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RECORDATION 1-5702-A

JUL 5 1988 11 30 AM

ITEL

July 1, 1988

IteI Rail Corporation INTERSTATE COMMERCE COMMISSION

55 Francisco Street,
San Francisco, California 94133
(415) 984-4000

Date JUL 5 1988
Fee \$ 1300

8-187A032 ICC Washington, D. C.

Hon. Noretta R. McGee
Secretary
Interstate Commerce Commission
Washington, DC 20423

Re: Schedule 1 to Master Lease Agreement dated June 9, 1988,
between IteI Rail Corporation, IteI Railcar Corporation
and McCormick, Ashland City & Nashville Railroad, Inc.

Dear Ms. McGee:

On behalf of IteI Rail Corporation, the above instrument, in four (4) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$13 recordation fee.

Please record this Schedule 1 underr the Master Lease Agreement dated June 9, 1988, between IteI Rail Corporation, IteI Railcar Corporation and McCormick, Ashland City & Nashville Railroad, Inc., which is being filed with the ICC simultaneously this date.

The parties to the aforementioned instrument are listed below:

IteI Rail Corporation and
IteI Railcar Corporation (Lessors)
55 Francisco Street
San Francisco, California 94133

Mccormick, Ashland City & Nashville Railroad, Inc. (Lessee)
750 Old Hickory Boulevard
Two Brentwood Commons, Suite 150
Brentwood, Tennessee 37027

This Amendment covers twenty (20) 50'6", 70-ton, Plate B, XM boxcars bearing reporting marks MACN 105-124.

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the ICC fee receipt and acknowledgment letter.

Very truly yours,

Patricia Schumacker
Legal Department

ICC OFFICE OF THE SECRETARY
JUL 5 11 25 AM '88
MOTOR OPERATING UNIT

THIS INSTRUMENT IS SUBJECT TO A SECURITY INTEREST IN FAVOR OF HELLER FINANCIAL, INC. UNDER THE HELLER FINANCIAL, INC. LOAN AND SECURITY AGREEMENT WITH ITEL RAIL CORPORATION DATED AS OF SEPTEMBER 30, 1986. SCHEDULE 1

RECORDED 5702-A

JUL 5 1988 - 11:30 AM

THIS SCHEDULE 1 ("Schedule") to that certain INTERSTATE COMMERCE COMMISSION Lease Agreement, ("Agreement") made as of June 9, 1988 between ITEL RAIL CORPORATION and ITEL RAILCAR CORPORATION, severally, as lessors, and MCCORMICK, ASHLAND CITY AND NASHVILLE RAILROAD, INC., as lessee ("Lessee") is made this 9th day of June, 1988, between ITEL RAIL CORPORATION ("Lessor") and Lessee.

Lessor and Lessee agree as follows:

1. Except as otherwise provided herein, all terms defined in the Agreement shall have the meanings set forth therein when used in this Schedule.
2. Lessor hereby leases the following Cars to Lessee subject to the terms and conditions of the Agreement and this Schedule:

AAR Mech. Design.	Description	Reporting Marks and Numbers	Length	Dimensions Inside Width	Height	Door Width	Number of Cars
XM	70-ton, Plate B, Sliding Door Boxcar	MACN 105-124	50'6"	9'6"	10'7"	10'	20

3. The term of the Agreement with respect to each Car described in this Schedule shall commence at 12 noon on the date and at the location such Car is remarked pursuant to Subsection 3.A. and shall continue as to all of the Cars described in this Schedule for three (3) years after the earlier of (i) the date on which the last Car described in this Schedule was remarked or (ii) sixty (60) days after the first Car described in this Schedule was delivered (the "Term"). Upon the delivery of the last Car described in this Schedule, Lessor shall provide written notice to Lessee as to the expiration date of the Agreement with respect to the Cars subject to this Schedule. Unless, within fifteen (15) days of the date of such notice, Lessee demonstrates to the reasonable satisfaction of Lessor that such expiration date is incorrect, Lessee shall be deemed to have concurred to such expiration date.
4. Each Car shall be deemed delivered and subject to the terms and provisions of the Agreement at 12 noon on the date and at the location such Car is remarked ("Delivery"). After each Car has been remarked, such Car shall be moved to Lessee's railroad line at no initial cost to Lessee as soon as is consistent with mutual convenience and economy. Notwithstanding that Lessee may not have immediate physical possession of the Cars leased hereunder, Lessee agrees to pay the rent set forth in the Agreement. To move the Cars to Lessee's railroad line and to ensure optimal use of the Cars, Lessor agrees to assist Lessee in monitoring Car

movements and, when deemed necessary by Lessee and Lessor, to assist in the issuance of movement orders with respect to such Cars to other railroad lines in accordance with the Interstate Commerce Commission ("ICC") and the Interchange Rules.

5.
 - A. Lessor shall perform the registration of Cars and record keeping described in Section 4 of the Agreement. Lessee hereby authorizes Lessor to subscribe to the car hire exchange tape, Train 62 Junction Advices, and the Train II (65, 67 and 80) Location Advices with respect to the Cars and agrees to execute any documents necessary for such authorization.
 - B. If Lessee's reporting marks are on any Cars, then Lessee shall provide Lessor with the UMLER passkey necessary for registering such Cars and authorize Lessor to receive the UMLER Fleet Tape. For each car repair bill paid by Lessor with respect to equipment bearing such reporting marks not leased to Lessee by Lessor or for which Lessee is responsible for the cost of maintenance as set forth in the Agreement (or any other agreement between Lessor and Lessee), Lessee shall reimburse Lessor within thirty (30) days of notification from Lessor that such amount has been paid.
 - C. If Lessee acquires or leases or has acquired or leased additional equipment from a party other than Lessor bearing the same reporting marks as any Car for which Lessor performs car hire accounting ("Other Equipment"), Lessor shall perform car hire accounting for the Other Equipment. Lessor and Lessee shall enter into a car hire service agreement ("Car Hire Agreement") governing Lessor's performance of car hire accounting for the Other Equipment. Under such Car Hire Agreement, Lessor shall, on behalf of Lessee, receive car hire rental and other payments relating to the use and handling of the Other Equipment by other railroads ("Funds") and shall deposit the Funds into an Agency Bank Account for the purpose of segregating the Funds from the Revenues (as defined in Section 8 hereinbelow) relating to the Cars so as to ensure that the interests of both Lessor and Lessee are protected. Upon entering into such Car Hire Agreement, Lessee shall pay Lessor on a monthly basis a fee which is mutually agreeable to Lessor and Lessee.
6. Lessor shall perform or cause to be performed and pay for all costs and expenses associated with the maintenance of the Cars described in this Schedule, except as set forth in Section 5 of the Agreement. With respect to the Cars listed in this Schedule, Exhibit B attached hereto is hereby substituted for Exhibit B to the Agreement, if any. Subsection 5.A. of the Agreement shall not apply with respect to such Cars.
7. Lessor agrees to reimburse Lessee, within thirty (30) days of, Lessor's receipt of the receipted copy of the paid tax bill, for all taxes actually paid in cash by the Lessee resulting from: 1) ad valorem tax assessments on the Cars; and 2) any assessment, levy or impost relating to each Car, the Agreement or the delivery of the cars which remained unpaid as of the date of the delivery of the Cars to Lessee or which is assessed, levied or imposed during the term of the Agreement, except taxes on income or gross receipts imposed on Lessee or sales or use tax imposed on the mileage charges, and car hire revenue, or proceeds from

the sale or lease of the Cars. Lessor and Lessee will comply with all state and local laws requiring filing of ad valorem returns associated with the Cars. Notwithstanding any portion of this Section, Lessor shall not be responsible for penalty or interest assessments resulting from Lessee's failure to comply with any regulation or statute of any taxing or assessing authority. Lessee shall forward to Lessor upon receipt all correspondence, notifications of proposed tax assessments and tax bills associated with any tax reimbursable by Lessor. Lessor may, in good faith and by appropriate proceedings, contest any assessment, notification of assessment or tax bill. Lessor shall assume full responsibility for all expenses, including legal fees, resulting from such contest.

8. Rent

A. Definitions

- (i) "Eligible Lines" is defined as the railroad lines owned and operated by Lessee as of the commencement date of the Agreement. Unless otherwise agreed by Lessor and Lessee, any lines purchased by Lessee or added to the Eligible Lines during the Term are deemed to be the lines of another railroad company (a foreign road) for the purposes of determining Per Diem Revenues and Mileage Revenues (as defined in Subsection 8.A.(ii) and 8.A.(iii) hereinbelow).
- (ii) "Revenues" is defined as the total per diem and mileage revenues earned and due from other railroad companies for the use or handling of the Cars, including but not limited to, per diem and mileage as prescribed for boxcars under Appendix R, Hourly and Mileage Car Hire Rate Table, as set forth in The Official Railway Equipment Register dated January 1988, whether or not collected and received by Lessor and undiminished by any claimed abatement, reduction or offset caused by any action of Lessee.
- (iii) The "Utilization Rate" of the Cars shall be determined by a fraction, the numerator of which is the aggregate number of days in each calendar year that Revenues were earned on the Cars commencing from the Initial Loading (as defined hereinbelow), and the denominator of which is the aggregate number of days in each calendar year that the Cars were on lease to Lessee, commencing from the Initial Loading.
- (iv) The "Base Rent" is defined as the cash equivalent per Car per calendar quarter of the Revenues which the Cars would have earned in the aggregate if the Cars had been on railroad lines other than Eligible Lines
- (v) "Initial Loading" as to each Car, shall be the earlier to occur of either: 1) the date such Car shall have been

loaded off Lessee's railroad line with the first load of freight; or 2) the thirty-first (31st) day after such Car is received on Lessee's lines pursuant to this Section.

- B. Lessor shall receive all Revenues earned by each Car prior to its Initial Loading. Each Car delivered pursuant to Subsection 3.A. shall become subject to the rental calculation under Subsection 8.C. upon the Initial Loading of such Car, provided, however, that Lessor shall retain and be entitled to all Revenues earned by such Car after such Initial Loading, including any Revenues due Lessee pursuant to Subsection 8.C.(ii), until the total amount of Revenues retained by Lessor shall have equalled Lessor's expenses for remarking and delivering such Car to Lessee ("Delivery Expense").
- C. Lessee agrees to pay the following rent to Lessor for the use of the Cars:
- (i) In the event Revenues earned in any calendar quarter or applicable portion thereof are equal to or less than the Base Rent, Lessor shall retain a sum equal
 - (ii) In the event Revenues earned in any calendar quarter or applicable portion thereof exceed the Base Rent and Lessor has retained Revenues equal to Lessor's Delivery Expense for the Cars in the aggregate, Lessor shall retain an amount equal to the Base Rent
- D. Upon any abatement, reduction or offset as described in Subsection 8.A.(ii) and 8.A. (iii), Lessee shall, within ten (10) days of Lessor's request, reimburse Lessor for such amounts.
- E. If, at any time during the Agreement, Lessee operates lines other than the Eligible Lines, then Lessee shall supply Lessor with records which distinguish the movement of each Car on the Eligible Lines from the movement of such Car on any other lines operated by Lessee.
- F. The calculations required in Section 8 shall be made within five (5) months after the end of each calendar year ("Final Calculations"). Lessor shall, prior to making such calculation, retain the revenues and other payments received by it on behalf of Lessee. Further, since the parties desire to determine on a quarterly year-to-date basis the approximate amounts owed under this Section 8, Lessor shall within three (3) months after the end of each calendar quarter, calculate on a quarterly year-to-date basis the amount due both parties pursuant to this Section. Any amounts payable pursuant to the preceding sentence shall be paid promptly following such calculation; provided, however, that within twenty (20) days following the Final Calculation, any amount paid to either party in excess of the amounts required shall be refunded to the appropriate party.

G. If, with respect to any calendar quarter, Revenues received by Lessor are less than the Base Rent, Lessor may notify Lessee in writing. Within ten (10) days of receipt of such notice from Lessor, Lessee shall exercise its option either:

(i) To pay Lessor the difference ("Difference") between the Base Rent and the actual Revenues received by Lessor for the applicable calendar quarter and for any subsequent calendar quarter for the duration of the Agreement. Lessee shall pay Lessor such Difference not later than thirty (30) days after the calendar quarter in which such Difference occurs; or

(ii) Not to pay Lessor such Difference for such quarter in which a Difference occurs. In such event, Lessor may terminate all or a portion of the Cars from the Agreement upon not less than thirty (30) days' written notice to Lessee at any time during the duration of the Agreement.

H. If any Car has remained on Lessee's property because Lessee has not given preference to the Cars as specified in Subsection 3.B., Lessee shall be liable for and remit to Lessor an amount equal to the Revenues which would have been generated if such Car had been in the physical possession and use of a railroad for the entire period during which such Car is on Lessee's property.

9. Except as expressly modified by this Schedule all terms and provisions of the Agreement shall remain in full force and effect with respect to all Cars subject to the Agreement.

10. This Schedule may be executed by the parties hereto in any number of counterparts, and all said counterparts taken together shall be deemed to constitute one and the same instrument.

ITEL RAIL CORPORATION

MCCORMICK, ASHLAND CITY AND NASHVILLE RAILROAD, INC.

By: *D. H. Hayes*
Title: *President*
Date: *June 9, 1988*

By: *Larry R. McCormick*
Title: *President*
Date: *June 2, 1988*

STATE OF CALIFORNIA)
) ss:
COUNTY OF SAN FRANCISCO)

On this 9th day of June, 1988, before me personally appeared Desmond P. Hayes, to me personally known, who being by me duly sworn says that such person is President of ITEL Rail Corporation, that the foregoing Schedule 1 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said of corporation.



Patricia Schumacker
Notary Public

STATE OF TENN)
) ss:
COUNTY OF DAVIDSON)

On this 3rd day of JUNE, 1988, before me personally appeared Larry K. McCormick, to me personally known, who being by me duly sworn says that such person is President of McCormick, Ashland City and Nashville Railroad, Inc., that the foregoing Schedule 1 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said of corporation.

Barbara J. Boone
Notary Public

Barbara J. Boone
Notary Public at Large
State of Tennessee
My Commission Expires: 1-21-90

EXHIBIT B

Boxcars

Running Repairs

Angle Cocks
Air Hose
Train Line
Operating Levers and Brackets
Sill Steps
Grab Irons
Brake Shoes
Brake Shoe Keys
Brake Connecting Pin
Brake Head Wear Plates
Air Brakes
Hand Brakes
Brake Beams and Levers
Truck Springs
Door Hardware (Not Replacement)

Running Repairs Continued

Wheels
Yokes
Knuckles/Pins
Slack Adjuster
Couplers
Draft Gears
Coupler Carriers
Center Plates (Not Replacement)
Cotter Keys
Roller Bearing Adapters
Air Hose Supports