. Any monetary recovery on any warranty shall be paid to Lessee and Lessor. Proceeds of a warranty recovery shall be applied first to satisfy any interest of Lessor and any remainder paid to Lessee.

7. Lessee's Inspection and Acceptance. All Equipment leased will be selected by Lessee who shall select the manufacturer and the vendor thereof. Lessee agrees Lessor shall have no duty or obligation whatsoever to inspect any Equipment. Promptly after delivery and prior to executing the Schedule, Lessee, at its own expense, shall cause an authorized representative of Lessee to inspect and test each unit of Equipment and (a) if such unit is found by Lessee to be in good order, to accept such unit, on behalf of and as an authorized representative of Lessor, or (b) if such unit is found by Lessee, acting in good faith, not to be in good order, to return such unit to the manufacturer or vendor thereof.

8. Location, Use. All Equipment shall be leased by Lessee for use in Lessee's business and shall be permanently kept and maintained at the location or locations shown on the applicable Schedule. Equipment may be relocated by Lessee with Lessor's prior written consent. Lessee agrees to use the Equipment only for the purposes for which it was manufactured.

Lessee shall not affix or attach any Equipment to real property or other personal property without the prior written consent of Lessor. Lessee shall obtain written agreements, releases and waivers, in form and substance acceptable to Lessor, from all parties interested in such real or personal property (whether as owners, lien holders, or otherwise), providing that all the Equipment shall be, and shall continue to be throughout the term of this Lease, personal property of Lessor under applicable law, subject to this Lease, and that Lessor's title to, and right to remove, the Equipment shall remain unencumbered, even though so affixed or attached.

Lessee shall use due care in connection with and shall comply with all laws, ordinances and regulations relating to the possession, use, operation or maintenance of the Equipment at Lessee's expense. Lessor may at any time during normal business hours enter the premises where the Equipment may be located, solely at its own risk and that of its agents for injury to their person or property, for the purpose of examining the Equipment to insure compliance by Lessee with its obligations under any lease made hereunder.

9. Repairs, Improvements. Lessee, at its expense, shall keep and maintain the Equipment in good repair, condition and working order and shall keep the Equipment protected from the elements. Any replacement made by Lessee upon a unit of Equipment in connection with repairing such unit shall be considered an accession to such unit, and title to such replacement part (any such replacement part being herein referred to as a "Replacement Part") shall upon installation or affixation thereof, automatically vest in Lessor. Effective upon installation or affixation of any Replacement Part, Lessor shall be deemed to have disclaimed ownership of the original part so replaced.

Lessee may, without the prior written consent of Lessor, either (1) repair any unit of Equipment by the installation of a Replacement Part, or (2) affix or install any accessory, equipment or device on any unit of Equipment or make any improvement or addition thereto (any such accessory, installed equipment or device, improvement or addition affixed or installed pursuant to this clause (2) being herein referred to as an "Improvement") if such Improvement is identifiable by serial number or otherwise, will not impair the originally intended function or use of any such unit and is readily removable without causing material damage to such unit. Any other Improvement may be affixed or installed only with the prior written consent of Lessor. Only such Improvements which are not so readily removable and which have been attached or affixed to any unit with the consent of Lessor pursuant to this paragraph shall upon attachment or affixation become the property of Lessor and thereupon each such Improvement shall become a part of the unit of Equipment to which it is affixed or on which it is installed.

10. Insurance. Lessee will, at all times prior to the return of the Equipment to Lessor, at its own expense, cause to be carried and maintained with insurers of recognized standing (i) property insurance policies insuring against loss or damage to the Equipment at the time subject hereto and (ii) public liability insurance policies insuring against third party personal and property damage, and Lessee will continue to carry such insurance with such deductibles, in such amounts and for such risks as is consistent with prudent industry practice but in any event with no greater deductibles and insured against by Lessee in respect of equipment owned or leased by it similar in nature to the Equipment; provided, however, Lessee may self-insure against the risks referred to in (i) above, by deductible provisions or otherwise, but only to the extent that Lessee self-insures against such risks with respect to similar property owned or leased by it and to the extent such self-insurance is consistent with prudent industry practice. If Lessee obtains insurance coverage for the Equipment against damage or loss, Lessor shall be named as an additional insured on the policy as its interest may appear. Lessee shall furnish Lessor with a certificate of such property insurance coverage including a provision to notify Lessor in writing 10 days prior to cancellation or material change in coverage. Lessor shall be named as an additional insured on all public liability policies maintained pursuant to this paragraph 10, and Lessee shall furnish Lessor with a certificate of liability insurance coverage including a provision to notify Lessor in writing 10 days prior to cancellation or material change in coverage.

11. Damage or Destruction. In the event of loss, theft or destruction of, and damage to, any unit of Equipment from any cause whatsoever, whether or not covered by insurance, Lessee will give Lessor written notice forthwith upon the occurrence of any such event. Should one or more units of Equipment suffer damage, or be lost, stolen, or destroyed, for each such unit Lessee shall, at Lessor's option either:

(a) Repair each unit damaged at Lessee's expense, in which event the lease shall continue for such unit and the amount of insurance proceeds, if any, paid on policies of insurance maintained by Lessee shall be applied to the cost of such repair; or

(b) Replace the unit with similar equipment, acceptable to Lessor, at Lessee's expense, in which event the lease shall continue for such equipment, and the amount of insurance proceeds, if any, received by Lessor for such unit on policies of insurance maintained by Lessee shall be paid to Lessee; or

(c) Pay Lessor the Stipulated Loss Value specified in the Schedule for the unit, and the lease of such unit of Equipment and rental therefor shall terminate with respect to the unit of Equipment for which Lessee has paid. Lessee shall be entitled to receive any salvage value, and the amount of insurance proceeds, if any, received by Lessor for such unit on policies of insurance maintained by Lessee.

If the lease of any one or more but not all units of a lot of multiple units leased pursuant to a single Schedule shall terminate pursuant to the foregoing provisions, the lease of the remaining units of Equipment covered by such Schedule shall nevertheless continue in full force and effect.

Except as provided in this Paragraph 11, Lessee shall bear the risk of loss and shall not be released from its obligations hereunder in the event of any loss, theft or destruction of, or damage to any unit of Equipment.

12. Indemnity. Lessee agrees to defend at its own cost and to indemnify and hold harmless Lessor, its agents and employees, from and against any and all loss, claims (including, without limitation, claims involving strict or absolute liability), costs, expenses (including attorneys fees and legal expense), damages and liabilities of every kind, however arising or caused, resulting directly or indirectly from or in any manner connected with or pertaining to the Equipment, or any part thereof, or ownership, shipment, transportation, delivery, possession, use, condition (including without limitation, latent or other defects, whether or not discoverable by Lessor), location, maintenance or operation thereof (including, without limitation, such loss, claims, costs, expenses, damages and liabilities due to the death of or injury to agents or employees of Lessee or Lessor or of any third person or damage to the property of Lessee or Lessor, their agents or employees or any third person).

13. Tax Indemnification.

(a) This Lease has been entered into on the basis that Lessor, as the owner of the Equipment, shall be entitled to such deductions, credits and other benefits (such deductions, credits and other benefits being in this paragraph 13 called "Benefits") as are provided by the Internal Revenue Code of 1954, as amended from time to time, and the regulations thereunder (hereinafter called the "Code") to an owner of property, including without limitation (a) deductions for depreciation of each unit of the Equipment under section 167 of the Code commencing in the year that such unit is delivered to Lessor on the basis (i) that each such unit will have a basis under section 167(g) of the Code at least equivalent to the purchase price of such unit; (ii) initially of the declining balance method, using a rate equal to 200% of the straight line rate, switching to the sum of the year-digits method authorized by section 167(b)(2) and (3) of the Code; and (iii) with an estimated useful life, as permitted by to U.S. Treasury Regulation Section 1.167(a)-1(b), of 8 years; and (b) an investment credit with respect to each unit of the Equipment pursuant to section 38 of the Code in the year that such unit is delivered to Lessor equivalent to 10% of the purchase price of such unit.

(b) Lessee agrees that neither it nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take any action or file any returns or other documents inconsistent with the foregoing and that such corporations will file such returns, take such action and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent thereof. Lessee agrees to keep and make available for inspection and copying by Lessor such records as will enable Lessor to determine the extent to which it is entitled to the Benefits.

(c) Lessee represents, warrants and agrees that (i) at the time of delivery of the Equipment to Lessor, the Equipment will constitute "new section 38 property" within the meaning of Section 48(b) of the Code and will not have been used by any person so as to preclude "the original use of such property" within the meaning of section 167(c)(2) of the Code from commencing with Lessor; and (ii) at all times during the term of this Lease the Equipment will remain "section 38 property" within the meaning of section 48(a) of the Code.

(d) If Lessor shall lose, or shall not have or shall lose the right to claim, or there shall be disallowed or recaptured, any portion of the Benefits with respect to any unit of Equipment as a result of any one or more of the following events or circumstances (hereinafter called a "Loss"):

(i) any representation, warranty, fact, estimate, opinion or other statement made or stated by Lessee (or any officer, employee or agent thereof) contained herein or made in writing in connection herewith shall prove to be fraudulent, untrue, incorrect, inaccurate, misleading or insufficient in whole or in part; or Lessee shall take any action in respect of its income tax returns or otherwise shall be inconsistent with, or in contravention of, any of the transactions contemplated hereby; or Lessee (or any officer, employee or agent thereof) shall take any other action whatsoever which shall cause a Loss of any portion of the Benefits; or

(ii) the failure of Lessee to perform or observe any covenant, condition or agreement to be performed or observed by it under this lease;

then (A) with respect to a Loss relating to the investment credit, Lessee shall pay Lessor a sum which, in the reasonable opinion of Lessor, will cause Lessor to realize the contemplated after-tax yields and after-tax cash flows which would have been realized by it had such Loss not occurred (which sum shall be not less than an amount which, after reduction by all taxes required to be paid by Lessor in respect of the receipt of such sum under the laws of any federal, state, local or other taxing authority in the United States, shall be equal to the sum of the amount of investment credit so lost and the amount of any penalties or additions to tax which may be payable by Lessor in connection with such Loss) which sum shall be payable in a lump sum at such time as the tax and interest attributable to such Loss are payable (but not sooner than 30 days after receipt by Lessee of written notice from Lessor); and (B) with respect to any other Loss, commencing with the next rental payment date occurring more than 30 days after written notice of such Loss to Lessee by Lessor, the rental rates applicable to the affected unit or units of Equipment shall be increased by an amount which, in the reasonable opinion of Lessor, will cause Lessor to realize the contemplated after-tax yields and after-tax cash flows which would have been realized by it had such Loss not occurred.

(e) In addition, in the event and to the extent that the cost of any improvement and/or addition to a unit of the Equipment made by Lessee, under and pursuant to the terms of this Lease or otherwise, is required to be included in the gross income of Lessor for Federal income tax purposes at any time prior to the time such unit is disposed of in a taxable transaction, then a Loss shall be deemed to have occurred, and commencing with the next rental payment date occurring more than 30 days after written notice of such Loss to Lessee by Lessor, the rental rates applicable to the affected unit or units of Equipment shall be increased by an amount which, in the reasonable opinion of Lessor, will cause Lessor to realize the contemplated after-tax yields and after-tax cash flows which would have been realized by it had such Loss not occurred.

(f) For purposes of this paragraph 13, a Loss shall occur upon the earliest of (1) the happening of any event (such as a disposition or change in the use of any unit of Equipment) which may cause such Loss, (2) the payment by Lessor to the Internal Revenue Service of the tax increase resulting from such Loss, or (3) the adjustment of the tax return of Lessor to reflect such Loss.

(g) It is also agreed that shall there occur any change in the Code or Treasury regulations promulgated thereunder, such change to be first effective for taxable periods beginning prior to delivery of any unit of Equipment, then the rent set forth in each Schedule relating to any such unit of Equipment shall be adjusted so as to maintain Lessor's after-tax yields and after-tax cash flows.

(h) All of Lessor's rights and privileges arising from the indemnities contained in this Paragraph 13 shall survive the expiration or other termination of this Lease with respect to any or all units of Equipment and such indemnities are expressly made for the benefit of, and shall be enforceable by Lessor, its successors and assigns.

14. Default. Time is of the essence. Non-payment or delay by Lessee in the payment of any rental or other sum payable hereunder or under any Schedule, or non-performance or failure by Lessee to fully perform any other covenant, condition or obligation required of Lessee hereunder or under any Schedule, which non-payment, delay, non-performance or failure shall have continued unremedied for a period of 10 days after receipt of written notice thereof from Lessor to Lessee, or cancellation of coverage by any carrier of insurance required hereunder or under any lease, shall constitute a total breach and default by Lessee. If Lessee shall cease to do business or become insolvent, or if an assignment for the benefit of creditors is made by Lessee, or if Lessee commits any act of bankruptcy, or if any proceeding in bankruptcy, insolvency, reorganization, arrangement, receivership, or proceeding for the benefit of creditors is instituted by or against Lessee, and such proceeding is not dismissed, nullified, stayed or otherwise rendered ineffective within 60 days after the institution of such proceeding, or if any levy or seizure is made on any unit of Equipment, or if a receiver or trustee is appointed to take possession of any unit of Equipment, such event shall constitute a total breach and default by Lessee. Acceptance of payment shall not constitute a waiver of any default.

In the event of default by Lessee, to the extent permitted by applicable law, Lessor may exercise part or all of any one or more of the following rights and remedies at any time and in any order separately or concurrently with respect to any or all leases hereunder:

(a) Declare immediately due and payable, and upon demand Lessee will pay, all the rent then unpaid for the full remaining term on any or all of the Equipment leased to Lessee as Lessor may elect. Payment by Lessee shall not terminate the lease of such Equipment or Lessor's right to recover possession of such Equipment at the expiration of the term or sooner if Lessee shall continue in default or suffer any subsequent default.

(b) Require Lessee to assemble and turn over to Lessor any or all of the Equipment leased to Lessee as Lessor may elect. On demand of Lessor therefor, Lessee agrees to assemble and turn over such Equipment to Lessor and if Lessee fails to do so, Lessor shall have the right to recover and Lessee will immediately pay Lessor, in addition to any other amounts, an amount equal to the Stipulated Loss Value specified in the applicable Schedule for the time period immediately following the last time period for which rent has been paid.

(c) Take possession of any or all Equipment leased, having for such purpose the right to lawfully enter upon any premises where Equipment may be without any court order or other process of law and repossess and remove said Equipment, either with or without notice to Lessee, using all force permitted by law so to do. Lessee waives all claims for damages because of entry or taking possession, whether or not Lessee was in default at the time, if Lessor reasonably believed that Lessee was in default. Taking possession of Equipment shall not terminate the lease thereof unless Lessee is given a written notice electing such termination by Lessor. Absent such written notice, the lease thereof shall remain in effect and Lessee shall remain liable for all payments to be made thereunder.

(d) From time to time, with or without notice to Lessee and without terminating the lease thereof, relet all or part of the Equipment to any other person or persons at such rental and upon such covenants and conditions as Lessor shall determine for a term or terms of any duration which may extend beyond the Expiration Date of the term specified on the applicable Schedule. If Lessor relets any of the Equipment and the rentals received therefrom be less than that agreed to be paid by Lessee on the applicable Schedule, Lessee shall be liable for such deficiency which shall be paid monthly or from time to time at Lessor's option. Notwithstanding, any such reletting of Equipment without termination, Lessor may at any time thereafter by written notice to Lessee elect to terminate Lessee's lease thereof for such previous default and enforce its rights on termination.

(e) Sell all or any part of the Equipment at a public or private sale held with or without notice to Lessee. Sale of a unit of Equipment shall constitute an election by Lessor to terminate the lease as to such unit and Lessor may enforce its rights on termination. If Lessor sells any part of the Equipment, the parties agree that the proceeds of sale, less an allowance to Lessor on account of the residual value of the Equipment sold, shall be deemed to be the then reasonable rental value of such Equipment for the balance of the stated term.

(f) Pursue any other remedy which Lessor may have hereunder, under any other agreement with Lessee, or under the law. Lessor's rights and remedies are cumulative and not alternative and may be enforced separately or concurrently. Partial exercise of any right or remedy shall not preclude other or further exercise thereof or of any other right or remedy. In addition to any other amounts, Lessee shall be liable for and shall pay all costs and expenses of Lessor in repossessing, transporting, storing, repairing, leasing, selling, or otherwise handling the Equipment, and the reasonable attorneys' fees and legal expenses actually incurred by Lessor in exercising rights and remedies.

15. Non-Waiver. Any forbearance, failure or delay by Lessor in exercising any right or remedy hereunder or under any lease shall not be deemed to be a waiver of such right or remedy or of any default by Lessee, and any single or partial exercise of any right or remedy shall not preclude the further exercise thereof. No waiver of any of Lessee's obligations shall occur and all rights and remedies of Lessor shall remain in full force and effect unless specifically waived in writing signed by a duly authorized officer of Lessor.

16. Assignment by Lessor. Lessor may assign, pledge or in any other way transfer any lease hereunder or any interest therein, either in whole or in part (all of the foregoing being herein referred to as "assignment"), without notice to Lessee but Leasee shall be under no obligation to any assignee of Lessor except upon written notice of assignment to Lessee. No assignee shall be obligated to perform any covenant, condition or obligation required to be performed by Lessor unless the assignee assumes the Lessor's obligations in writing, except that if Lessor has paid the amount of any advance rent or security deposit to an assignee, such assignee shall be obligated to pay Lessee any amount thereof remaining at the termination of the lease and Lessor shall have no liability to Lessee for repayment thereof. No alteration or modification of any lease hereunder may be made without the written consent of the assignee of such lease after Lessee receives notice of the assignment thereof.

17. Assignment by Lessee. Lessee shall not sell, assign, pledge, hypothcate, or in any other way transfer any lease hereunder, or any interest therein, nor sublet, lend, hypothcate, or in any other way transfer any Equipment, or any interest therein, or part with possession or control of any Equipment without the prior written consent of Lessor, which consent shall not be unreasonably withheld, except that Lessee may sub-lease the Equipment or any unit of Equipment to the Baltimore and Ohio Railroad Company or the Western Maryland Railway Company without Lessor's prior consent, and provided that any sub-lease shall not release Lessee from its obligations to Lessor under this Lease. Consent to any of the foregoing acts shall not constitute or be deemed to be consent to any other or subsequent such act or acts.

18. Ownership by Lessor. Title to the Equipment shall at all times remain in Lessor and the Equipment shall at all times remain the sole and exclusive property of Lessor. Lessor may grant third parties a security interest in any Equipment and in such event, Lessee agrees to execute any document reasonably required by Lessor in connection therewith. Lessee shall prominently affix to the Equipment and maintain any labels, plates or other markings from time to time provided by Lessor stating that the Equipment is owned and leased by Lessor and shall keep the Equipment free and clear of all liens, claims, and charges incurred by Lessee.

19. Surrender of Equipment. Upon the expiration or termination of any lease hereunder, Lessee shall return each item of Equipment to Lessor, free of all advertising or insignia placed thereon by Lessee (except those required by Lessor), and in good condition, repair and working order, ordinary wear and tear excepted. The Equipment shall be returned by Lessee at Lessee's expense, by delivering the Equipment to Lessor F.O.B. flat at the nearest railhead. If Equipment is returned in condition other than as stated herein, Lessee shall pay for the necessary repairs to place it in such condition.

20. Financial Reports. Lessee will furnish to Lessor as soon as available and in any event within 120 days after the end of each fiscal year of Lessee one copy of the balance sheet of Lessee and of the related statements of income and retained earnings of Lessee for such fiscal year, all in reasonable detail and stating in comparative form the figures as of the end of and for the previous fiscal year, and certified by Lessee's independent public accountants. Lessee shall also furnish to Lessor such other financial information, statements and reports as Lessor may from time to time reasonably request and which relate to the Equipment or Lessee's ability to meet its obligations under this Lease.

21. Attorney Fees. In the event any action or proceeding is brought to enforce the rights or obligations of the parties hereunder, or under any lease hereunder, or under any other instrument or document executed in connection herewith, the prevailing party in such action, in addition to any other relief, shall be entitled to recover its reasonable attorneys fees and legal expense incurred.

22. Notices. All notices required or permitted under any lease hereunder shall be sufficient if delivered personally or mailed to the party at the address hereinafter set forth, or at such other address as either party may designate in writing from time to time. Any such notice shall be effective forty-eight (48) hours after it has been deposited in the United States mail, certified, postage prepaid, duly addressed as follows:

Lessor: Harold K. Criswell, Weldon J. Smith
and Bruce L. Cronander as Trustee
% Matrix Leasing International Inc.
555 California Street

Lessee:

The Chesapeake and Ohio Railway Company
2 North Charles Street
Baltimore, Maryland 21201

Attention: James Ermer
Senior Assistant Treasurer

23. Nature of Transaction. Lessor makes no representation, express or implied, concerning the nature or effect of transactions hereunder for tax or other purposes.

24. General Provisions. Lessor shall not be liable to Lessee for any loss or damage of any kind by reason of delay or failure in delivery of any Equipment. Lessee shall pay all shipping charges and other expenses incurred in connection with the delivery of the Equipment to Lessee not paid by the vendor.

Lessee shall give Lessor written notice forthwith in the event any levy, lien, claim, or charge is imposed upon or asserted against any leased Equipment. Should Lessee fail to pay any sum or perform any act required of Lessee, Lessor may, but shall not be obligated to, make such payment or perform such act without thereby waiving the default. Lessee will reimburse Lessor for any expense or liability incurred by Lessor in so doing, together with interest thereon at the rate of 10% per annum, payable on demand. If any installment of rent is not paid within 10 days after it is due, Lessee agrees to pay Lessor a delinquency charge in an amount equal to 5% of such installment. Lessor has no obligation to accept late payment.

Lessee agrees to execute and deliver to Lessor such notices, statements and other documents as Lessor may require to affirm or give notice of the interests of Lessor in any lease or Equipment. Lessor is authorized to insert at any time in any Schedule any information, date or amount intended by the parties to be inserted therein. No officer, employee or agent of either party shall have the power to waive any of the terms or provisions hereof or to incur any additional obligations on its behalf unless such waiver or additional obligations are evidenced by an agreement in writing signed by duly authorized officers of such parties.

Default by Lessor under any lease shall not excuse performance by Lessee under any other lease. All of Lessee's covenants hereunder and under each lease shall survive the delivery and return of the Equipment leased.

Paragraph headings are not a part of this Lease.

This Lease and all Schedules hereunder may be executed in counterparts, and each such counterpart shall be an original, but all such counterparts shall together constitute but one and the same instrument.

This Lease and all Schedules hereunder and any assignments thereof shall be governed by the laws of the State of California. If any provision of this Lease or of the any lease hereunder violates any law, such provisions shall be considered annulled and deemed severable from the remaining provisions which shall remain in full force and effect.

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

LESSEE	LESSOR
THE CHESAPEAKE AND OHIO RAILWAY COMPANY	HAROLD K. CRISWELL, WELDON J. SMITH AND BRUCE L. CRONANDER not in their individual capacities, but solely as Trustee
By _____ Jan. 1, 1980	By _____
	By _____
	By _____

EXHIBIT 1

Harold K. Criswell, Weldon J. Smith and Bruce L. Cronander
not in their individual capacities but solely as Trustee

as Lessor

THE CHESAPEAKE AND OHIO RAILWAY COMPANY

as Lessee

Equipment Lease Schedule No. (A,B,C,etc.)

to

Equipment Lease Dated January 1, 1980

The Equipment described below (the "Equipment") is hereby leased by Lessor to Lessee for business use on the terms and conditions of this Schedule and the Equipment Lease between the parties dated as of July 2, 1979 (the "Equipment Lease").

1. Description of the Equipment:

Quantity	Manufacturer or Vendor	Description	I.D. or Serial No.	Unit Cost	Lessor's Total Cost
3	Various	D6 Bulldozers	To Follow	$81,660.00	$ 244,980.00
1	"	D4 Bulldozer	"	42,104.00	42,104.00
1	"	Speed Swing & Acc.	"	96,018.00	96,018.00
2	"	Tie Unloaders	"	78,000.00	156,000.00
14	"	Lift Trucks	"	20,000.00	280,000.00
2	"	Brushcutters	"	119,051.00	238,102.00
1	"	Brushcutter	"	110,051.00	110,051.00
2	"	Production Tampers	"	138,720.00	277,440.00
4	"	Straight Tampers	"	91,052.00	364,208.00
					$1,808,903.00

2. Lessee hereby certifies that it has received, inspected and tested the Equipment and found it to be in good working order and condition. Lessee hereby accepts the Equipment under and pursuant to the Equipment Lease and certifies that the Equipment Lease and certifies that the Equipment will be located at the following location or locations:

_____

_____

3. Rent.

Lessor's Cost:	$1,808,903.00 (estimated)
Basic Term:	July 15, 1980 - July 14, 1988
First Basic Rent Date:	January 15, 1981
Last Basic Rent Date:	July 14, 1988
Basic Rent Dates:	each July 15 and January 15
Basic Lease Rate Factor:	7.078510%
Daily Lease Rate Factor:	.039325%
Renewal Lease Rate Factor:	3.539255%

Lessee agrees to pay Lessor, and Lessor agrees to accept from Lessee, rent for the Equipment as follows:

a. As Interim Rent, in arrears, an amount equal to the Daily Lease Rate Factor (computed on the basis of a 30-day month) applicable to the Equipment multiplied by the Lessor's Cost of the Equipment for each day for the period from and including the date of acceptance until the date of commencement of the Basic Term, payable on the date of commencement of the Basic Term.

b. As Basic Rent, payable semi-annually in arrears, an amount on each Basic Rent Date from and including the First Basic Rent Date to and including the Last Basic Rent Date equal to the Basic Lease Rate Factor applicable to the Equipment multiplied by the Lessor's Cost of the Equipment.

4. Purchase and Renewal Options: Provided that this lease has not earlier been terminated and Lessee is not in default hereunder, Lessee may, by written notice delivered to Lessor not less than six months prior to the end of the Basic Term or any extended term of this lease, as the case may be, (i) elect to extend the term of this lease in respect of all or any of the units of Equipment then subject to this lease, for two additional one-year periods commencing on the scheduled expiration of the Basic Term of this lease at the Renewal Lease Rate Factor payable semi-annually in arrears each July 15 and January 15 or (ii) elect to purchase all or any of the units of Equipment then subject to this lease for a purchase price equal to the "Fair Market Value" (as defined below) of such units as of the end of the original or extended term of this lease, as the case may be.

Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (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 and, in such determination, costs of removal from the location of current use shall not be a deduction from such value. If on or before four months prior to the expiration of the term of this lease, Lessor and Lessee are unable to agree upon a determination of the Fair Market Value of the units, such value shall be determined in accordance with the foregoing definition by a qualified indepedent Appraiser. The term Appraiser shall mean such independent appraiser as Lessor may select with the approval of Lessee, or failing such approved selection, a panel of three independent appraisers, one of whom shall be selected by Lessor, the second by Lessee and the third designated by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment and shall promptly communicate such determination in writing to Lessor and Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. The expenses and fees of the Appraiser shall be borne by Lessee.

Upon payment of the purchase price, Lessor shall upon request of Lessee execute and deliver to Lessee, or to Lessee's assignee or nominee, a bill of sale (without representations or warranties except that such units are free and clear of all claims, liens, security interests and other encumbrances by or in favor or any person claiming by, through or under Lessor) for such units, and such other documents as may be reasonably required to release such units from the terms and scope of this lease and to transfer title thereto to Lessee or such assignee or nominee, in such form as may be reasonably requested by Lessee's expense.

5. Stipulated Loss Value: The amount to be paid as Stipulated Loss Value pursuant to paragraph 11 of the Equipment Lease shall be the amount arrived at by multiplying the Lessor's Cost of the affected unit or units of Equipment by the percentage set forth in Exhibit A hereto (which is by this reference hereby made a part of this lease) opposite the Rent Payment Period next succeeding the occurrence of the event resulting in such payment.

IN WITNESS WHEREOF, the parties have executed this Equipment Lease Schedule on the_____day of_____, 19__.

HAROLD K. CRISWELL, WELDON J. SMITH AND BRUCE L. CRONANDER not in their individual capacities but solely as Trustee

By_____

By_____

By_____

Lessor

THE CHESAPEAKE AND OHIO RAILWAY COMPANY

By_____

Lessee

SCHEDULE A

STIPULATED LOSS VALUES

DATE	STIPULATED LOSS VALUES
7/80	106.8471
1/81	106.1049
7/81	104.5713
1/82	101.6993
7/82	98.6360
1/83	95.8121
7/83	85.7099
1/84	82.3867
7/84	78.8031
1/85	74.9793
7/85	63.8869
1/86	59.5790
7/86	55.0245
1/87	50.2510
7/87	38.2243
1/88	33.0051
7/88	27.5563
1/89	25.4527
7/89	23.4107
1/90	21.5393
7/90	20.0000

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

On this 7th day of January, 1980, before me personally appeared HAROLD K. CRISWELL, WELDON J. SMITH and BRUCE L. CRONANDER, to me known to be the persons who executed the foregoing instrument and they acknowledged that they executed the same as their free act and deed.

Janet Matz
Notary Public
My commission expires Dec. 5, 1981

[Notarial Seal]

OFFICIAL SEAL
JANET MATZ
NOTARY PUBLIC - CALIFORNIA
SAN FRANCISCO COUNTY
My comm. expires DEC 5, 1981

555 California Street, San Francisco, CA 94104

STATE OF MARYLAND)
) SS:
COUNTY OF BALTIMORE)

On this 4th day of January, 1980, before me personally appeared JAMES ERMER, to me personally known, who, being by me duly sworn, says that he is Senior Assistant Treasurer of THE CHESAPEAKE AND OHIO RAILWAY COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Bealiah M. McCauley
Notary Public
My commission expires 7-1-82

[Notarial Seal]