



# BLC CORPORATION

2655 CAMPUS DRIVE, SUITE 200, SAN MATEO, CALIFORNIA 94403-2573

EXECUTIVE OFFICES

January 19, 1990

AREA CODE 415  
573-1200

Ms. Mildred Lee  
Interstate Commerce Commission  
12th & Constitution Ave., N.W., Room 2303  
Washington, D.C. 20423

16736 0-022A001  
RECORDATION NO. FILED 1990  
JAN 22 1990 -9 15 AM  
INTERSTATE COMMERCE COMMISSION

Dear Ms. Lee:

Pursuant to the provisions of Title 49, United States Code, Section 11303, please find enclosed the below listed documents to be filed with the ICC as a new filing:

- Three certified copies of the Master Leasing Agreement, dated as of January 5, 1984, by and between BLC Corporation and Indiana & Michigan Electric Company. Rider No. 6 to this Lease provides for the leasing of Railroad Equipment, which is subject to the provisions of the above referenced Title.

In connection with the recording of the Leasing Agreement, please note the following information:

1. Name and address of Lessor: BLC Corporation, 2655 Campus Drive, Suite 200, San Mateo, California 94403.
2. Name and address of Lessee: Indiana Michigan Power Company (formerly known as Indiana & Michigan Electric Company), One Riverside Plaza, P. O. Box 16631, Columbus, Ohio 43216.

Enclosed is our check in the amount of \$15.00 to record the enclosed Leasing Agreement. When the recording of this document has been completed, please endorse, with the relevant recording information, the enclosed copies provided herewith and return them in the enclosed self-addressed, stamped envelope.

If you require further information or documentation to complete this filing, please feel free to contact the undersigned at (415) 571-8253.

Very truly yours,

*Lizbeth V. West*  
Lizbeth V. West  
Paralegal

lvw/2  
Enclosure  
cc: William D. Sewall, Esq.  
Curt A. Schultz, Esq.  
Robert Spratt

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

1/23/90

OFFICE OF THE SECRETARY

Lizabeth V. West  
Paralegal  
BLC Corporation  
2655 Campus Drive Suite 200  
San Mateo, California 94403-2573

Dear Ms. West:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 1/22/90 at 9:15am and assigned recordation number(s). 7909-E & 16736

Sincerely yours,



Noreta R. McGee  
Secretary

Enclosure(s)

JAN 22 1990 -9 15 AM

INTERSTATE COMMERCE COMMISSION

CERTIFICATE

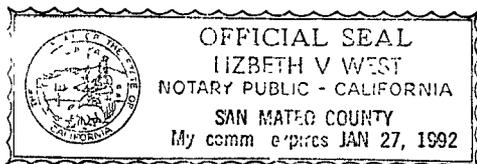
I, Curt A. Schultz, Assistant Secretary of BLC Corporation, hereby certify that the attached is a true and correct copy of the Master Leasing Agreement, dated as of January 5, 1984, by and between BLC Corporation, as Lessor and Indiana Michigan Power Company (formerly known as Indiana & Michigan Electric Company), as Lessee.

By Curt A. Schultz  
Curt A. Schultz, Assistant Secretary

Date 1/16/90

Subscribed and sworn to before me this 16th day of January, 1990.

Lizbeth V West  
Notary Public



JAN 22 1990 -9 15 AM

INTERSTATE COMMERCE COMMISSION

MASTER LEASING AGREEMENT

Leasing Agreement, dated as of the 5th day of January, 1984, by and between BLC CORPORATION of San Mateo, California (herein called "Lessor") and INDIANA & MICHIGAN ELECTRIC COMPANY (herein called "Lessee").

In consideration of the mutual covenants hereinafter contained, Lessor and Lessee agree as follows:

1. Definition. As herein used:

(a) "Equipment" means the following types of property owned or to be owned by the Lessor and leased by the Lessor to the Lessee or ordered by the Lessor for lease to the Lessee as provided herein:

(i) Office Furniture, Typewriters, Computers, Office Machines, Reproduction Machines, and other Office Equipment;

(ii) Passenger Cars, Trucks, Truck Tractors, Truck Trailers, Buses, or similar Motor Vehicles. If so agreed by Lessor and Lessee to be included as a separate unit, Truck Chassis, Truck Bodies, units of Mobile Earth Moving, Construction or similar Equipment, Two-Way Radio and Electronic Equipment, Winches, Hoists, Derricks or any other similar unit of Equipment, provided that any such unit is to be used on or in a motor vehicle and can at all times be satisfactorily identified as a separate unit;

(iii) Communications Equipment; and

(iv) Any other Equipment agreed upon by Lessor and Lessee.

(b) "Acquisition Cost" of Equipment is an amount equal to the sum of the vendor's delivered price, dealer's delivery and handling charges, the cost of any original equipment which may be added, excise tax on the Equipment, any sales and use taxes, expenses of installation and freight, and other expenses required to effect delivery of the Equipment to the Lessee, less all discounts obtained.

(c) "Individual Leasing Record" is a record with respect to Equipment dated the date of the delivery of the Equipment to the Lessee and setting forth a full description of the Equipment, its Acquisition Cost, the location of the Equipment and such other details as the parties may desire. As between Lessor and Lessee the signature of Lessee on an Individual Leasing Record shall constitute acknowledgement by Lessee that the Equipment has been delivered in good condition and accepted for lease by Lessee as of the date of the Individual Leasing Record. The Individual Leasing Record shall contain a short form of lease to be executed by each of the parties reading substantially as follows:

"The undersigned Lessor hereby leases to the undersigned Lessee, and the Lessee acknowledges delivery to it in good condition of, the Equipment described above. The covenants, terms and conditions of this lease are those appearing in a Master Leasing Agreement between the undersigned Lessor and Lessee dated \_\_\_\_\_ 19\_\_\_\_, which covenants, terms and conditions are hereby incorporated by reference.

BLC CORPORATION, Lessor

By \_\_\_\_\_

\_\_\_\_\_, Lessee

By \_\_\_\_\_,"

(d) "Monthly Amortization Figure" for any Equipment for each full month during the lease of such Equipment is an amount equal to the Acquisition Cost of the Equipment divided by the number of months in the following schedule:

Type of Equipment	No. of Months
Equipment described in Section 1(a)	36 to 120

The number of full months in the period over which the Acquisition Cost is to be fully amortized ("Amortization Period") for each new unit of Equipment described in Section 1(a) shall range from 36 months to 120 months as determined by Lessee at the time such Equipment is placed under lease. Lessee agrees that the Amortization Period for each new unit of Equipment described in Section 1(a) will be determined by Lessee on the basis of the Equipment's useful life and the workload to which Lessee contemplates subjecting such Equipment.

Monthly amortization shall be determined as of the close of business of the last day of each full month of the lease of the Equipment until the Amortized Value of the Equipment has reached zero. In the case of used Equipment the number of months shall be mutually agreed upon by Lessor and Lessee.

(e) The "Aggregate Amortization" of any Equipment is an amount equal to the sum total of the Monthly Amortization Figures for each of the months for which Rent for the Equipment has been paid.

(f) "Amortized Value" of Equipment is the Acquisition Cost of the Equipment less its Aggregate Amortization.

(g) (1) "Rent" for any Equipment for any month during the term of the lease of such Equipment will be the sum of the Monthly Amortization Figure for such Equipment plus an amount computed by multiplying the following:

(i) The Amortized Value of such Equipment on the first day of such month, by

(ii) A fraction having a numerator equal to the number of days in such month and a denominator of 360, by

(iii) A rate per annum (referred to herein as the "Lease Rate"), determined on the first day of the current month, which is the lower of (i) the \_\_\_\_\_, or (ii) the \_\_\_\_\_. Notwithstanding the foregoing, in no event shall the Lease Rate be lower than the sum of the rate charged the Lessor on 30-day commercial paper issued by Lessor and sold by its commercial paper dealer on the first day of the current month plus \_\_\_\_\_ % or, if such paper has not been so sold on such date, the rate on such date quoted to Lessor on such paper by its commercial paper dealer plus \_\_\_\_\_. Upon execution of this Leasing Agreement, Lessor shall notify Lessee in writing of the then applicable Lease Rate under this subsection (iii). Thereafter, Lessor shall notify Lessee in writing of any change in such Lease Rate. If the notice of change is given to the Lessee at least ten (10) days before the Rent Due Date, the changed Lease Rate shall be used in computing such Rent payment. If such notice is given to Lessee less than ten (10) days before the Rent Due Date, the changed Lease Rate shall not be used in computing such Rent payment, but an adjustment shall be made by Lessee in the next succeeding Rent payment to give effect to the changed Lease Rate for all previous months to which the changed Lease Rate is applicable.

(2) Rent for any Equipment for any partial first month during the term of the lease of such Equipment shall be an amount computed by multiplying the following:

- (i) The Acquisition Cost of such Equipment, by
- (ii) A fraction having a numerator equal to the number of days such Equipment is under lease during such partial first month and a denominator of 360, by
- (iii) The Lease Rate referred to in Section (g)(1)(iii) above.

(3) Notwithstanding the foregoing, when the Aggregate Amortization of any Equipment leased hereunder equals the Acquisition Cost of such Equipment the monthly Rent for such Equipment thereafter will be an amount equal to \_\_\_\_\_ of \_\_\_\_\_ percent ( \_\_\_\_\_ of %) of the Acquisition Cost of such Equipment.

(h) "Rent Due Date" shall have the meaning specified in Section 5 hereof.

(i) "Base Rate", for any day, means the sum of the interest rate per annum announced from time to time by Citibank, N.A. at its head office as its Base Rate and in effect on the first day of the current month in which such day shall occur, plus \_\_\_\_\_ %.

(j) "LIBO Rate" means an interest rate per annum equal to the sum of:

(1) the rate of interest obtained by dividing (i) the sum of the rate of interest at which 30 day deposits in United States dollars are offered by the main office of Citibank, N.A. in London, England to prime banks in the London Interbank market at 11:00 A.M. (London time) in effect on the first day of the current month plus \_\_\_\_\_ %, by (ii) a percentage equal to 100% minus the

reserve percentage applicable during such current month under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or if more than one such percentage is so applicable, minus the daily average for such percentages for those days in such current month during which any such percentage shall be so applicable) for determining the maximum reserve requirement (including, without limitation, any marginal reserve requirement) for Citibank, N.A. in respect of liabilities or assets consisting of or including Eurocurrency liabilities, the product of which is then adjusted to reflect an interest rate per annum which represents a conversion to a rate for the actual number of days elapsed of a full calendar year, plus

(2) Increased Costs.

(k) "Increased Costs" shall mean any additional costs which are incurred with respect only to the LIBOR Rate, if such costs are due to either (i) the introduction of or any change (including, without limitation, any change by way of imposition or increase of reserve requirement) in or in the interpretation of any law or regulation; or (ii) the compliance by Citibank, N.A. with any guideline or request from any central bank or other governmental authority (whether or not having the force of law); and in either event there is any actual increase in the cost to Citibank, N.A. of agreeing to make or making, funding or maintaining loans.

(l) "Separate Master Leasing Agreements" means the separate Master Leasing Agreements, substantially in the form hereof, which may be entered into from time to time between BLC Corporation as lessor and each of the following as lessee:

American Electric Power Service Corporation  
Appalachian Power Company  
Blackhawk Coal Company  
Central Ohio Coal Company  
Columbus and Southern Ohio Electric Company  
Kentucky Power Company  
Kingsport Power Company  
Michigan Power Company  
Ohio Power Company  
Simco, Inc.  
Southern Ohio Coal Company  
Wheeling Electric Company  
Windsor Power House Coal Company.

2. Agreement for Lease of Equipment.

(a) Lessor shall lease to Lessee and Lessee shall lease from Lessor such Equipment as may be mutually agreed upon, provided that the aggregate Amortized Value of the Equipment leased pursuant to this Leasing Agreement and any other lease between Lessor and Lessee shall be reasonably consistent with the Lessee's usual requirements in the operation of its business. The aggregate Amortized Value of Equipment under this Lease, the Separate Master Leasing Agreements and the following leases:

(1) that certain Master Leasing Agreement between BLC Corporation as lessor and American Electric Power Service Corporation as lessee, dated as of April 14, 1976;

(2) the separate Master Leasing Agreements dated as of February 14, 1977 between BLC Corporation as lessor and each of the following as lessee:

- (a) Ohio Power Company,
- (b) Indiana & Michigan Electric Company,
- (c) Appalachian Power Company, and
- (d) Michigan Power Company; and

(3) The separate Master Leasing Agreements, dated as of September 1, 1978, between BLC Corporation as lessor and each of the following as lessee:

- (a) Cedar Coal Company,
- (b) Central Appalachian Coal Company,
- (c) Central Ohio Coal Company,
- (d) Southern Appalachian Coal Company, and
- (e) Southern Ohio Coal Company.

shall not at any one time exceed the sum of \$ .

(b) All leases hereunder shall be entered into in the manner and upon the terms and conditions set forth in this Leasing Agreement. Lessor and Lessee shall evidence their agreement to lease particular units of Equipment by signing and delivering to each other an Individual Leasing Record describing the Equipment. A request by the Lessee to the Lessor to acquire particular Equipment for lease hereunder shall obligate the Lessee to lease the Equipment from the Lessor upon acceptance of the Equipment by the Lessee. Lessor and Lessee hereby declare that this Leasing Agreement is, and is intended to be, an agreement to lease, that the relationship between the Lessor and Lessee pursuant hereto shall always be only that of lessor and lessee, and that every Individual Leasing Record executed by the parties pursuant to this Leasing Agreement is a lease. The Lessor has or will have title to and will be the owner of the Equipment to be leased, and the Lessee does not hereby acquire any right, equity, title or interest in the Equipment, except the right, as lessee, to use the same under the terms hereof. The parties agree to treat this Leasing Agreement as an agreement to lease and any Individual Leasing Record executed pursuant to this Leasing Agreement as a lease for all purposes, including without limitation tax, accounting, and regulatory purposes.

3. Delivery. Lessor shall not be liable to Lessee for any failure or delay in obtaining Equipment or making delivery thereof. Upon delivery of Equipment to Lessee and receipt by Lessor of vendor's invoice for such Equipment approved by Lessee together with an Individual Leasing Record with respect to the Equipment duly executed by Lessee and, if requested by Lessor, appropriate title papers for such Equipment, Lessor shall remit to the vendor a check for the total of the vendor's invoice for such Equipment, provided that the amount paid to the vendor by Lessor shall not exceed the Acquisition Cost of the Equipment. If the amount paid to the vendor by Lessor is less than the Acquisition Cost of the Equipment, to the extent that delivery costs or cost of additions to the Equipment have been met by Lessee, and do not exceed the Acquisition Cost, Lessor shall reimburse Lessee to the extent of such payment made by Lessee up to the amount of the Acquisition Cost.

4. Lease term. The lease hereunder of Equipment shall be effective from the date of delivery of such Equipment and the Individual Leasing Record shall be dated such date. Notwithstanding the foregoing, the provisions of Section 9 and the first sentence of Section 11 of this Leasing Agreement shall apply as between Lessor and

Lessee with respect to any Equipment from the time such Equipment is ordered by the Lessor pursuant to a request from the Lessee.

5. Rent. Lessee shall pay Rent for all Equipment leased hereunder monthly on the ( ) th day of each month ("Rent Due Date"). Reports from Lessee shall be rendered as close to the Rent Due Date as possible covering the computation of Rent and other payments due hereunder for the month, adjustments to the preceding month's Rent resulting from commencement or termination of the individual leases of any Equipment during such month and other appropriate items, if any.

6. Use of Equipment. Lessor and Lessee hereby acknowledge and agree that the Equipment leased hereunder shall at all times be the sole and exclusive property of Lessor, and Lessee shall have no right, title or property therein but only the right to use the same as herein provided. So long as Lessee is not in default in any obligation to the Lessor, Lessee shall have the right to use the Equipment in the regular course of its business or to permit its use in the business of any subsidiary or affiliate of the Lessee and to permit others to use same for any lawful purpose. Such use shall be confined to the United States. Lessee shall promptly and duly execute, deliver, file and record all such documents, statements, filings and registrations, and take such further action as Lessor shall from time to time reasonably request in order to establish, perfect and maintain Lessor's title to and interest in the Equipment as against Lessee or any third party. Lessee shall promptly notify Lessor in writing of any change in the principal location of any unit of Equipment and Lessee shall not undertake any such change unless all legal requirements are satisfied. Lessee shall use and operate Equipment or cause it to be used and operated only by personnel authorized by Lessee and Lessee shall use every reasonable precaution to prevent loss or damage to Equipment from fire and other hazards and to prevent injury to third persons or property of third persons. Lessor may inspect any Equipment at any reasonable time except that such right shall be limited to the extent required by applicable United States government security regulations. Lessee's employees and agents shall cooperate fully with Lessor in the investigation of any claims and suits relating to Equipment. Lessee shall comply and shall use its best efforts to cause all persons operating Equipment to comply with all statutes, ordinances and regulations regarding the use and operation of the Equipment. Lessee may sublease any Equipment provided that the sublease is subject to and in conformity with this Leasing Agreement, but no sublease shall in any way limit or affect Lessee's obligations and duties hereunder. Lessee may not assign any right or interest hereunder or permit any lien or encumbrance (other than liens for taxes not yet due or taxes being contested in good faith, provided that in the event any tax is contested in good faith, Lessee shall undertake the contest at its own expense, shall use due diligence to expeditiously resolve the contest, and such contest shall not jeopardize the interest of Lessor in its property) to remain on Equipment other than liens placed thereon by Lessor or persons claiming against Lessor but not Lessee. The Lessee shall register and title all automotive Equipment in the manner requested by Lessor. If requested by Lessor, Lessee shall cause one of its officers to hold in his custody and control all registration certificates and certificates of title covering automotive Equipment, as custodian for Lessor, and, if further requested by Lessor, Lessee shall cause such officer to certify annually in a written report to Lessor that all certificates of title required by applicable law and regulations have been obtained and are being held on behalf of Lessor. Lessee upon written request from Lessor shall attach to each unit of Equipment a sign, stencil, plaque, or legend disclosing the ownership of Lessor in the Equipment.

7. Improvements and Repair of Equipment. Lessee shall pay all costs, expenses, fees and charges incurred in connection with the use and operation of Equipment during

the lease thereof. Lessee shall at all times, at its own expense, keep Equipment in first class mechanical condition and repair, and in good and efficient working order, reasonable wear and tear only excepted. This provision shall apply regardless of the cause of damage and all risks with respect thereto are assumed by Lessee. At its own expense, Lessee shall supply and replace all parts to the Equipment and shall supply the necessary power and other items required in the operation of the Equipment. In the case of motor vehicles or other automotive Equipment, Lessee shall supply and replace all items required in the operation of the automotive Equipment, including, without limitation, all parts, tires and tubes, gasoline, oil, and grease; shall put and keep such automotive Equipment or motor vehicles in condition to meet foreseeable climatic conditions; and shall arrange for the satisfactory garaging of such automotive Equipment. Any improvements, replacement parts and additions to any of the Equipment shall become and remain the property of the Lessor, except that any improvement or addition made by the Lessee shall remain the property of the Lessee if it can be disconnected from the Equipment without impairing the functioning of the Equipment as originally constituted when first leased hereunder.

8. Insurance. Lessee shall, at its own cost and expense, with respect to each unit of Equipment maintain insurance insuring Lessor and Lessee as hereinafter provided, covering (a) fire and extended coverage risks and (b) liability for bodily injury and property damage resulting from the use and operation of Equipment. All such insurance shall be in reputable companies. The comprehensive policies shall be in an amount not less than the Amortized Value of the Equipment and shall be payable to the Lessor and Lessee as their interests may appear, it being understood that Lessee shall be entitled to any insurance proceeds payable by reason of any loss or damage which is replaced or repaired by Lessee. Policies covering bodily injury and property damage shall provide not less than \$500,000 for injury to or death of one person and, subject to that limit for each person, a total liability of \$1,000,000 for all persons injured or killed in the same accident and shall also provide not less than \$1,000,000 for damage, destruction and/or loss of use of property of third persons as a result of any one accident. Lessor shall be named insured in all insurance policies required under this Section. All such policies shall provide for a ten (10) days' written minimum cancellation notice to the Lessor. Lessee shall furnish Lessor certificates of compliance by Lessee with the provisions hereof. Lessee may self-insure with respect to the first \$500,000 of liability with respect to (a) and (b) above.

9. Indemnity.

(a) Lessee agrees to indemnify and hold harmless the Lessor against any and all claims, demands and liabilities of whatsoever nature and all costs and expenses relating to or in any way arising out of:

(1) the ordering, delivery, acquisition, title on acquisition, rejection, installation, possession, titling, registration, re-registration, custody by Lessee of title and registration documents, use, non-use, misuse, operation, transportation, repair, control or disposition of Equipment leased or requested by Lessee to be leased hereunder, except to the extent that such costs are included in the Acquisition Cost of such Equipment within the dollar limit provided in Section 2 hereof (or within any change of such limit agreed to in writing by Lessor and Lessee) and except for any general administrative or overhead expenses of Lessor;

(2) all costs, charges, damages or expenses for royalties and claims and expenses of litigation (including but not limited to attorneys'

fees) arising out of or necessitated by the assertion of any claim or demand based upon any infringement or alleged infringement of any patent or other right, by or in respect of any Equipment, provided, however, that Lessor will make available to Lessee Lessor's rights under any similar indemnification from the manufacturer of Equipment;

(3) all federal, state, county, municipal, foreign or other fees and taxes of whatsoever nature, including but not limited to license, qualification, franchise, sales, use, gross receipts, ad valorem, business, property (real or personal), excise, motor vehicle, and occupation fees and taxes, and penalties and interest thereon, whether assessed, levied against or payable by Lessor or otherwise, with respect to Equipment or the acquisition, purchase, sale, rental, use, operation, control, ownership or disposition of Equipment or measured in any way by the value thereof or by the business of, investment in, or ownership by Lessor with respect thereto, excepting only Federal, state, county, municipal or other taxes on or measured by the net income of Lessor (such net income being determined in substantially the same manner as net income is presently determined under the Federal Internal Revenue Code);

(4) any violation, or alleged violation, of this Leasing Agreement by Lessee or of any contracts or agreements to which Lessee is a party or by which it is bound, or any laws, rules, regulations, orders, writs, injunctions, decrees, consents, approvals, exemptions, authorizations, licenses and withholdings of objection, of any governmental or public body or authority and all other requirements having the force of law applicable at any time to Equipment or any action or transaction by Lessee with respect thereto or pursuant to this Leasing Agreement.

(b) Lessee shall forthwith upon demand reimburse Lessor for any sum or sums expended with respect to any of the foregoing, or, to the extent permitted by law, shall pay such amounts directly upon request from Lessor. To the extent that Lessee in fact indemnifies Lessor under the indemnity provisions of this Leasing Agreement, Lessee shall be subrogated to Lessor's rights in the affected transaction and shall have a right to determine the settlement of claims therein. The foregoing indemnity shall not be affected by any termination of this Leasing Agreement as a whole or in respect of any unit of Equipment hereunder.

10. Termination of Leases of Equipment; Adjustment of Rent. After the expiration of one year from the last day of the month in which the lease of any Equipment is entered into, if such Equipment has become economically or otherwise obsolete or is no longer useful in the Lessee's business, and provided that the Lessee is not in default hereunder, Lessee may arrange for the termination of the lease of such Equipment in the manner and with the consequences hereinafter set forth. After written notice to the Lessor identifying the Equipment, the Lessee, on behalf of the Lessor, shall proceed directly to effectuate the sale of such Equipment to a third party unrelated to Lessor or Lessee, and the Lessor shall execute and transmit to the Lessee all papers needed to effectuate the sale. Lessee shall cause the proceeds of sale of such Equipment to be transmitted promptly to the Lessor. The lease of such Equipment and the Lessee's obligation to pay Rent shall continue until such proceeds and any deficiencies payable to Lessor pursuant to this Section are received by the Lessor and shall thereupon terminate. If the net proceeds of sale of such Equipment are less than the Amortized Value of such Equipment, the Lessee shall forthwith pay as additional Rent an amount equal to such deficiency. If the net proceeds of sale of such Equipment are more than

the Amortized Value of such Equipment at the time of the termination of the lease of such Equipment hereunder, the Lessor, in consideration of the Lessee's agreement hereunder to repair, maintain and insure the Equipment, shall as an adjustment of Rent forthwith pay to Lessee or, at the option of Lessee, credit Lessee's account in an amount equal to such excess. If for any month funds are payable by Lessor to Lessee under this Section, the amount so payable may be deducted by Lessee from funds payable during the same month by Lessee for Rent of Equipment.

11. Loss or Destruction of the Equipment. Lessee hereby assumes all risks of loss or damage to the Equipment howsoever the same may be caused. Lessee shall notify Lessor immediately of any loss or substantial damage to any Equipment and shall keep Lessor informed of all developments and correspondence regarding insurance rights and other rights and liabilities arising out of the loss or damage. In the event of total destruction of any of the Equipment or damage beyond repair or the commandeering, conversion or other loss of any of the Equipment, or if the use thereof by the Lessee in its regular course of business is prevented by the act of any third person or persons, or any governmental instrumentality, for a period exceeding ninety (90) days, or if any of the Equipment is attached (other than on a claim against the Lessor but not the Lessee) or is seriously damaged and the attachment is not removed or the Equipment not repaired, as the case may be, in a period of ninety (90) days, then in any such event (a) Lessee shall promptly notify Lessor in writing of such fact, (b) within ten (10) days thereafter the Lessee shall pay to the Lessor an amount equal to the Amortized Value of such Equipment at the time of payment, (c) the lease of such Equipment shall continue until such payment has been received by the Lessor and shall thereupon terminate, and (d) upon such payment all of Lessor's title to and rights in such Equipment and any insurance thereon shall automatically pass to the Lessee.

12. Surrender of Equipment. Upon the final termination of the lease as to any Equipment (other than a termination as provided for in Sections 10, 11, 14, 15, 17, or 18), Lessee shall surrender such Equipment to the Lessor at the Lessee's property where the Equipment is then located or shall deliver such Equipment at its expense to such other place as Lessor and Lessee may agree upon. Lessee shall cooperate with Lessor in effecting removal of the Equipment from Lessee's property. Lessee shall pay the Lessor any amount by which the cost of removing and disposing of any Equipment exceeds the salvage value of the Equipment.

13. Events of Default. The following events of default by the Lessee shall give rise to rights on the part of the Lessor described in Section 14:

(a) Default in the payment of Rent hereunder beyond the tenth (10th) day after the Rent Due Date and beyond the fifth (5th) day after receipt by Lessee of written notice of such default sent by certified mail;

(b) Default in the payment or performance of any other liability, obligation, or covenant of the Lessee to the Lessor and the continuance of such default for thirty (30) days after written notice to the Lessee sent by registered or certified mail by the Lessor;

(c) The termination of existence or business failure of, or the making of an assignment for the benefit of creditors by, the Lessee; or

(d) The institution of bankruptcy, reorganization, liquidation or receivership proceedings by or against the Lessee and, if instituted against the Lessee, its consent thereto or the pendency of such proceedings for ninety (90) days.

14. Rights of Lessor upon Default of Lessee. Upon the occurrence of any of the events of default described in Section 13 the Lessor may in its discretion do one or more of the following:

(a) Terminate the lease of any or all Equipment upon five (5) days' written notice to the Lessee sent by certified mail;

(b) Whether or not any lease is terminated, take immediate possession of any or all of the Equipment, including substituted parts, accessories or equipment and/or other equipment or property of the Lessor in the possession of the Lessee, wherever situated and for such purpose, enter upon any premises without liability for doing so;

(c) Whether or not any action has been taken under Sections 14 (a) or (b) above, the Lessor may sell any Equipment (with or without the concurrence or request of the Lessee) with the consequences set forth in Section 10 hereof;

(d) Sell, dispose of, hold, use or lease any Equipment or other property of the Lessor as the Lessor in its sole discretion may decide, and continue to hold the Lessee liable for any deficiency between the Rent received by the Lessor from others and the Rent payable hereunder for the balance of the term of the lease of such Equipment; or

(e) Invoke and exercise any other remedy or remedies available to Lessor by law or in equity.

If after default Lessee fails to deliver or converts or destroys any Equipment, Lessee shall be liable to the Lessor for all unpaid Rent to the date of such failure to deliver, conversion or destruction of such Equipment plus its Amortized Value at the time and all loss and damages sustained and all costs and expenses incurred by reason of the default. If after default Lessee delivers Equipment to Lessor or if Lessor repossesses Equipment, Lessee shall be liable for and the Lessor may recover from the Lessee all unpaid Rent to the date of such delivery or repossession plus all loss and damages sustained and all costs and expenses incurred by reason of the default.

15. Equipment To Be and Remain Personal Property. It is the intention and understanding of both Lessor and Lessee that all Equipment shall be and at all times remain personal property. Lessee will obtain and record such instruments and take such steps as may be necessary to prevent any person from acquiring any rights in the Equipment paramount to the rights of the Lessor, by reason of such Equipment being deemed to be real property. If, notwithstanding the intention of the parties and the provisions of this Section 15, any person acquires or claims to have acquired any rights in any Equipment paramount to the rights of the Lessor, by reason of such Equipment being deemed to be real property, and such person seeks in any manner to interfere with the continued quiet enjoyment of the Equipment by the Lessee as contemplated by this Leasing Agreement, then the Lessee shall promptly notify the Lessor in writing of such fact (unless the basis for such interference is waived or eliminated to the satisfaction of the Lessor within a period of ninety (90) days from the date it is asserted) and the Lessee shall within ninety (90) days after such notice pay to the Lessor an amount equal to the Amortized Value of the Equipment at the time of payment. The lease of the Equipment shall continue until such payment has been received by Lessor and shall thereupon terminate; and upon such payment all of Lessor's title to and rights in such Equipment shall automatically pass to the Lessee.

16. Miscellaneous. This Agreement and all rights hereunder shall be governed by the laws of the State of California. Each of the parties hereto acknowledges that the other party shall not by act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder or under any other instrument given hereunder unless such waiver is given in writing and the same shall be binding to the extent therein provided and only upon the parties signing the same. A waiver on any one occasion shall not be construed as a waiver on any future occasion. No executory agreement shall be effective to change, modify or discharge, in whole or in part, this Leasing Agreement, or any other instrument given in connection therewith unless such executory agreement is in writing and signed by the party to be charged therewith. All rights, remedies and powers granted herein, or in any other instrument given in connection herewith, shall be cumulative and may be exercised singularly or cumulatively.

17. Additional Right of Termination. (a) Either Lessor or Lessee may terminate this Leasing Agreement at any time with respect to any equipment not yet leased hereunder by giving at least ninety (90) days' notice in writing to the other party of such termination, provided, however, neither such notice nor termination shall in any way affect any transactions entered into or rights created or obligations incurred prior to such termination, as to which transactions, rights and obligations this Leasing Agreement and all provisions hereof shall be fully operative until such transactions, rights and obligations are fully disposed of, concluded and/or liquidated, except as hereinafter provided.

(b) If Lessee shall have given the notice referred to in paragraph (a) above, Lessee shall arrange for and effect not later than two years from the termination date a termination of the lease term of all Equipment hereunder and a sale of all Equipment as provided in Section 10 hereof. If Lessor shall have given such notice, Lessee shall pay to Lessor not later than two years from the termination date an amount equal to the then Amortized Value of all Equipment then leased hereunder and any unpaid Rent and other amounts then due and payable. Upon receipt of such funds Lessor shall execute and transmit to Lessee all papers needed to effectuate the transfer of such Equipment to Lessee or its designee. The lease term for all Equipment, the lease of which is terminated under this Section, and the Lessee's obligation to pay Rent shall continue until all amounts payable to Lessor pursuant to this Leasing Agreement are received by Lessor and shall thereupon terminate.

18. Purchase of Equipment. After the expiration of the amortization period of any Equipment leased hereunder, and provided that Lessee is not in default hereunder, Lessee may purchase such Equipment at its then . The lease of such Equipment and Lessee's obligation to pay Rent therefor shall continue until the purchase price has been transmitted to Lessor and shall thereupon terminate. If the parties cannot agree on the of any such Equipment, they shall select a qualified independent appraiser to determine such value and his decision shall be final.

19. Investment Tax Credit. As permitted under Section 48(d) of the Federal Internal Revenue Code, Lessor shall elect to treat Lessee as having acquired the Equipment which is leased hereunder, and which qualifies for such election for purposes of the investment credit provisions under Section 38 of the Federal Internal Revenue Code and Lessee shall consent to such election as to all Equipment leased hereunder and which qualifies for such election. Lessee shall provide Lessor with an annual summary statement as to all Equipment for Internal Revenue Service reporting purposes.

20. DISCLAIMER OF WARRANTIES. LESSEE AGREES AND ACKNOWLEDGES THAT ACCEPTANCE FOR LEASE OF THE EQUIPMENT (AS PROVIDED IN SECTION 2

HEREOF) SHALL CONSTITUTE LESSEE'S ACKNOWLEDGEMENT AND AGREEMENT THAT LESSEE HAS FULLY INSPECTED SUCH EQUIPMENT, THAT THE EQUIPMENT IS IN GOOD ORDER AND CONDITION AND IS OF THE MANUFACTURE, DESIGN, SPECIFICATIONS AND CAPACITY SELECTED BY LESSEE, THAT LESSEE IS SATISFIED THAT THE SAME IS SUITABLE FOR ITS PURPOSE, THAT LESSOR IS NOT A MANUFACTURER OR ENGAGED IN THE SALE OR DISTRIBUTION OF EQUIPMENT, THAT LESSOR HAS PURCHASED THE EQUIPMENT FROM VENDORS OF LESSEE'S CHOICE, AND THAT LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE ANY REPRESENTATION, EXPRESS WARRANTY, IMPLIED WARRANTY, OR COVENANT WHATSOEVER WITH RESPECT TO TITLE, MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, SUITABILITY OR FITNESS OF THE EQUIPMENT IN ANY RESPECT OR IN CONNECTION WITH, OR FOR ANY PURPOSE OR USE OF LESSEE, OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO. Lessor shall, at Lessee's sole expense take all action hereby reasonably requested by Lessee to make available to Lessee any rights of Lessor under any express or implied warranties of any manufacturer or vendor of the Equipment.

21. Notices; Place of Payment. Notices required pursuant to this Leasing Agreement shall be delivered to Lessee at P. O. Box 60, Fort Wayne, Indiana 46801, or at such other location as Lessee may direct in writing. Notice to Lessor shall be delivered to BLC Corporation, 2655 Campus Drive, San Mateo, California 94403, Attention: Controller, or at such other location as Lessor may direct in writing. Lessee acknowledges notice that Lessor may require payment of rental or other obligations pursuant to this Leasing Agreement to be made to Lessor at a bank lockbox location.

22. Quiet Enjoyment. As long as Lessee is not in default hereunder, it shall be entitled to uninterrupted use of the Equipment on the terms and conditions herein provided.

23. Leasing of Components. As used in this Section 23 the term "Equipment" shall mean exclusively computers and the property listed in Sections 1(a)(ii) of this Leasing Agreement. Lessee may lease components of Equipment, no one of which components constitutes a completed unit of Equipment but all of which components shall be assemblable and assembled into a completed unit of Equipment, which Equipment and all components thereof are owned by Lessor and leased to Lessee hereunder. The lease of each component shall be effective from the date of delivery of such component and the Individual Leasing Record for such component shall be dated such date. Where delivery is made on one or more components constituting less than a completed unit of Equipment (a) Lessee shall cause all such delivered components to be assembled into a completed unit of Equipment within six (6) months, or such longer period as may be agreed upon in writing, after the first day of the calendar month following the first of any such deliveries, and (b) amortization of and rent for those delivered components assembled into a completed unit of Equipment shall be computed and the lease term with respect thereto shall be deemed to commence as provided above as if the date such components are assembled into a completed unit of Equipment is the date of delivery of such Equipment. Upon assembly into a completed unit of Equipment, a new Individual Leasing Record for such unit of Equipment shall be executed and dated the date amortization of the completed unit of Equipment commences, and the Individual Leasing Records for the components of the completed units of Equipment shall be cancelled as of the same date. The Acquisition Cost of the completed unit of Equipment shall be the sum of the Acquisition Cost of the components thereof and all reasonable labor and other expenses to complete the unit of Equipment, and shall be amortized as provided in Section 1(d). Lessee shall pay to Lessor as Rent for all components not yet assembled into a completed unit of Equipment, for any month during the term of

the lease of such components through the day before the commencement of amortization with respect thereto, the amount set forth in Section 1(g)(2). Notwithstanding the foregoing, at least the provisions of Section 9 and the first sentence of Section 11 of this Leasing Agreement shall apply as between Lessor and Lessee with respect to all components from the time such components are ordered by Lessor pursuant to a request from Lessee.

IN WITNESS WHEREOF, Lessor and Lessee have duly executed this Master Leasing Agreement as of the day and year first above written.

BLC CORPORATION, Lessor

Attest:

By Lillian Overall  
Assistant Secretary  
Form Approved

By Will Ober  
Executive Vice President

WDS  
Counsel

INDIANA & MICHIGAN ELECTRIC  
COMPANY, Lessee

Attest:

By William C Harvey  
ASSISTANT SECRETARY

By Grey  
Vice President

.20A

## RIDER NO. 1

This Rider, dated as of October 17, 1984, amending the Master Leasing Agreement, dated as of January 5, 1984 (the "Lease"), by and between BLC CORPORATION (herein called "Lessor"), and INDIANA & MICHIGAN ELECTRIC COMPANY (herein called "Lessee").

In consideration of the mutual covenants hereinafter contained, Lessor and Lessee hereby agree as follows:

1. Section 1(c) of the Lease is hereby amended by adding the following language at the end of such Section 1(c):

"On and after October 17, 1984 any Motor Vehicle leased hereunder shall be leased under an Individual Leasing Record in any form for the leasing of Motor Vehicles provided by the Lessor (called herein 'Motor Vehicle ILR'); and any Other Equipment leased hereunder shall be leased under an Individual Leasing Record in any form for the leasing of Other Equipment provided by the Lessor ('Other Equipment ILR')."

2. The following language is hereby inserted at the end of Subsection 1(g)(1)(iii):

"In the case of any Motor Vehicle leased hereunder, the Lease Rate determined above shall be reduced by \_\_\_\_\_ of \_\_\_\_\_ percent ( %)."

3. Section 1(g)(3) is hereby deleted in its entirety and the following language is inserted therefor:

"Notwithstanding the foregoing, when the Aggregate Amortization of any Other Equipment leased hereunder equals the Acquisition Cost of such Other Equipment, the monthly Rent for such Other Equipment thereafter will be an amount equal to \_\_\_\_\_ of \_\_\_\_\_ percent ( \_\_\_\_\_ of %) of the Acquisition Cost of such Other Equipment."

4. The following subsections (m) through (o) are hereby added to Section 1:

"(m) 'Motor Vehicle' shall for the purposes of this Leasing Agreement mean any Equipment (i) the lease term of which shall commence on or after October 17, 1984, (ii) which is an automobile, van, bus, light, medium or heavy duty truck, tractor, trailer, any other vehicle which can be used on a highway (regardless of whether such vehicle is licensed for such use), or any related item attached to such Equipment and (iii) for which the Lessee shall have executed a Motor Vehicle ILR.

(n) 'Other Equipment' shall mean any Equipment which is not a Motor Vehicle.

(o) 'Basic Term' shall mean as to any item of Equipment the amortization period for such Equipment as stated in the applicable Individual Leasing Record."

5. The last sentence of Section 2(b) to the Lease is hereby deleted and the following language is substituted therefor:

"With respect to Motor Vehicles, the parties hereto agree that the Lessor will be treated as the owner for Federal income tax purposes. With respect to Motor Vehicles and Other Equipment the parties agree to treat this Leasing Agreement as a lease for all other purposes, including without limitation, accounting, regulatory or otherwise".

6. Section 4 of the Lease is hereby amended by adding the following language at the end of such Section 4:

"Upon expiration of the Basic Term or the Extended Term for each Motor Vehicle, unless Lessee shall have purchased such Motor Vehicle for its pursuant to Section 18(a) or extended the term of such Motor Vehicle at the pursuant to Section 18(b), Lessee shall sell or dispose of such Motor Vehicle pursuant to the terms and provisions of Section 10."

7. Section 10 of the Lease is hereby designated as Section 10(a) and the following Section 10(b) is hereby added to the Lease:

"(b) If the Lessee shall, pursuant to the provisions of this Leasing Agreement, exercise an option to purchase any Motor Vehicle for its , such purchase shall be treated as a sale of such Motor Vehicle under Section 10(a) above."

8. The following language is hereby added at the end of Section 16:

"If an event shall occur under the provisions of Sections 11, 15, 17 or 24, pursuant to which the Lessee is required to purchase a Motor Vehicle (an 'Event') for its amortized value, the parties hereto agree that on and after October 17, 1984 Lessee shall not be required hereunder to make such payment of amortized value to Lessor. If an Event shall occur on or after October 17, 1984, Lessee shall, within the applicable time periods stated in Sections 11, 15, 17 or 24, either arrange for and effect a sale of such Motor Vehicle pursuant to the provisions of Section 10 or, at Lessee's option, purchase such Motor Vehicle for its then fair market value pursuant to the provisions of Section 18(a)."

9. Section 18 of the Lease is hereby designated as Section 18(a) and the phrase "amortization period" contained in the first sentence of such Section 18(a) is hereby deleted and the phrase "Basic Term" is inserted therefor.

10. The following Section 18(b) is hereby added to the Lease:

"(b) Upon expiration of the Basic Term for any Motor Vehicle leased hereunder, and provided that an event of default has not occurred and is continuing, Lessee may extend the term of this Leasing Agreement for such Motor Vehicle for an additional term to be agreed to by Lessor and Lessee (the 'Extended Term'). During such Extended Term the Rent payable for such Motor Vehicle shall equal the for such Motor Vehicle as agreed to by Lessor and Lessee and as determined at the commencement of such Extended Term. If the parties cannot agree on such , they shall select a qualified independent appraiser to determine such and his decision shall be final."

11. This Rider shall be effective as of October 17, 1984 for all Equipment currently under lease and to be acquired hereafter. The Lease as amended hereby is hereby incorporated by reference. The terms and conditions of this Rider shall include all Individual Leasing Records (whether or not this Rider is incorporated by reference in any such Individual Leasing Record) when each such Individual Leasing Record is made. With respect to each property, including each Motor Vehicle or unit of Other Equipment, leased pursuant to this Rider, the agreement to which such property is subject shall for all purposes include this Rider, as from time to time amended, together with the applicable Individual Leasing Record.

12. The following is a separate statement, separately signed by the Lessee:

LESSEE CERTIFICATION; NOTICE OF TAX OWNERSHIP.

With respect to each Motor Vehicle, as part of the agreement made by this Rider together with the applicable Motor Vehicle ILR or other supplement hereunder, it is stated as follows:

- (a) Lessee hereby certifies, under penalty of perjury, that Lessee intends that more than 50% of the use of each Motor Vehicle that is at any time subject to such agreement is to be in a trade or business of the Lessee.
- (b) Lessee has been advised that Lessee will not be treated as the owner for Federal income tax purposes of any Motor Vehicle subject to such agreement.

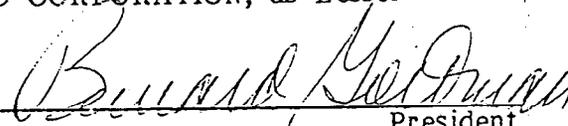
INDIANA & MICHIGAN ELECTRIC  
COMPANY, as Lessee

By   
Vice President

IN WITNESS WHEREOF, Lessor and Lessee have caused this Rider to be executed by their respective duly authorized and appointed officers.

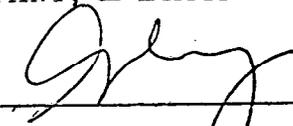
BLC CORPORATION, as Lessor

Attest:  
By   
Assistant Secretary

By   
President

INDIANA & MICHIGAN ELECTRIC  
COMPANY, as Lessee

Attest:  
By \_\_\_\_\_  
Title \_\_\_\_\_

By   
Title Vice President

LIDS  
Counsel  
Form Approved

RIDER NO. 2



Agreement, dated as of December 1, 1984, amending the Master Leasing Agreement, dated as of January 5, 1984, as previously amended (the "Lease"), by and between BLC Corporation, as Lessor ("Lessor") and Indiana & Michigan Electric Company, as Lessee ("Lessee").

1. Lessor and Lessee have previously executed Rider No. 1 to the Lease, dated as of October 17, 1984 (the "TRAC Rider"). Lessor and Lessee hereby agree that the terms and provisions of the TRAC-Rider are hereby terminated and shall be deemed by the parties hereto as having not taken effect.

2. The following language is inserted as a preamble to the Lease substituting for the language above Item 1 on the first page of the contract stating "In consideration. . .":

"WHEREAS, the Lessee intends to acquire the use of Equipment in the most economical and convenient form through the Lessor; and

WHEREAS, the Lessee and the Lessor intended in past transactions that the ownership of the property for all purposes including federal income tax purposes would be with the \_\_\_\_\_ and that the rental of the property would be by the \_\_\_\_\_, it is now the intent of the parties, effective with this amendment, that the \_\_\_\_\_ under this Master Leasing Agreement shall have the tax benefits associated with the acquisition of any Equipment acquired hereunder on or after January 1, 1984; and have therefore inserted in this Master Leasing Agreement for the transactions subsequent to this amendment a provision which has been considered to require treatment of a transaction as, for tax purposes,

WHEREAS, the Lessee and Lessor for all purposes \_\_\_\_\_ intend that this Master Leasing Agreement is governed by standard leasing principles;

NOW THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:"

3. Section 1(d) is hereby amended by adding the following language after the last paragraph:

"Notwithstanding the foregoing, Lessee may select an Amortization Period from 121 to 240 months for appropriate Equipment, provided that the aggregate Acquisition Cost of such Equipment under all of the leases referred to in Section 2(a) shall not exceed \$ \_\_\_\_\_."

4. Section 1(g) (iii) is hereby deleted in its entirety and the following language is substituted therefore:

"(iii) A rate per annum (referred to herein as the 'Lease Rate') determined on the first day of the current month which is equal to:

(x) as to Equipment acquired hereunder the lease term of which shall have commenced on or before December 31, 1984, the lower of the \_\_\_\_\_; or

(y) as to Equipment acquired hereunder the lease term of which shall have commenced on or after January 1, 1985, the lower of the \_\_\_\_\_, the \_\_\_\_\_ or the \_\_\_\_\_.

Notwithstanding the foregoing, in no event shall the Lease Rate be lower than the sum of the rate charged the Lessor on 30-day commercial paper issued by Lessor and sold by its principal commercial paper dealer on the first day of the current month plus \_\_\_\_\_ % or, if such paper has not been so sold on such date, the rate on such date quoted to Lessor on such paper by its principal commercial paper dealer plus \_\_\_\_\_ %. Upon execution of this Leasing Agreement, Lessor shall notify Lessee in writing of the then applicable Lease Rate under this subsection (iii). Thereafter, Lessor shall notify Lessee in writing of any change in such Lease Rate. If the notice of change is given to the Lessee at least ten (10) days before the Rent Due Date, the changed Lease Rate shall be used in computing such Rent payment. If such notice is given to Lessee less than ten (10) days before the Rent Due Date, the changed Lease Rate shall not be used in computing such Rent payment, but an adjustment shall be made by Lessee in the next succeeding Rent payment to give effect to the changed Lease Rate for all previous months to which the changed Lease Rate is applicable."

5. The following phrase is hereby added at the end of Section 1(l) after the phrase "Windsor Power House Coal Company":

"Conesville Coal Preparation Company"

6. The following Section 1(m) is hereby added to the Lease:

"(m) 'Commercial Paper Rate' means an interest rate per annum equal to the sum of the interest rate charged the Lessor on 30-day commercial paper issued by Lessor and sold by its principal commercial paper dealer on the first day of the current month plus \_\_\_\_\_ % or, if such paper has not been sold on such date, the rate on such date quoted to Lessor on such paper by its principal commercial paper dealer plus \_\_\_\_\_ %.

7. The amount "\$ \_\_\_\_\_," appearing at the end of Section 2(a) is hereby deleted and the amount "\$ \_\_\_\_\_" is substituted therefore.

8. The last sentence of Section 2(b) is hereby deleted and the following is inserted in lieu thereof:

"The parties agree to treat this Master Leasing Agreement as an agreement to lease and every Individual Leasing Record executed pursuant to this Master Leasing Agreement as a lease for all purposes, \_\_\_\_\_, including without limitation, accounting, regulatory or otherwise."

9. The first sentence of Section 18 is modified to strike "at its then fair market value" and substitute therefore, "for \$.". The final sentence in Section 18 is deleted.

10. Section 19 is eliminated.

11. Sections 1, 2, 8, 9 and 10 of this Rider shall be effective as of 1/5/84, with respect to any Equipment subject to the Lease on or after such date. Sections 3 thru 7 of this Rider shall be effective as of January 1, 1985.

12. Except as hereinabove set forth and as amended by Rider No. 1 hereto, all terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, Lessor and Lessee through their authorized officers have duly executed this Rider No. 2 as of the date first hereinabove set forth.

BLC CORPORATION, Lessor

Attest:

By William O. Hull  
Secretary

By Bernard Goodman  
Title Pres.

INDIANA & MICHIGAN ELECTRIC COMPANY, Lessee

Attest:

By William C. Harvey  
Title ASSISTANT SECRETARY

By [Signature]  
Title Vice President

CPS Counsel

RIDER NO. 3

Agreement, dated as of September 1, 1985, amending the Master Leasing Agreement, dated as of January 5, 1984, as previously amended (the "Lease"), by and between BLC Corporation, as Lessor ("Lessor"), and Indiana & Michigan Electric Company, as Lessee ("Lessee").

Lessor and Lessee hereby agree as follows:

1. The following phrase is hereby added at the end of Section 1(d) after the phrase "Conesville Coal Preparation Company": . . . . .

"Cedar Coal Company"

2. Except as hereinabove set forth, all of the terms and conditions of the Lease shall remain in full force and effect.

3. This Agreement shall be effective as of September 1, 1985.

IN WITNESS WHEREOF, Lessor and Lessee through their authorized officers have duly executed this Rider No. 3 as of the date first hereinabove set forth.

BLC CORPORATION, Lessor

Attest:

BY

*Lillo Seal*  
Secretary

BY

*Bernard Helton*  
President

INDIANA & MICHIGAN ELECTRIC COMPANY, Lessee

Attest:

BY

*John Deby*  
Title Assistant Secretary

BY

*John*  
Title Vice President

Form Approved  
C/S  
Counsel

RIDER NO. 4

Agreement, dated as of March 1, 1987, amending the Master Leasing Agreement, dated as of January 5, 1984, as previously amended (the "Lease"), by and between BLC Corporation, as Lessor ("Lessor"), and Indiana & Michigan Electric Company, as Lessee ("Lessee").

Lessor and Lessee hereby agree as follows:

1. The amount; "\$" appearing at the end of Section 2(a) is hereby deleted and the amount "\$." is substituted therefor.
2. Except as hereinabove set forth, all of the terms and conditions of the Lease shall remain in full force and effect.
3. This Agreement shall be effective as of March 1, 1987.

IN WITNESS WHEREOF, Lessor and Lessee through their authorized officers have duly executed this Rider No. 4 as of the date first hereinabove set forth.

BLC CORPORATION, Lessor

Attest:

By

[Signature]  
Secretary

By

[Signature]  
President

INDIANA & MICHIGAN ELECTRIC COMPANY, Lessee

Attest:

By

[Signature]  
Assistant Secretary

By

[Signature]  
Vice President

Form Approved

CAS  
Counsel

## RIDER NO. 5

Agreement, dated as of May 1, 1988, amending the Master Leasing Agreement, dated as of January 5, 1984, as previously amended (the "Lease"), by and between BLC Corporation, as Lessor ("Lessor") and Indiana Michigan Power Company (formerly known as Indiana & Michigan Electric Company), as Lessee ("Lessee").

Lessor and Lessee hereby agree as follows:

1. Section 1(g)(iii) of the Lease is hereby amended by adding the following language at the end thereof:

"Notwithstanding the foregoing, with respect to Equipment acquired hereunder the lease term of which shall have commenced on or after February 1, 1988, the Lease Rate shall equal the sum of ( %) plus the rate charged BLC Corporation on 30 day commercial paper issued by BLC Corporation and sold by its principal commercial paper dealer on the first day of the current month or, if such paper has not been so sold on such date, the rate on such date quoted to BLC Corporation on such paper by its principal commercial paper dealer. If, on any date referred to above, more than one rate is charged or quoted to BLC Corporation on such commercial paper, then the last of such commercial paper rates on such date shall be used. Upon execution of Rider No. 5, Lessor shall notify Lessee in writing of the then applicable Lease Rate under this paragraph. Thereafter, Lessor shall notify Lessee in writing of any change in such Lease Rate. If the notice of change is given to the Lessee at least ten (10) days before the Rent Due Date, the changed Lease Rate shall be used in computing such Rent payment. If such notice is given to Lessee less than ten (10) days before the Rent Due Date, the changed Lease Rate shall not be used in computing such Rent payment, but an adjustment shall be made by Lessee in the next succeeding Rent payment to give effect to the changed Lease Rate for all previous months to which the changed Lease Rate is applicable."

2. The following Section 24 is hereby added to the Lease as follows:

"24. Assignment by Lessor. Lessee acknowledges notice that Lessor may, in connection with financing its acquisition and ownership of some or all of the Equipment, grant participations or security interests in or sell or assign its interests in such Equipment, this Leasing Agreement or any Rent, Interim Rent or other amounts due hereunder. Any instrument executed in connection with such assignment shall contain a provision to the effect that as long as Lessee is not in default hereunder or under any lease executed pursuant hereto, it shall be entitled to uninterrupted use and quiet enjoyment of the Equipment on the terms herein provided. After such assignment the terms and provisions of this Leasing Agreement may not be altered, modified or waived without the written consent of such assignee. In connection with such assignment Lessee agrees to execute such documents as Lessor or its assignee may reasonably request, including notices, acknowledgements and financing statements. Lessee agrees to permit Lessor to record this Agreement. Lessee hereby confirms for the benefit of any such assignee that this Leasing Agreement cannot be cancelled or terminated, except as expressly provided herein and that Lessee's obligation to pay Rent, Interim Rent and any other amounts due hereunder are absolute and unconditional. Upon the written request of such assignee, the Lessee shall make payment of all Rent, Interim Rent and other payments due hereunder with respect to such

assignment to the assignee without abatement, deduction or setoff. Such payments shall discharge the obligations of the Lessee to the Lessor hereunder to the extent of such payments. Lessee further covenants and agrees that it will not assert against Lessor's assignee any defense, counterclaim or setoff due to a breach of warranty or otherwise in any action for Rent, Interim Rent or any other amounts due hereunder or for possession of the Equipment which is brought by Lessor's assignee. The assignment by the Lessor to the assignee of rights hereunder shall not impose on the assignee any of the duties or obligations of the Lessor hereunder, but in all other respects the assignee shall have all the rights of the Lessor hereunder to the extent necessary to realize upon Rent, Interim Rent and other amounts due hereunder and to protect the assignee's security interest in Equipment resulting from such assignment."

3. Except as hereinabove set forth, all of the terms and conditions of the Lease shall remain in full force and effect.

4. This Agreement shall be effective as of May 1, 1988.

IN WITNESS WHEREOF, Lessor and Lessee through their authorized officers have duly executed this Rider No. 5 as of the date first hereinabove set forth.

Form Approved

CAS  
Counsel

Attest:

By

[Signature]  
Secretary

BLC CORPORATION, Lessor

By

[Signature]  
President

Attest:

By

[Signature]

Title Assistant Secretary

INDIANA MICHIGAN POWER  
COMPANY, Lessee

By

[Signature]

Title Vice President

## RIDER NO. 6

Agreement, dated as of December 15, 1989, amending the Master Leasing Agreement, dated as of January 5, 1984, as previously amended (the "Lease"), by and between BLC Corporation, as lessor (herein called "Lessor") and Indiana Michigan Power Company, as lessee (herein called "Lessee").

In consideration of the mutual covenants contained herein, the parties hereto hereby agree as follows:

1. Subsection 1(a)(iv) of the Lease is hereby redesignated as Subsection 1(a)(v) and the following Subsection (iv) is hereby inserted:

"(iv) New or used Railcars and Locomotives as further described in Schedule A hereto ('Railroad Equipment'); and"

2. Section 6 of the Lease is hereby redesignated as Subsection 6(a) and the following Subsection 6(b) is hereby inserted:

"(b) The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including, without limitation, the rules of the United States Department of Transportation, the Interstate Commerce Commission (the 'ICC') and, to the extent applicable, the current Interchange Rules or supplements thereto of the Mechanical Division, Association of American Railroads ('AAR') as the same may be in effect from time to time (the 'Interchange Rules') with respect to the use and maintenance of each unit of Railroad Equipment subject to this Agreement. Lessee shall maintain and keep the Railroad Equipment in condition suitable for use in interchange in accordance with the Interchange Rules. In case any Railroad Equipment or appliance is required to be altered, added, replaced or modified on any Railroad Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, additions, replacements and/or modifications at its own expense and title thereto shall be immediately vested in the Lessor; provided, however, that (i) Lessee may, in good faith and by appropriate legal proceedings, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not in the opinion of the Lessor adversely affect the property rights, or interests of the Lessor in the Railroad Equipment hereunder and (ii) Lessor agrees to use its best efforts to provide reasonable financing to the Lessee to reimburse Lessee for any costs and expenses related to such alteration."

3. The following Subsection (5) is hereby added to Subsection 9(a) of the Lease:

"(5) any reclaims, storage charges, mileage allowances, repair costs or any other charges relating to the Railroad Equipment payable to any carrier or railroad company."

4. Section 25 is hereby added to the Lease as follows:

"25. Identification Markings and Numbering. As soon as is reasonably possible following delivery of any Railroad Equipment to the Lessee, the Lessee shall cause to be plainly, distinctly, permanently and conspicuously marked, placed or fastened upon each unit of Railroad Equipment the following legend in letters not less than one inch in height:

'PROPERTY OF BLC CORPORATION, OWNER AND LESSOR'

and any other legend requested by the Lessor disclosing the interest of any assignee hereunder with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to each unit of Railroad Equipment, its rights under this Agreement and the rights of any assignee hereunder. As soon as is reasonably possible after delivery of any Railroad Equipment to the Lessee, the Lessee shall cause one of its car reporting marks and designated car numbers to be assigned to and marked and/or placed on each side of each unit of Railroad Equipment delivered. At all times after delivery the Lessee will cause each unit of Railroad Equipment to bear on each side thereof the aforesaid legend and the car number so assigned to it. Such car reporting marks and designated car numbers shall not be changed by the Lessee without the prior written consent of Lessor and any assignee of Lessor and any such change shall be in accordance with a statement of new marking numbers to be substituted therefor which statement previously shall have been delivered to the Lessor by the Lessee. Lessee agrees to file all necessary and appropriate documents with the ICC and/or any other authority as may be required under Federal, State or local law, rules or regulations with respect to any such change in car reporting marks and designated car numbers. Lessor and Lessee agree that this Agreement and any chattel mortgages executed in connection with the Railroad Equipment shall be filed by Lessor with the ICC pursuant to the provisions of Title 49 United States Code, Section 11303."

5. The following Section 26 is hereby added to the Lease as follows:

"26. Mileage Allowances. In consideration of the Rent to be paid by the Lessee to or for the account of Lessor hereunder, Lessor agrees that it will promptly make available to Lessee in such manner as Lessor and Lessee agree, all mileage allowances received by or due to Lessor with respect to any Railroad Equipment leased hereunder; provided, however, no such mileage allowances shall be made available to the Lessee if such action is prohibited by or is illegal under any federal or applicable state law. Lessee shall render an annual accounting to the Lessor setting forth the total amount of its costs and expenses (including, without limitation, Rent, maintenance, insurance, operating expenses, taxes, accounting, legal clerical, supervisory and management expenses and all allocable portions of Lessee's overhead) paid or incurred during the accounting period and the amount of the mileage allowances paid to the Lessee during the same period. The Lessee may select the date for the first annual accounting during the first year of the lease of the Railroad Equipment hereunder and shall thereafter make an

annual report as of the anniversary date of the first report. At the same time any report is made, Lessee shall make an adjustment of such mileage allowances if required by applicable law. To the extent permitted by applicable law, Lessee's right to receive mileage allowances shall be cumulative during the period covered by this Agreement. Lessee shall in no event claim any abatement of Rent by reason of mileage allowances or set off any amounts received by Lessor as mileage allowances against any Rent payable by Lessee under Section 5 hereof or against any other sums due Lessor or any assignee of Lessor under any other section of this Agreement. As used herein, mileage allowances shall include all sums due from any railroad for the use of any Railroad Equipment leased hereunder. Upon the final termination of the leases of all Railroad Equipment leased hereunder, all mileage allowances which have been received by or are due to Lessor as the result of the leasing during the term hereof of any of the Railroad Equipment leased hereunder, and which are in excess of allowances payable to Lessee hereunder shall be retained by Lessor.

Whether or not this Agreement and the lease of Railroad Equipment hereunder has been terminated, the Lessee shall be liable for and shall promptly pay for any excess empty mileage incurred by the movement of such Railroad Equipment while leased hereunder.

Notwithstanding any provision hereof to the contrary, during any period when there exists any event of default by the Lessee in the payment of Rent hereunder, any mileage allowance which would be otherwise available to Lessee hereunder shall be applied by Lessor to cure such event of default.

Lessee agrees to monitor the movement of Railroad Equipment hereunder, to handle billing in connection with the mileage allowances relating to the Equipment and to make all claims directly against the railroads for such mileage. In addition to the indemnity provisions contained in Sections 9 and 11 of this Agreement, Lessee agrees to indemnify and hold harmless the Lessor against any and all claims, demands and liabilities of whatsoever nature and all costs and expenses relating to or in any way arising out of the operation or application of this Section 26 except for those claims, demands and liabilities which result solely from the negligence of the Lessor."

6. This Rider No. 6 shall become effective as of December 15, 1989. Except as hereinabove set forth, all of the terms and conditions contained in the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto, through their authorized officers, have duly executed this Rider No. 6 as of the date first herein written.

BLC CORPORATION, Lessor

Attest:

By Curt A. Schultz  
Asst. Secretary

Bonard Godway  
President

REC-1100  
C/S

Form Approved

INDIANA MICHIGAN POWER  
COMPANY, Lessee

Attest:

By J.H.O.  
Title Assistant Secretary

By [Signature]  
Title Vice President

SCHEDULE A  
to Rider No. 6,  
dated December 15, 1989,  
to the Master Leasing Agreement,  
dated, January 5, 1984, by and between  
BLC Corporation, as Lessor and  
Indiana Michigan Power Company, as Lessee

**EQUIPMENT DESCRIPTION**

- One used General Electric 110 Ton Diesel Electric Locomotive, Serial No. 39010.
- (41) Used Bethlehem Steel Corporation 100 ton, three pocket open hopper cars bearing the following road numbers:

<u>AEPX Car #</u>	<u>AEPX Car #</u>	<u>AEPX Car #</u>	<u>AEPX Car #</u>
751	822	842	1029
762	826	843	1031
773	829	846	1058
784	831	847	1060
791	832	850	1062
798	835	1011	1069
804	836	1013	1075
812	837	1017	1079
818	840	1018	1081
821	841	1020	1107
			1110

- (26) Used Bethlehem Steel Corporation 100 ton, three pocket open hopper cars bearing the following road numbers:

<u>AEPX Car #</u>	<u>AEPX Car #</u>	<u>AEPX Car #</u>
855	874	894
856	877	895
859	879	901
860	885	905
861	886	906
862	890	978
864	891	1004
866	892	1007
872	893	

ACKNOWLEDGEMENT

STATE OF OHIO )  
 ) SS:  
COUNTY OF Franklin )

On this 29th day of December, 1989, before me personally appeared G. P. Maloney, to me personally known, who, being by me duly sworn, says that he is <sup>Vice President of</sup> ~~INDIANA MICHIGAN POWER 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.

Mary M. Sotkey  
Notary Public

My Commission Expires: 7-13-94

STATE OF CALIFORNIA )  
 ) SS:  
COUNTY OF SAN MATEO )

On this 4th day of January, 1990, before me personally appeared Bernard Goldman to me personally known, who, being by me duly sworn, says that he is President of BLC Corporation, 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.

Lizbeth V. West  
Notary Public

My Commission Expires: 1/27/92

