

BROWN & WOOD

ONE WORLD TRADE CENTER  
NEW YORK, N.Y. 10048

555 CALIFORNIA STREET  
SAN FRANCISCO, CA 94104  
TELEPHONE 415-398-3909  
FACSIMILE 415-397-4621

TELEPHONE 212-839-5300  
FACSIMILE 212-839-5599

815 CONNECTICUT AVENUE, N.W.  
WASHINGTON, D.C. 20006  
TELEPHONE 202-223-0220  
FACSIMILE 202-223-0485

10900 WILSHIRE BOULEVARD  
LOS ANGELES, CA 90024  
TELEPHONE 213-208-4343  
FACSIMILE 213-208-5740

BLACKWELL HOUSE  
GUILDHALL YARD  
LONDON EC2V 5AB  
TELEPHONE 606-1888  
FACSIMILE 796-1807

16854  
RECORDATION NO. FILED MAR

APR 30 1990 -2 05 PM April 27, 1990

INTERSTATE COMMERCE COMMISSION

Ms. Noretta R. McGee  
Secretary  
Interstate Commerce Commission  
Twelfth Street and  
Constitution Avenue, N.W.  
Washington, D.C. 20423

0-120A043

Dear Ms. McGee:

I have enclosed an original and one copy of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code. This document is a Security Agreement and Consent to Assignment, a primary document, dated September 8, 1989.

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

Secured Parties: Cortlandt Intermodal Leasing  
Limited Partnership  
One Liberty Plaza  
165 Broadway  
New York, New York 10080

BRAE Intermodal Trailers Limited  
c/o Greenbrier Capital Corporation  
Two Embarcadero Center, Suite 420  
San Francisco, California 94111

Debtor: Redon, Inc.  
P.O. Box 97966  
Jacksonville, Florida 32247-7966

Included in the collateral covered by the document are the following agreements and such other similar agreements to which Redon, Inc. is or becomes a party:

*Handwritten signatures and initials:*  
C. [unclear]  
Jard Frank

1. Agreement for Interchange of Trailers, dated as of July 31, 1989, between Redon, Inc. and Consolidated Rail Corporation.

2. Agreement for Interchange of Trailers, dated as of July 31, 1989, between Redon, Inc. and CSX Transportation, Inc.

3. Agreement for Interchange of Trailers, dated as of July 31, 1989, between Redon, Inc. and Burlington Northern Railroad Company.

4. Agreement for Interchange of Trailers, dated as of July 31, 1989, between Redon, Inc. and Crowley Maritime Corporation.

5. Agreement for Interchange of Trailers, dated as of July 31, 1989, between Redon, Inc. and Grand Trunk Western Railroad.

6. Agreement for Interchange of Trailers, dated as of July 31, 1989, between Redon, Inc. and Illinois Central Railroad Company.

7. Agreement for Interchange of Trailers, dated as of July 31, 1989, between Redon, Inc. and Missouri Pacific Railroad Company and Missouri-Kansas-Texas Railroad Company and Union Pacific Railroad Company.

8. Agreement for Interchange of Trailers, dated as of October 1, 1989, between Redon, Inc. and Southern Pacific Transportation Company and its affiliates.

9. Agreement for Interchange and Use of Trailers, dated October 10, 1989, between Redon, Inc. and Norfolk Southern Corporation on behalf of its subsidiaries, including Norfolk and Western Railway Company and Southern Railway Company.

10. Trailer Use Agreement, dated October 13, 1989 (effective September 1, 1989), between Redon, Inc. and The Atchison, Topeka and Santa Fe Railway Company.

A fee of \$15.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to Susan D. Lewis, Brown & Wood, One World Trade Center, New York, New York 10048.

A short summary of the document to appear in the index follows:

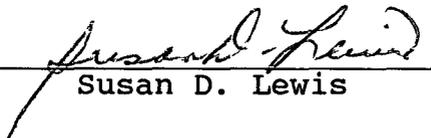
Security Agreement and Consent to Assignment among Cortlandt Intermodal Leasing Limited Partnership, One Liberty Plaza, 165 Broadway, New York, New York 10080 and BRAE Intermodal Trailers Limited, c/o Greenbrier Capital Corporaton, Two Embarcadero Center, Suite 420, San Francisco, California 94111, as Secured Parties, and Redon, Inc., P.O. Box 97966, Jacksonville, Florida 32247-7966, as Debtor, dated September 8, 1989, and covering the following agreements and such other similar agreements to which Redon, Inc. is or becomes a party:

1. Agreement for Interchange of Trailers, dated as of July 31, 1989, between Redon, Inc. and Consolidated Rail Corporation.
2. Agreement for Interchange of Trailers, dated as of July 31, 1989, between Redon, Inc. and CSX Transportation, Inc.
3. Agreement for Interchange of Trailers, dated as of July 31, 1989, between Redon, Inc. and Burlington Northern Railroad Company.
4. Agreement for Interchange of Trailers, dated as of July 31, 1989, between Redon, Inc. and Crowley Maritime Corporation.
5. Agreement for Interchange of Trailers, dated as of July 31, 1989, between Redon, Inc. and Grand Trunk Western Railroad.
6. Agreement for Interchange of Trailers, dated as of July 31, 1989, between Redon, Inc. and Illinois Central Railroad Company.
7. Agreement for Interchange of Trailers, dated as of July 31, 1989, between Redon, Inc. and Missouri Pacific Railroad Company and Missouri-Kansas-Texas Railroad Company and Union Pacific Railroad Company.
8. Agreement for Interchange of Trailers, dated as of October 1, 1989, between Redon, Inc. and Southern Pacific Transportation Company and its affiliates.
9. Agreement for Interchange and Use of Trailers, dated October 10, 1989, between Redon, Inc. and Norfolk Southern Corporation on behalf of its subsidiaries, including Norfolk and Western Railway Company and Southern Railway Company.

10. Trailer Use Agreement, dated October 13, 1989  
(effective September 1, 1989), between Redon, Inc. and  
The Atchison, Topeka and Santa Fe Railway Company.

Very truly yours,

BROWN & WOOD

By:   
Susan D. Lewis

Enclosures

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

4/30/90

OFFICE OF THE SECRETARY

Sa  
Susan D. Lewis  
Brown & Wood  
One World Trade Center  
New York, N.Y. 10048

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 4/30/90 at 2:05pm, and assigned recordation number(s). 16854

Sincerely yours,



Noreta R. McGee  
Secretary

Enclosure(s)

16854  
RECORDATION NO. \_\_\_\_\_ FILED 148

APR 30 1990 -2 05 PM

INTERSTATE COMMERCE COMMISSION

**SECURITY AGREEMENT  
AND  
CONSENT TO ASSIGNMENT**

Security Agreement and Consent to Assignment dated as of September 8, 1989 between Cortlandt Intermodal Leasing Limited Partnership, a New York limited partnership ("Cortlandt"), BRAE Intermodal Trailers, Limited, a California limited partnership ("BRAE"), as their respective interests may appear (Cortlandt and BRAE are collectively referred to herein as the "Owners"), and REDON, Inc., a Delaware corporation ("REDON").

WHEREAS, Cortlandt and REDON are parties to an Equipment Lease Agreement dated as of September 8, 1989 (the "Lease") which provides, among other things, for the lease of certain piggyback trailers and related equipment (collectively, the "Equipment") by Cortlandt to REDON upon the terms and conditions set forth therein; and

WHEREAS, BRAE and REDON are parties to an Equipment Lease Agreement dated September 8, 1989 (the "BRAE Lease") which provides, among other things, for the lease of certain piggyback trailers and related equipment (collectively, the "BRAE Equipment") by BRAE to REDON upon the terms and conditions set forth therein; and

WHEREAS, for the reasons set forth in Section 1 of this Agreement, REDON has agreed to grant the Owners, individually and not jointly, a continuing general security interest in certain Agreements for Interchange of Trailers and other similar agreements to which REDON is or becomes a party including, without prejudice to the generality of the foregoing, the agreements listed on Schedule A attached hereto (collectively, the "Interchange Agreements"), and to effect the assignment to the Owners of the Interchange Agreements upon the occurrence of certain events described herein:

NOW, THEREFORE, in consideration of the foregoing and the mutual promises contained herein, the parties hereto agree as follows:

1. In order to secure the due and punctual performance by REDON in full of each and every obligation of REDON under, and compliance by REDON with each and every provision of, the Lease and the BRAE Lease, and as a material inducement to Cortlandt entering into the Lease and BRAE entering into the BRAE Lease, REDON hereby grants the Owners, individually and not jointly, a continuing general security interest in the Interchange Agreements and all payments due or to become due thereunder and damages and other moneys from time to time payable to or receivable by REDON under the Interchange Agreements or any of them (said sums being herein called the "Moneys").

2. Notwithstanding the provisions of Section 1 hereof and except during any period of time in which an Event of Default shall have occurred under the Lease or the BRAE Lease and shall remain uncured, REDON shall be entitled to exercise all of its rights under the Interchange Agreements, except (a) the right to assign or grant security interests in any such right, including the right to receive Moneys, to any person other than the Owners, (b) to the extent that such exercise would violate any provision of an Interchange Agreement, and (c) as otherwise provided herein.

3. Subject to the provisions of the Intercreditor Agreement, dated as of the date hereof, between Cortlandt and BRAE (the "Intercreditor Agreement"), upon the occurrence of an Event of Default under the Lease or the BRAE Lease (including, without limitation, the rejection of the Lease or the BRAE Lease pursuant to any bankruptcy or similar proceeding involving REDON) and in addition to the other rights and remedies provided for herein or otherwise available to the Owners and all the rights and remedies of a secured party on default under the Uniform Commercial Code (whether or not the Uniform Commercial Code applies), all rights and interest of REDON in, to and under the Interchange Agreements or any of them and the proceeds thereof, including, without limitation, all rights to receive Moneys thereunder, shall, without the requirement for any further action on REDON's part (except as set forth in the proviso below), be deemed irrevocably assigned, transferred and set over to and exercisable solely by and exclusively for the benefit of Greenbrier Capital Corporation, as nominee or assignee for the benefit of the Owners; provided, however, that if the consent of any third party to the assignment of any such Interchange Agreement to the Owners or such nominee or assignee shall be required by such Interchange Agreement or any applicable law, rule or regulation, REDON shall use its best efforts to cause such third party consent to be granted. Accordingly, upon the occurrence of any Event of Default, the Owners shall, subject to the provisions of the Intercreditor Agreement, have all the rights to enforce the Interchange Agreements or any of them as if each of them were a party to each such agreement.

4. Upon the occurrence of an Event of Default, REDON hereby agrees, upon request of the Owners, to notify each other party to each Interchange Agreement of the effectiveness of the assignment provided for in Section 3 in accordance with the terms of each such Interchange Agreement and to cause each other party to each such Interchange Agreement, Railcar Management, Inc. and any other escrow agent then holding Moneys (collectively, an "Escrow Agent"), as the case may be, during the period that an Event of Default under the Lease or the BRAE Lease has occurred and is continuing, to pay all such Moneys directly to Cortlandt (in so

far as such Moneys relate to the Equipment) and BRAE (in so far as such Moneys relate to the BRAE Equipment) or any assignee or nominee of either of them.

5. Following the execution of this Agreement, REDON hereby agrees to take all such further actions (including, without limitation, the execution of UCC financing statements and related documents) as the Owners may reasonably request in connection with the perfection of the security interests and assignments provided for herein.

6. The obligations of REDON owing to any other party to an Interchange Agreement shall continue to be obligations of REDON, and the Owners shall have no obligation or liability under any such Interchange Agreement by reason of, or arising out of, the security interest granted to the Owners under Section 1 of this Agreement, and the Owners shall not be obligated to make any inquiry as to the sufficiency of any payment received by them or to present or file any claim or take any action to collect or enforce any claim for any payment arising thereunder.

7. REDON hereby represents and warrants to each Owner that (a) attached hereto as Exhibits A and B are true and complete copies of the Lease and the BRAE Lease, respectively, as in effect as of the date hereof, including all supplements and amendments and equipment schedules made a part thereof; (b) attached hereto as Exhibits C through L are true and complete copies of all Interchange Agreements entered into by REDON as of the date hereof; (c) each Interchange Agreement entered into by REDON during the term of the Lease and the BRAE Lease shall (unless the Owners otherwise consent in writing) be substantially in the form of the Interchange Agreement attached hereto as Exhibit C; and (d) REDON has not assigned or pledged, and will not assign or pledge, any of its estate, right, title or interest in and to the Interchange Agreements or any of them to anyone other than the Owners.

8. All notices under this Agreement shall be in writing and addressed (a) if to Cortlandt or BRAE, c/o Greenbrier Capital Corporation, Two Embarcadero Center, Suite 420, San Francisco, California 94111, attention of Bob Thull, with copies to Cortlandt, c/o ML Intermodal Leasing Inc., World Financial Center, North Tower, 18th Floor, New York, New York 10281-1318, attention of Robert F. Aufenanger or (b) if to REDON, at P.O. Box 47966, Jacksonville, Florida 32247-7966, attention of President, or at such other address as Cortlandt, BRAE or REDON, as the case may be, shall from time to time designate in writing to the other parties hereto. Notice shall be effective upon receipt or, if sent by registered mail, on the third business day after the day on which mailed, postage prepaid to such parties.

9. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

10. This Agreement may not be amended or modified except in writing by an agreement or agreements entered into by the parties hereto.

11. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and which together shall constitute one and the same instrument.

12. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed by one of its duly authorized officers as of the date and year first written above.

CORDLANDT INTERMODAL LEASING  
LIMITED PARTNERSHIP

By: ML LEASING INTERMODAL INC.  
General Partner

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

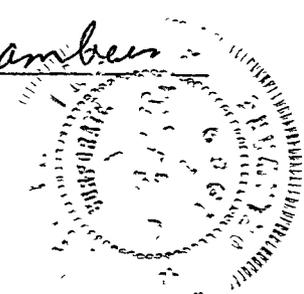
BRAE INTERMODAL TRAILERS, LIMITED

By: BRAE PARTNERS, INC.

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

REDON, INC.

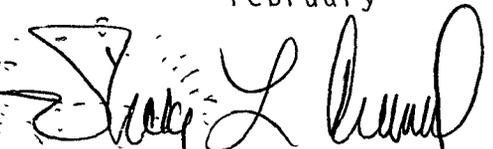
By: Ralph E. Chambers  
Title: President



State of Florida) ) ss.:  
County of Duval )

February  
On this 22d day of ~~JANUARY~~, 1990, before me personally appeared, RALPH E. CHAMBERS, to me personally known, who being by me duly sworn, says that (s)he is the PRESIDENT of REDON, Inc., that the seal affixed to the foregoing instrument is the corporate seal of REDON, INC., that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sworn to before me this  
22d day of ~~JANUARY~~, 1990.  
February

  
Notary Public



[SEAL] MY COMMISSION EXPIRES 6-14-1992

9. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

10. This Agreement may not be amended or modified except in writing by an agreement or agreements entered into by the parties hereto.

11. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and which together shall constitute one and the same instrument.

12. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed by one of its duly authorized officers as of the date and year first written above.

CORTLANDT INTERMODAL LEASING  
LIMITED PARTNERSHIP

By: ML LEASING INTERMODAL INC.  
General Partner

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

BRAE INTERMODAL TRAILERS, LIMITED

By: BRAE PARTNERS, INC.

By: Robert W. Chul  
Title: VP

REDON, Inc.

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

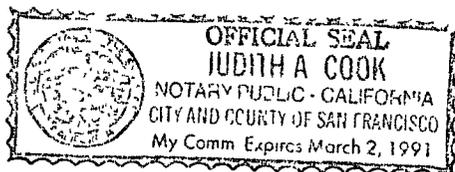
State of California )  
County of San Francisco ) ss.:

On this 5<sup>th</sup> day of March, 1990, before me personally appeared, Robert W Thull, to me personally known, who being by me duly sworn, says that (s)he is the Vice President of BRAE Partners, Inc., the General Partner in BRAE Intermodal Trailers, Limited, that the seal affixed to the foregoing instrument is the corporate seal of BRAE Partners, Inc., that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sworn to before me this  
5<sup>th</sup> day of March, 1990.

Judith A Cook  
Notary Public

[SEAL]



9. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

10. This Agreement may not be amended or modified except in writing by an agreement or agreements entered into by the parties hereto.

11. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and which together shall constitute one and the same instrument.

12. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed by one of its duly authorized officers as of the date and year first written above.

CORTLANDT INTERMODAL LEASING  
LIMITED PARTNERSHIP

By: ML LEASING INTERMODAL INC.  
General Partner

By: Robert J. Penning  
Title:

BRAE INTERMODAL TRAILERS, LIMITED

By: BRAE PARTNERS, INC.

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

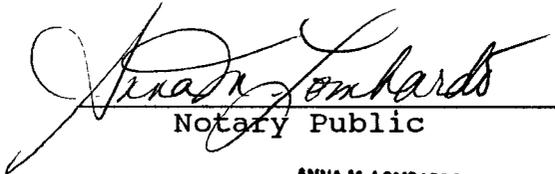
REDON, Inc.

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

State of New York                    )  
  )  ss.:  
County of New York                 )

On this 13<sup>th</sup> day of March, 1990, before me personally appeared, Robert Aulenanger, to me personally known, who being by me duly sworn, says that (s)he is the Vice President of ML Leasing Intermodal Inc., the General Partner in Cortlandt Intermodal Leasing Limited Partnership, that the seal affixed to the foregoing instrument is the corporate seal of ML Leasing Intermodal Inc., that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sworn to before me this  
13<sup>th</sup> day of March, 1990.

  
Notary Public

[SEAL]

ANNA M. LOMBARDO  
Notary Public, State of New York  
No. 41-490643  
Qualified in Richmond County  
Commission Expires October 18, 1991

## SCHEDULE A

1. Agreement for Interchange of Trailers, dated as of July 31, 1989, between Redon, Inc. and Consolidated Rail Corporation.
2. Agreement for Interchange of Trailers, dated as of July 31, 1989, between Redon, Inc. and CSX Transportation, Inc.
3. Agreement for Interchange of Trailers, dated as of July 31, 1989, between Redon, Inc. and Burlington Northern Railroad Company.
4. Agreement for Interchange of Trailers, dated as of July 31, 1989, between Redon, Inc. and Crowley Maritime Corporation.
5. Agreement for Interchange of Trailers, dated as of July 31, 1989, between Redon, Inc. and Grand Trunk Western Railroad.
6. Agreement for Interchange of Trailers, dated as of July 31, 1989, between Redon, Inc. and Illinois Central Railroad Company.
7. Agreement for Interchange of Trailers, dated as of July 31, 1989, between Redon, Inc. and Missouri Pacific Railroad Company and Missouri-Kansas-Texas Railroad Company and Union Pacific Railroad Company.
8. Agreement for Interchange of Trailers, dated as of October 1, 1989, between Redon, Inc. and Southern Pacific Transportation Company and its affiliates.
9. Agreement for Interchange and Use of Trailers, dated October 10, 1989, between Redon, Inc. and Norfolk Southern Corporation on behalf of its subsidiaries, including Norfolk and Western Railway Company and Southern Railway Company.
10. Trailer Use Agreement, dated October 13, 1989 (effective September 1, 1989), between Redon, Inc. and The Atchison, Topeka and Santa Fe Railway Company.

EXHIBIT A

[true and complete copy  
of the Lease]

**AGREEMENT**  
**FOR**  
**INTERCHANGE OF TRAILERS**

This AGREEMENT, dated as of July 31, 1989, between REDON, INC., a Delaware corporation incorporated under the laws of the State of Delaware, with a place of business at P.O. Box 47966, Jacksonville, FL 32247-7966 (hereinafter called "REDON") and Consolidated Rail Corporation (herein called "Railroad") a \_\_\_\_\_ corporation with a place of business at One Liberty Place, 1650 Market Street, Philadelphia, PA 19103-7399;

**WITNESSETH:**

**WHEREAS,** REDON is engaged in the business of leasing and otherwise providing to railroads and other users (hereinafter called "Lessee" or "Lessees") piggyback trailers and related equipment (hereinafter called "Trailers");

**WHEREAS,** the parties desire to enter into an agreement for the interchange of such Trailers;

**WHEREAS,** the parties desire to establish a set of rates and charges for the interchange and use of such Trailers;

**WHEREAS,** the parties acknowledge that such Trailers may be damaged or destroyed while in the Railroad's possession; and

**WHEREAS,** the parties desire to enter into an agreement for the service and maintenance or repair of Trailers, and for compensation of loss, damage or destroyed Trailers.

**NOW, THEREFORE,** in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. **DEFINITIONS:**

The following terms when used in this Agreement, except where the context otherwise requires, have the following meanings:

- (a) "Agreement" shall mean at any time this Agreement as originally executed and as may be amended from time to time in accordance with Article 17 hereof;
- (b) "REDON Pool" shall mean a location established and maintained by REDON from time to time for the delivery and receipt of REDON Pool Trailers. REDON reserves the right to terminate REDON Pools in the area of Railroad's operations upon thirty (30) days' written notice to Railroad, such termination to commence on the first day of the month following the lapse of the said thirty (30) days, and to establish REDON Pools at any time;
- (c) "REDON Pool Trailer" shall mean a Trailer owned or operated by REDON and bearing REDON reporting mark, "REDZ", or other markings established by REDON and designated by REDON to Railroad as a REDON Pool Trailer;
- (d) "Interchange" shall mean the delivery and receipt of a Trailer between Railroad and a Lessee with the intent thereby to transfer possession and lease responsibility from the delivering party to the receiving party;
- (e) "Interchange Rules" shall mean, unless otherwise specified herein, the TOFC/COFC Interchange Rules and Trailer & Container Service Reporting Rules adopted by the Association of American Railroads (hereinafter "AAR") in effect on April 1, 1989 and subsequent revisions thereto;
- (f) "Lessee" shall have the meaning ascribed in the first WHEREAS clause hereof;
- (g) "User Charges" shall mean the daily lease charges for Trailers as reflected in the then current Appendix A to this Agreement or as may otherwise be agreed upon in writing signed by both parties;
- (h) "Trailer" shall have the meaning ascribed in the first WHEREAS clause hereof; and
- (i) "Casualty Value" represents an amount of dollars needed in the event of loss or total destruction of Trailer to recover the unamortized portion of the original purchase price and initial financing fees, plus the opportunity loss of depreciation over the accounting life of the trailer.

2. RAILROAD'S LEASING PRIVILEGES:

Railroad shall have the following privileges:

- (a) To receive on lease, Trailers from any REDON Pool; and
- (b) To receive Trailers in interchange from other Lessees and to deliver the same to other Lessees.

3. LEASE FROM REDON POOLS:

Railroad may lease REDON Pool Trailers from any REDON Pool listed in Appendix B, which is attached hereto and hereby made a part of this Agreement. Railroad may return REDON Pool Trailers to any REDON Pool listed in Appendix B. REDON Pool locations, quantity limits, relief points, cartage obligations and other particulars are set forth in Appendix B. REDON Pool Trailers may be interchanged to other Lessees by Railroad.

4. INTERCHANGE OF TRAILERS:

All interchange of Trailers shall be evidenced by an interchange form, junction report, or other evidence thereof as agreed to from time to time by the parties hereto. Railroad acknowledges that REDON is not responsible for any damage to Trailers received in interchange and therefore Railroad will either accept responsibility for such damages, or claim such damages against the delivering Lessee, or establish to REDON's reasonable satisfaction, the Lessee or other party who is responsible.

By accepting Trailers in interchange, Railroad agrees for the period of time said Trailers are in its possession or control and in accordance with the AAR's Interchange Rules:

- (a) to pay use charge therefore; and
- (b) to be responsible for all loss and damage occasioned by it, or for all loss and damage not assumed by REDON hereunder when Railroad has transferred possession to a party who is not an authorized Lessee.

REDON must furnish Railroad with a list of its Lessees. Interchange of Trailers may only be effected between Railroad and a Lessee shown on the then current listing. In the event Railroad transfers possession to a party not listed, Railroad shall be responsible for the obligations set forth in the immediately preceding

paragraph. REDON shall be responsible for keeping the above described list current, and Railroad shall not be held accountable for any deletions from the list until it has received such deletion in writing. The Railroad shall no longer be responsible for any damage, loss, repairs, etc., to the Trailers, immediately upon interchange of the Trailers to a Lessee or to a REDON Pool. This does not include responsibility for any loss, damage, or repairs which resulted while the Trailer was in the Railroad's possession, with the exception that if such loss, damage or needed repairs is not shown by the accepting party on the appropriate inspection form, (i.e., J-1 or J-2) at the time of interchange, then such loss, damage or needed repairs will be deemed not to have occurred while in the Railroad's possession.

5. USE CHARGES:

Railroad agrees to pay to REDON the use charge set forth in Appendix A. Appendix A may be amended by REDON at any time upon thirty (30) days' written notice to Railroad, such amendment not to become effective until the first day of the month following the lapse of said thirty (30) days. Railroad shall report its usage of Trailers for each calendar month within forty (40) days of the end of such calendar month. Use charges shall accrue for every day during which a Trailer is in Railroad's possession. Possession shall be defined as Railroad having Trailer at 12:01 a.m. of the day in question.

6. MAINTENANCE, REPAIR AND TOTAL LOSS:

With respect to all Trailers in its possession, Railroad shall be responsible for and bear the expense of all damage and loss to the Trailers.

Railroad agrees to assume all responsibilities of an owner as that term is defined in the AAR TOFC/COFC Interchange Rules for Trailers bearing reporting marks "REDZ".

In the event a Trailer is lost, stolen, or destroyed, the parties will employ the depreciation and salvage value schedules or the casualty value, whichever is greater, listed in Appendix C and Appendix C-1, attached hereto and made a part of this Agreement.

A Trailer shall be considered destroyed when repairs exceed the depreciated value or the casualty value, whichever is greater, less salvage (See Appendix C and Appendix C-1).

In the event REDON wishes a destroyed Trailer returned, the Railroad shall pay the depreciated value or the casualty value, whichever is greater, of the Trailer less salvage (See Appendix C and Appendix C-1).

In the event REDON does not wish the destroyed Trailer returned, the Railroad shall pay the full depreciated value of the Trailer or the casualty value, whichever is greater (See Appendix C and Appendix C-1).

7. **FORCE MAJEURE:**

This Agreement is subject to force majeure, and is contingent upon strikes, lockouts, fires or explosions, war, accidents, acts of God, weather conditions or restrictions imposed by any government or governmental agency, or other delays beyond the control of the parties. If the Railroad is unable to perform any or all of this Agreement, with the exception of its obligation to pay Trailer use charges or repairs, etc. on Trailers for which it is responsible as per this Agreement, by any cause of force majeure, then this Agreement shall be void without penalty to either party until such time as the Railroad is able to perform under this Agreement.

The party claiming force majeure will, within five (5) days from the date of disability, excluding Saturdays, Sundays and holidays, notify the other when it learns of the existence of a force majeure condition and will similarly notify the other within a period of two (2) days, excluding weekends and holidays, when the force majeure has ended.

8. **INDEMNIFICATION:**

Railroad agrees to indemnify REDON against and to hold it harmless from any claims and expenses (including attorneys' fees) and any loss whatsoever resulting from such claims arising out of Railroad's possession or use of any Trailer or out of possession or use of any Trailer by any person not an authorized Lessee to whom Railroad has delivered said Trailer or caused or permitted said Trailer to be delivered. Railroad shall notify REDON of any circumstances giving rise to any claims which may be made against REDON regarding the Trailers.

9. **TRAILER LICENSING EXPENSE:**

REDON shall pay the expense of vehicle registration in one state of REDON's choice. The expense of these items shall include their application by REDON. All other licenses, registrations, taxes, permits and all

other fees and charges made necessary by virtue of Railroad's use of the Trailers are the responsibility of the Railroad.

10. SUBORDINATION AND ASSIGNMENT:

This Agreement shall be and is hereby made subject to and subordinate to all of the terms, covenants and conditions of any chattel mortgage, pledge, conditional sale contract or lease to which REDON is a signatory with another party with respect to any Trailer. The Railroad shall be notified in writing of any assignment by REDON of its right to receive the use charge rentals hereunder, and such assignment shall not be effective upon the Railroad until the first of the month following the month in which the Railroad receives such notice.

11. BANKRUPTCY OR INSOLVENCY OF REDON:

If there shall be filed by or against REDON, in any court of competent jurisdiction, a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of REDON's property, or if REDON shall make an assignment for the benefit of creditors, or if execution shall be issued against REDON, this Agreement, at the option of the Railroad, may be considered breached by REDON, and without notice, may be canceled and terminated.

12. TITLE IN REDON:

This Agreement is one of lease only and title to each Trailer shall at all times remain in REDON.

13. INTERCHANGE RULES:

The parties will be governed by the AAR's TOFC/COFC Interchange Rules and Trailer & Container Service Reporting Rules in effect on April 1, 1989 and subsequent revisions thereto. Whenever the terms of this Agreement conflict with AAR's Rules, then the terms of this Agreement shall take precedence.

14. FLORIDA LAW APPLICABLE:

This Agreement shall be construed and performed in accordance with the laws of the State of Florida.

15. **NOTICES:**

All written notices required under the terms and provisions of this Agreement shall become effective, unless otherwise stated, when deposited in the United States mail, with proper postage prepaid, addressed to the parties at the addresses set forth in this Agreement which in the case of Railroad shall be addressed to:

Ralph von dem Hagen

AVP - Car Management

1 Liberty Place - RM. 723

Philadelphia, PA 19103

16. **DEFAULT:**

Time is of the essence of this Agreement and no express or implied waiver by REDON of any default hereunder shall in any way be, or be construed as a waiver of any future or subsequent default of Railroad or a waiver of any rights of REDON hereunder, a modification of any of the terms of this Agreement, or an extension or enlargement of Railroad's rights hereunder. REDON shall have the right to take immediate possession of all Trailers subject to this Agreement as against Railroad should Railroad fail to pay any sum or sums to be paid hereunder when they become due; or should Railroad default in or fail to perform any other terms or condition hereof, and fail to fully remedy such default within thirty (30) days after receipt of written notice from REDON to so do; or should Railroad be the subject of any proceeding under the bankruptcy laws applicable to Railroads or become insolvent (that is to say, unable to pay its debts as they fall due); damage occasioned by any such taking of possession being hereby specially waived by Railroad; and thereupon Railroad's right to possession of any such Trailer shall terminate, and Railroad shall in all such events remain and be liable for the payment of use charges for said Trailers then due under this Agreement, and all such use charges shall become due and payable forthwith and REDON shall have the right to terminate this Agreement. No remedy herein provided to REDON is intended to be exclusive of any other remedy herein or by law provided, but shall be cumulative, and in addition to any other remedy available to REDON.

17. **AMENDMENTS:**

This Agreement represents the full Agreement and understanding between the parties. This Agreement may not be amended, modified or altered in any manner except in writing signed by both parties.

18. **ARBITRATION:**

If a dispute with respect to any of the provisions of this Agreement shall arise between the parties hereto, and said dispute cannot be settled by the disputants themselves, such question shall be determined, if the disputants shall so agree, by one disinterested arbitrator or if they shall not so agree, then by a board of disinterested arbitrators, one to be selected by each party, and the third shall be selected by the two arbitrators so chosen. The disputant desiring to arbitrate shall give written notice of the same to the other disputant stating definitely in the question or questions in dispute. If the two arbitrators fail to select a third, the disputant desiring arbitration may request a Chief Judge of the United States District Court for the appropriate district to appoint a third arbitrator. The determination of the Board of Arbitrators, by a majority thereof, shall be final and conclusive upon the disputants hereto. All expenses attending such arbitration shall be borne equally by the disputants thereto.

19. **CONFIDENTIALITY:**

This Agreement and all of its terms and Appendices are to be held in strictest confidence by both parties. No information, figures, charges, etc., contained in this Agreement are to be released to any third parties.

20. **TERM AND TERMINATION:**

This Agreement shall commence on September 1, 1989, and shall continue until November 30, 1989, and from calendar month to calendar month thereafter until terminated by one of the parties. REDON or Railroad may terminate this Agreement upon not less than ninety (90) days' written notice. Any such termination shall be effective on the first day of the month following the lapse of said ninety (90) days. Any termination of this Agreement shall not affect rights and liabilities accrued and incurred prior to such termination.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers hereunto duly authorized as of the day and year first above written.

WITNESSES:

Karen E. Murray  
Gregory S. Webster

WITNESSES:

Mary Hoover  
Deanna Sheffield

CONSOLIDATED RAIL CORPORATION:

BY: [Signature]  
TITLE: VP Customer Service  
DATE: September 11, 1989

REDON, INC.

BY: Ralph E. Chamber  
TITLE: Vice President  
DATE: August 15, 1989

**APPENDIX A**

PURSUANT TO PARAGRAPH 5 OF THE AGREEMENT, THE USE CHARGES APPLICABLE TO REDON TRAILERS IN USE BY RAILROAD EFFECTIVE 12:01 A.M. ON SEPTEMBER 1, 1989:

**DESCRIPTION**

**GENERAL SERVICE (NON-EQUIPPED) DRY VANS**

<b><u>LENGTH &amp; WIDTH</u></b>	<b><u>MECH CODE</u></b>	<b><u>CHARGE</u></b>
<b><u>45 FOOT &amp; LESS THAN 48 FOOT:</u></b>		
EXTREME WIDTH 8' & UNDER-OUTSIDE HEIGHT 13'6" & OVER	Z254	\$ 9.00
EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'-96" WIDE TANDEM	----	-----
	Z256	9.50
EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'96" WIDE TANDEM WITH 110" DOOR OPENING OR 110" THROUGHOUT	----	-----
	Z256	9.50
EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'-OVER 96" WIDE TANDEM	----	-----
	Z258	9.50
<b><u>48 FOOT &amp; OVER:</u></b>		
EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'96" WIDE TANDEM	----	-----
	Z276	\$ 9.50

NOTE: USE CHARGES WILL APPLY TO EQUIPMENT BEARING THE FOLLOWING REPORTING MARK: "REDZ"

ANY ADDITIONAL ASSOCIATION OF AMERICAN RAILROAD (AAR) MARKS WILL APPLY TO THE SCHEDULE OF CHARGES WHEN PROPER NOTIFICATION HAS BEEN RENDERED BY THE AAR, FOLLOWED BY THE ENTRY OF THE EQUIPMENT INTO THE OFFICIAL INTERMODAL EQUIPMENT REGISTER.

**APPENDIX B**

**REDON POOL LOCATIONS:**

<b><u>POOL LOCATION</u></b>	<b><u>QUANTITY LIMITS</u></b>	<b><u>RELIEF POINTS</u></b>	<b><u>CARTAGE OBLIGATION</u></b>
CHICAGO, IL	UNLIMITED (NOTE 1)	CHICAGO, IL	TO POOL: REDON TO RR : REDON

NOTE 1: REDON AGREES TO REMOVE TRAILERS FROM RAILROAD TERMINAL WITHIN 48 HOURS, EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS. OTHERWISE, RAILROAD MAY OPTION TO CONTRACT THE DRAYAGE OF TRAILERS TO REDON'S DEPOT AND REBILL THE ACTUAL CHARGES TO REDON.

## APPENDIX C

### THE DEPRECIATED VALUES FOR TRAILERS EQUALS THE REPRODUCTION COST, LESS DEPRECIATED AMOUNT.

- I. REPRODUCTION COST IS CALCULATED BY MULTIPLYING THE TRAILER'S ORIGINAL COST BY THE AAR COST FACTOR PRIOR TO THE YEAR IN WHICH THE EQUIPMENT WAS DAMAGED, AND THIS AMOUNT DIVIDED BY THE COST FACTOR FOR THE YEAR THE TRAILER WAS BUILT.
- II. DEPRECIATED AMOUNT IS CALCULATED BY MULTIPLYING THE REPRODUCTION COST BY 1/120 AND MULTIPLYING THIS VALUE BY THE NUMBER OF COMPLETE MONTHS IN SERVICE.
- III. THE MAXIMUM DEPRECIATED AMOUNT IS EQUAL TO 90% OF THE REPRODUCTION COST.

### SALVAGE VALUES TO BE DETERMINED AS FOLLOWS:

TRAILERS - \$60.00 PER WHEEL, PLUS \$100 FOR BOX = \$580

### SECTION M - AAR RULE 158 - IF IT IS ESTIMATED BY HANDLING CARRIER THAT COST OF COMPLETE REPAIRS EXCEEDS THE DEPRECIATED VALUE LESS SALVAGE, IT SHALL:

- (A) NOTIFY THE OWNER OF THE MAJOR ITEMS OF DAMAGE AND REQUEST SETTLEMENT FOR TRAILER WITHIN 15 DAYS AFTER RECEIPT OF DEPRECIATED STATEMENT.
- (B) THE OWNER SHALL ADVISE DISPOSITION DESIRED WITHIN 10 DAYS AFTER RECEIPT OF NOTIFICATION.
- (C) IF OWNER REQUESTS TRAILER TO BE RETURNED HOME, HE SHALL ASSUME CONDITIONING AND LOADING COST OF HANDLING LINE, NOT TO EXCEED \$200 AND ALL TRANSPORTATION COSTS EXCEPT OVER HANDLING LINE. THE HANDLING CARRIER IN SUCH CASE SHALL FORWARD TRAILER TO OWNER AS REQUESTED, AND SHALL BE CREDITED FOR THE SALVAGE VALUE. TRAILERS MUST NOT BE UNNECESSARILY CUT-UP TO FACILITATE HANDLING.

APPENDIX C-1

CASUALTY SCHEDULE

<u>MONTHS</u>	<u>PERCENT OF</u>						
<u>ELAPSED</u>	<u>INV. PRICE</u>						
00	105.00	40	80.00	80	55.00	120	30.00
01	104.38	41	79.38	81	54.38	121	29.38
02	103.75	42	78.75	82	53.75	122	28.75
03	103.13	43	78.13	83	53.13	123	28.13
04	102.50	44	77.50	84	52.50	124	27.50
05	101.88	45	76.88	85	51.88	125	26.88
06	101.25	46	76.25	86	51.25	126	26.25
07	100.63	47	75.63	87	50.63	127	25.63
08	100.00	48	75.00	88	50.00	128	25.00
09	99.38	49	74.38	89	49.38	129	24.38
10	98.75	50	73.75	90	48.75	130	23.75
11	98.13	51	73.13	91	48.13	131	23.13
12	97.50	52	72.50	92	47.50	132	22.50
13	96.88	53	71.88	93	46.88	133	21.88
14	96.25	54	71.25	94	46.25	134	21.25
15	95.63	55	70.63	95	45.63	135	20.63
16	95.00	56	70.00	96	45.00	136	20.00
17	94.38	57	69.38	97	44.38	137	19.38
18	93.75	58	68.75	98	43.75	138	18.75
19	93.13	59	68.13	99	43.13	139	18.13
20	92.50	60	67.50	100	42.50	140	17.50
21	91.88	61	66.88	101	41.88	141	16.88
22	91.25	62	66.25	102	41.25	142	16.25
23	90.63	63	65.63	103	40.63	143	15.63
24	90.00	64	65.00	104	40.00	144	15.00
25	89.38	65	64.38	105	39.38		
26	88.75	66	63.75	106	38.75		
27	88.13	67	63.13	107	38.13		
28	87.50	68	62.50	108	37.50		
29	86.88	69	61.88	109	36.88		
30	86.25	70	61.25	110	36.25		
31	85.63	71	60.63	111	35.63		
32	85.00	72	60.00	112	35.00		
33	84.38	73	59.38	113	34.38		
34	83.75	74	58.75	114	33.75		
35	83.13	75	58.13	115	33.13		
36	82.50	76	57.50	116	32.50		
37	81.88	77	56.88	117	31.88		
38	81.25	78	56.25	118	31.25		
39	80.63	79	55.63	119	30.63		

NOTE: THE COST FACTOR IS THE PERCENT OF THE ORIGINAL PURCHASE PRICE WHICH RECOVERS THE UNAMORTIZED PORTION OF THE PURCHASE PRICE AND INITIAL FINANCING FEES, PLUS THE OPPORTUNITY LOSS OF DEPRECIATION OVER THE ACCOUNTING LIFE OF THE EQUIPMENT.

**AGREEMENT**  
**FOR**  
**INTERCHANGE OF TRAILERS**

This AGREEMENT, dated as of July 31, 1989, between REDON, INC., a Delaware corporation incorporated under the laws of the State of Delaware, with a place of business at P.O. Box 47966, Jacksonville, FL 32247-7966 (hereinafter called "REDON") and CSX Transportation, Inc., Virginia (herein called "Railroad") a corporation with a place of business at 301 W. Bay Street, Jacksonville, FL 32202;

**WITNESSETH:**

WHEREAS, REDON is engaged in the business of leasing and otherwise providing to railroads and other users (hereinafter called "Lessee" or "Lessees") piggyback trailers and related equipment (hereinafter called "Trailers");

WHEREAS, the parties desire to enter into an agreement for the interchange of such Trailers;

WHEREAS, the parties desire to establish a set of rates and charges for the interchange and use of such Trailers;

WHEREAS, the parties acknowledge that such Trailers may be damaged or destroyed while in the Railroad's possession; and

WHEREAS, the parties desire to enter into an agreement for the service and maintenance or repair of Trailers, and for compensation of loss, damage or destroyed Trailers.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. **DEFINITIONS:**

The following terms when used in this Agreement, except where the context otherwise requires, have the following meanings:

- (a) "Agreement" shall mean at any time this Agreement as originally executed and as may be amended from time to time in accordance with Article 17 hereof;
- (b) "REDON Pool" shall mean a location established and maintained by REDON from time to time for the delivery and receipt of REDON Pool Trailers. REDON reserves the right to terminate REDON Pools in the area of Railroad's operations upon thirty (30) days' written notice to Railroad, such termination to commence on the first day of the month following the lapse of the said thirty (30) days, and to establish REDON Pools at any time;
- (c) "REDON Pool Trailer" shall mean a Trailer owned or operated by REDON and bearing REDON reporting mark "REDZ" or other markings established by REDON and designated by REDON to Railroad as a REDON Pool Trailer;
- (d) "Interchange" shall mean the delivery and receipt of a Trailer between Railroad and a Lessee with the intent thereby to transfer possession and lease responsibility from the delivering party to the receiving party;
- (e) "Interchange Rules" shall mean, unless otherwise specified herein, the TOFC/COFC Interchange Rules and Trailer & Container Service Reporting Rules adopted by the Association of American Railroads (hereinafter "AAR") in effect on April 1, 1989 and subsequent revisions thereto;
- (f) "Lessee" shall have the meaning ascribed in the first WHEREAS clause hereof;
- (g) "Lessee Charges" shall mean the daily lease charges for Trailers as reflected in the then current Appendix A to this Agreement or as may otherwise be agreed upon in writing signed by both parties; and
- (h) "Trailer" shall have the meaning ascribed in the first WHEREAS clause hereof.

2. RAILROAD'S LEASING PRIVILEGES:

Railroad shall have the following privileges:

- (a) To receive on lease, Trailers from any REDON Pool; and
- (b) To receive Trailers in interchange from other Lessee and to deliver the same to other Lessee.

3. LEASE FROM REDON POOLS:

Railroad may lease REDON Pool Trailers from any REDON Pool listed in Appendix B, which is attached hereto and hereby made a part of this Agreement. Railroad may return REDON Pool Trailers to any REDON Pool listed in Appendix B. REDON Pool locations, quantity limits, relief points, cartage obligations and other particulars are set forth in Appendix B. REDON Pool Trailers may be interchanged to other Lessees by Railroad.

4. INTERCHANGE OF TRAILERS:

All interchange of Trailers shall be evidenced by an interchange form, junction report, or other evidence thereof as agreed to from time to time by the parties hereto. Railroad acknowledges that REDON is not responsible for any damage to Trailers received in interchange and therefore Railroad will either accept responsibility for such damages, or claim such damages against the delivering Lessee, or establish to REDON's reasonable satisfaction, the Lessee or other party who is responsible.

By accepting Trailers in interchange, Railroad agrees for the period of time said Trailers are in its possession or control and in accordance with the AAR's Interchange Rules:

- (a) to pay use charge therefore; and
- (b) to be responsible for all loss and damage occasioned by it. The liability of the Railroad for Trailers bearing REDON reporting marks shall cease when Trailers are interchanged to a Lessee subscribing to the AAR Rules and the Interchange Rules regardless whether or not a Use Agreement is in effect between REDON and that Lessee.

REDON must furnish Railroad with a list of its Lessees. Interchange of Trailers may only be effected between Railroad and a Lessee shown on the then current listing. In the event Railroad transfers possession to a party not listed, Railroad shall be responsible for the obligations set forth in the immediately preceding

paragraph. REDON shall be responsible for keeping the above described list current, and Railroad shall not be held accountable for any deletions from the list until it has received such deletion in writing. The Railroad shall no longer be responsible for any damage, loss, repairs, etc., to the Trailers, immediately upon interchange of the Trailers to a Lessee or to a REDON Pool. This does not include responsibility for any loss, damage, or repairs which resulted while the Trailer was in the Railroad's possession, with the exception that if such loss, damage or needed repair is not shown by the accepting party on the appropriate inspection form, (i.e., J-1 or J-2) at the time of interchange, then such loss, damage or needed repairs will be deemed not to have occurred while in the Railroad's possession.

5. USE CHARGES:

Railroad agrees to pay to REDON the use charge set forth in Appendix A. Appendix A may be amended by REDON at any time upon thirty (30) days' written notice to Railroad, such amendment not to become effective until the first day of the month following the lapse of said thirty (30) days. Railroad shall report its usage of Trailers for each calendar month within forty (40) days of the end of such calendar month. Use charges shall accrue for every day during which a Trailer is in Railroad's possession. Possession shall be defined as Railroad having Trailer at 12:01 a.m. of the day in question.

6. MAINTENANCE, REPAIR AND TOTAL LOSS:

With respect to all Trailers in its possession, Railroad shall be responsible for and bear the expense of all damage and loss to the Trailers.

REDON agrees to assume all responsibilities of an owner as that term is defined in the AAR TOFC/COFC Interchange Rules for Trailers bearing reporting mark "REDZ".

Repairs, etc. to the Trailers shall be in accordance with the AAR TOFC/COFC Interchange Rules but subject to the following:

- (a) Labor and parts for Trailer servicing and repairs will be billed to the appropriate party on an invoice cost basis;

- (b) All invoices for Trailer servicing and repairs will show the number of hours worked and tenth-hour increments will be used for billing purposes;
- (c) Under no circumstances shall Railroad bill REDON a greater amount than Railroad pays for repairs or parts;
- (d) The parties agree that all bills for servicing and repairs shall be reasonable and that REDON may protest any unreasonable bill or improper service or repair; and
- (e) In the event a Trailer is lost, stolen, or destroyed, the parties will employ the depreciation and salvage value schedules listed in Appendix C attached hereto and made a part of this Agreement.

A Trailer shall be considered destroyed when repairs exceed the depreciated value less salvage (See Appendix C).

In the event REDON wishes a destroyed Trailer returned, the Railroad shall pay the depreciated value of the Trailer less salvage (See Appendix C).

In the event REDON does not wish the destroyed Trailer returned, the Railroad shall pay the full depreciated value of the Trailer (See Appendix C).

7. FORCE MAJEURE:

This Agreement is subject to force majeure, and is contingent upon strikes, lockouts, fires or explosions, war, accidents, acts of God, weather conditions or restrictions imposed by any government or governmental agency, or other delays beyond the control of the parties. If the Railroad is unable to perform any or all of this Agreement, with the exception of its obligation to pay Trailer use charges or repairs, etc. on Trailers for which it is responsible as per this Agreement, by any cause of force majeure, then this Agreement shall be void without penalty to either party until such time as the Railroad is able to perform under this Agreement.

The party claiming force majeure will, within five (5) days from the date of disability, excluding Saturdays, Sundays and holidays, notify the other when it learns of the existence of a force majeure condition and will similarly notify the other within a period of two (2) days, excluding weekends and holidays, when the force majeure has ended.

8. **INDEMNIFICATION:**

Railroad agrees to indemnify REDON against and to hold it harmless from any claims and expenses (including attorneys' fees) and any loss whatsoever resulting from such claims arising out of Railroad's possession or use of any Trailer or out of possession or use of any Trailer by any person not an authorized Lessee to whom Railroad has delivered said Trailer or caused or permitted said Trailer to be delivered. Railroad shall notify REDON of any circumstances giving rise to any claims which may be made against REDON regarding the Trailers.

9. **TRAILER LICENSING EXPENSE:**

REDON shall pay the expense of vehicle registration in one state of REDON's choice. The expense of these items shall include their application by REDON. All other licenses, registrations, taxes, permits and all other fees and charges made necessary by virtue of Railroad's use of the Trailers are the responsibility of the Railroad. The annual expense of the Federal Highway Administration (FHWA), DOT's FHWA-PI 49 C.F.R. Part 396 shall be the responsibility of REDON.

10. **SUBORDINATION AND ASSIGNMENT:**

This Agreement shall be and is hereby made subject to and subordinate to all of the terms, covenants and conditions of any chattel mortgage, pledge, conditional sale contract or lease to which REDON is a signatory with another party with respect to any Trailer. The Railroad shall be notified in writing of any assignment by REDON of its right to receive the use charge rentals hereunder, and such assignment shall not be effective upon the Railroad until the first of the month following the month in which the Railroad receives such notice.

11. **BANKRUPTCY OR INSOLVENCY OF REDON:**

If there shall be filed by or against REDON, in any court of competent jurisdiction, a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a

portion of REDON's property, or if REDON shall make an assignment for the benefit of creditors, or if execution shall be issued against REDON, this Agreement, at the option of the Railroad, may be considered breached by REDON, and without notice, may be canceled and terminated.

12. **TITLE IN REDON:**

This Agreement is one of lease only and title to each Trailer shall at all times remain in REDON.

13. **INTERCHANGE RULES:**

The parties will be governed by the AAR's TOFC/COFC Interchange Rules and Trailer & Container Service Reporting Rules in effect on April 1, 1989 and subsequent revisions thereto. Whenever the terms of this Agreement conflict with AAR's Rules, then the terms of this Agreement shall take precedence.

14. **FLORIDA LAW APPLICABLE:**

This Agreement shall be construed and performed in accordance with the laws of the State of Florida.

15. **NOTICES:**

All written notices required under the terms and provisions of this Agreement shall become effective, unless otherwise stated, when deposited in the United States mail, with proper postage prepaid, addressed to the parties at the addresses set forth in this Agreement which in the case of Railroad shall be addressed to:

Mr. W. C. Hadley

Manager Contract Administration

CSX Sea-Land Intermodal

301 W. Bay Street

Jacksonville, FL 32202

16. **DEFAULT:**

Time is of the essence of this Agreement and no express or implied waiver by REDON of any default hereunder shall in any way be, or be construed as a waiver of any future or subsequent default of Railroad or a waiver of any rights of REDON hereunder, a modification of any of the terms of this Agreement, or an extension or

enlargement of Railroad's rights hereunder. REDON shall have the right to take immediate possession of all Trailers subject to this Agreement as against Railroad should Railroad fail to pay any sum or sums to be paid hereunder when they become due; or should Railroad default in or fail to perform any other terms or condition hereof, and fail to fully remedy such default within thirty (30) days after receipt of written notice from REDON to so do; or should Railroad be the subject of any proceeding under the bankruptcy laws applicable to Railroads or become insolvent (that is to say, unable to pay its debts as they fall due); damage occasioned by any such taking of possession being hereby specially waived by Railroad; and thereupon Railroad's right to possession of any such Trailer shall terminate, and Railroad shall in all such events remain and be liable for the payment of use charges for said Trailers then due under this Agreement, and all such use charges shall become due and payable forthwith and REDON shall have the right to terminate this Agreement. No remedy herein provided to REDON is intended to be exclusive of any other remedy herein or by law provided, but shall be cumulative, and in addition to any other remedy available to REDON.

17. AMENDMENTS:

This Agreement represents the full Agreement and understanding between the parties. This Agreement may not be amended, modified or altered in any manner except in writing signed by both parties.

18. ARBITRATION:

If a dispute with respect to any of the provisions of this Agreement shall arise between the parties hereto, and said dispute cannot be settled by the disputants themselves, such question shall be determined, if the disputants shall so agree, by one disinterested arbitrator or if they shall not so agree, then by a board of disinterested arbitrators, one to be selected by each party, and the third shall be selected by the two arbitrators so chosen. The disputant desiring to arbitrate shall give written notice of the same to the other disputant stating definitely in the question or questions in dispute. If the two arbitrators fail to select a third, the disputant desiring arbitration may request a Chief Judge of the United States District Court for the appropriate district to appoint a third arbitrator. The determination of the Board of Arbitrators, by a majority thereof, shall be final and conclusive upon the disputants hereto. All expenses attending such arbitration shall be borne equally by the disputants thereto.

19. CONFIDENTIALITY:

This Agreement and all of its terms and Appendices are to be held in strictest confidence by both parties. No information, figures, charges, etc., contained in this Agreement are to be released to any third parties.

20. TERM AND TERMINATION:

This Agreement shall commence on September 1, 1989, and shall continue until November 30, 1989, and from calendar month to calendar month thereafter until terminated by one of the parties. REDON or Railroad may terminate this Agreement upon not less than ninety (90) days' written notice. Any such termination shall be effective on the first day of the month following the lapse of said ninety (90) days. Any termination of this Agreement shall not affect rights and liabilities accrued and incurred prior to such termination.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers hereunto duly authorized as of the day and year first above written.

WITNESSES:

[Handwritten Signature]  
\_\_\_\_\_

CSX TRANSPORTATION, INC.

BY: [Handwritten Signature]

TITLE: VP - Perm International Operations

DATE: 8/28/89

WITNESSES:

[Handwritten Signature]  
\_\_\_\_\_

REDON, INC.

BY: [Handwritten Signature]

TITLE: Vice-President

DATE: August 28, 1989

**APPENDIX A**

PURSUANT TO PARAGRAPH 5 OF THE AGREEMENT, THE USE CHARGES APPLICABLE TO REDON TRAILERS IN USE BY RAILROAD EFFECTIVE 12:01 A.M. ON SEPTEMBER 1, 1989:

**DESCRIPTION**

**GENERAL SERVICE (NON-EQUIPPED) DRY VANS**

<b><u>LENGTH &amp; WIDTH</u></b>	<b><u>MECH CODE</u></b>	<b><u>CHARGE</u></b>
<b><u>45 FOOT &amp; LESS THAN 48 FOOT:</u></b>		
EXTREME WIDTH 8' & UNDER-OUTSIDE HEIGHT 13'6" & OVER	2254	\$ 9.50
EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'-96" WIDE TANDEM	2756	10.00
EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'96" WIDE TANDEM WITH 110" DOOR OPENING OR 110" THROUGHOUT	2756	10.00
EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'-OVER 96" WIDE TANDEM	2258	10.00
<b><u>48 FOOT &amp; OVER:</u></b>		
EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'96" WIDE TANDEM	2276	\$10.50

NOTE: USE CHARGES WILL APPLY TO EQUIPMENT BEARING THE FOLLOWING REPORTING MARK: "REDZ" THAT ARE ON FILE IN THE UNIVERSAL MACHINE LANGUAGE EQUIPMENT REGISTER (UMLER).

ANY ADDITIONAL ASSOCIATION OF AMERICAN RAILROAD (AAR) MARKS WILL APPLY TO THE SCHEDULE OF CHARGES WHEN PROPER NOTIFICATION HAS BEEN RENDERED BY THE AAR, FOLLOWED BY THE ENTRY OF THE EQUIPMENT INTO THE OFFICIAL INTERMODAL EQUIPMENT REGISTER.

APPENDIX B

REDON POOL LOCATIONS:

<u>POOL LOCATION</u>	<u>QUANTITY LIMITS</u>	<u>RELIEF POINTS</u>	<u>CARTAGE OBLIGATION</u>
----------------------	------------------------	----------------------	---------------------------

ATLANTA, GA	UNLIMITED	ATLANTA, GA	TO POOL: RAILROAD TO RR : REDON
-------------	-----------	-------------	------------------------------------

ADDRESS:

American Piggyback Services, Inc.

966 Ashby Street

Atlanta, Georgia 30058

TEL. NO.: 404-874-3058

CONTACT: George James, Jr.

CHICAGO, IL	UNLIMITED	CHICAGO, IL	TO POOL: RAILROAD TO RR : REDON
-------------	-----------	-------------	------------------------------------

ADDRESS:

Transpo Enterprise

1326 Ogden Avenue

Downers Grove, IL 60515

TEL. NO.: 312-963-4350

CONTACT: Frank Ritt

MEMPHIS, TN	UNLIMITED	MEMPHIS, TN	TO POOL: RAILROAD TO RR : REDON
-------------	-----------	-------------	------------------------------------

ADDRESS:

Comtrak, Inc.

642 E. Brooks Road

Memphis, TN 38109-0398

TEL. NO.: 901-345-8172

CONTACT: Michael Bruns

TRAILERS WILL BE DECLARED RELIEVED UPON DATE GROUNDED OR IN GATE EMPTY UNTIL INTERCHANGED TO REDON OR PLACED IN SERVICE AT THE ABOVE NAMED LOCATIONS.

APPENDIX C

THE DEPRECIATED VALUES FOR TRAILERS EQUALS THE REPRODUCTION COST, LESS DEPRECIATED AMOUNT.

- I. REPRODUCTION COST IS CALCULATED BY MULTIPLYING THE TRAILER'S ORIGINAL COST BY THE AAR COST FACTOR PRIOR TO THE YEAR IN WHICH THE EQUIPMENT WAS DAMAGED, AND THIS AMOUNT DIVIDED BY THE COST FACTOR FOR THE YEAR THE TRAILER WAS BUILT.
- II. DEPRECIATED AMOUNT IS CALCULATED BY MULTIPLYING THE REPRODUCTION COST BY 1/120 AND MULTIPLYING THIS VALUE BY THE NUMBER OF COMPLETE MONTHS IN SERVICE.
- III. THE MAXIMUM DEPRECIATED AMOUNT IS EQUAL TO 90% OF THE REPRODUCTION COST.

SALVAGE VALUES TO BE DETERMINED AS FOLLOWS:

TRAILERS - \$60.00 PER WHEEL, PLUS \$100 FOR BOX = \$580

SECTION M - AAR RULE 158 - IF IT IS ESTIMATED BY HANDLING CARRIER THAT COST OF COMPLETE REPAIRS EXCEEDS THE DEPRECIATED VALUE LESS SALVAGE, IT SHALL:

- (A) NOTIFY THE OWNER OF THE MAJOR ITEMS OF DAMAGE AND REQUEST SETTLEMENT FOR TRAILER WITHIN 15 DAYS AFTER RECEIPT OF DEPRECIATED STATEMENT.
- (B) THE OWNER SHALL ADVISE DISPOSITION DESIRED WITHIN 10 DAYS AFTER RECEIPT OF NOTIFICATION.
- (C) IF OWNER REQUESTS TRAILER TO BE RETURNED HOME, HE SHALL ASSUME CONDITIONING AND LOADING COST OF HANDLING LINE, NOT TO EXCEED \$200 AND ALL TRANSPORTATION COSTS EXCEPT OVER HANDLING LINE. THE HANDLING CARRIER IN SUCH CASE SHALL FORWARD TRAILER TO OWNER AS REQUESTED, AND SHALL BE CREDITED FOR THE SALVAGE VALUE. TRAILERS MUST NOT BE UNNECESSARILY CUT-UP TO FACILITATE HANDLING.

**AGREEMENT**  
**FOR**  
**INTERCHANGE OF TRAILERS**

This AGREEMENT, dated as of July 31, 1989, between REDON, INC., a Delaware corporation incorporated under the laws of the State of Delaware, with a place of business at P.O. Box 47966, Jacksonville, FL 32247-7966 (hereinafter called "REDON") and Burlington Northern Railroad Company (herein called "Railroad") a Delaware corporation with a place of business at 3500 Continental Plaza, 777 Main Street, Ft. Worth, Texas 76102 ;

**WITNESSETH:**

WHEREAS, REDON is engaged in the business of leasing and otherwise providing to railroads and other users (hereinafter called "Lessee" or "Lessees") piggyback trailers and related equipment (hereinafter called "Trailers");

WHEREAS, the parties desire to enter into an agreement for the interchange of such Trailers;

WHEREAS, the parties desire to establish a set of rates and charges for the interchange and use of such Trailers;

WHEREAS, the parties acknowledge that such Trailers may be damaged or destroyed while in the Railroad's possession; and

WHEREAS, the parties desire to enter into an agreement for the service and maintenance or repair of Trailers, and for compensation of loss, damage or destroyed Trailers.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. **DEFINITIONS:**

The following terms when used in this Agreement, except where the context otherwise requires, have the following meanings:

- (a) "Agreement" shall mean at any time this Agreement as originally executed and as may be amended from time to time in accordance with Article 17 hereof;
- (b) "REDON Pool" shall mean a location established and maintained by REDON from time to time for the delivery and receipt of REDON Pool Trailers. REDON reserves the right to terminate REDON Pools in the area of Railroad's operations upon thirty (30) days' written notice to Railroad, such termination to commence on the first day of the month following the lapse of the said thirty (30) days, and to establish REDON Pools at any time. However, REDON and Railroad must mutually agree on any elimination of Pools in accordance with Article 17 hereof;
- (c) "REDON Pool Trailer" shall mean a Trailer owned or operated by REDON and bearing REDON reporting mark, "REDZ" or other markings established by REDON and designated by REDON to Railroad as a REDON Pool Trailer;
- (d) "Interchange" shall mean the delivery and receipt of a Trailer between Railroad and a Lessee with the intent thereby to transfer possession and lease responsibility from the delivering party to the receiving party;
- (e) "Interchange Rules" shall mean, unless otherwise specified herein, the TOFC/COFC Interchange Rules and Trailer & Container Service Reporting Rules adopted by the Association of American Railroads (hereinafter "AAR") in effect on April 1, 1989 and subsequent revisions thereto;
- (f) "Lessee" shall have the meaning ascribed in the first WHEREAS clause hereof;
- (g) "User Charges" shall mean the daily lease charges for Trailers as reflected in the then current Appendix A to this Agreement or as may otherwise be agreed upon in writing signed by both parties;
- (h) "Trailer" shall have the meaning ascribed in the first WHEREAS clause hereof; and

2. RAILROAD'S LEASING PRIVILEGES:

Railroad shall have the following privileges:

- (a) To receive on lease, Trailers from any REDON Pool; and
- (b) To receive Trailers in interchange from other Lessees and to deliver the same to other Lessees.

3. LEASE FROM REDON POOLS:

Railroad may lease REDON Pool Trailers from any REDON Pool listed in Appendix B, which is attached hereto and hereby made a part of this Agreement. Railroad may return REDON Pool Trailers to any REDON Pool listed in Appendix B. REDON Pool locations, quantity limits, relief points, cartage obligations and other particulars are set forth in Appendix B. REDON Pool Trailers may be interchanged to other Lessees by Railroad.

4. INTERCHANGE OF TRAILERS:

All interchange of Trailers shall be evidenced by an interchange form, junction report, or other evidence thereof as agreed to from time to time by the parties hereto. Railroad acknowledges that REDON is not responsible for any damage to Trailers received in interchange and therefore Railroad will either accept responsibility for such damages, or claim such damages against the delivering Lessee, or the Lessee or other party who is responsible. However, Railroad may interchange Trailer to REDON with an AAR form (J-2) attached to the Trailer for REDON to claim the party who is responsible for all damages as identified on the J-2. Any other damages not so identified will be the responsibility of the Railroad.

By accepting Trailers in interchange, Railroad agrees for the period of time said Trailers are in its possession or control and in accordance with the AAR's Interchange Rules:

- (a) to pay use charge therefore; and
- (b) to be responsible for all loss and damage occasioned by it. The liability of the Railroad for Trailers bearing REDON reporting marks shall cease when Trailers are interchanged to a Lessee subscribing to the AAR Rules and the Interchange

Rules regardless whether or not a Use Agreement is in effect between REDON and that Lessee, except no Trailer may be loaded in revenue service on Railroad with the intent to export the Trailer into Mexico without the prior written consent of REDON.

REDON must furnish Railroad with a list of its Lessees. Interchange of Trailers may only be effected between Railroad and a Lessee shown on the then current listing. In the event Railroad transfers possession to a party not listed, Railroad shall be responsible for the obligations set forth in the immediately preceding paragraph. REDON shall be responsible for keeping the above described list current, and Railroad shall not be held accountable for any deletions from the list until it has received such deletion in writing. The Railroad shall no longer be responsible for any damage, loss, repairs, etc., to the Trailers, immediately upon interchange of the Trailers to a Lessee or to a REDON Pool. This does not include responsibility for any loss, damage, or repairs which resulted while the Trailer was in the Railroad's possession, with the exception that if such loss, damage or needed repair is not shown by the accepting party on the appropriate inspection form, (i.e., J-1 or J-2) at the time of interchange, then such loss, damage or needed repairs will be deemed not to have occurred while in the Railroad's possession.

5. USE CHARGES:

Railroad agrees to pay to REDON the use charge set forth in Appendix A. Appendix A may be amended from time to time by either party and signed in writing by both parties in accordance with Article 17 of this Agreement. Railroad shall report its usage of Trailers for each calendar month within forty (40) days of the end of such calendar month. Use charges shall accrue for every day during which a Trailer is in Railroad's possession. Possession shall be defined as Railroad having Trailer at 12:01 a.m. of the day in question.

6. MAINTENANCE, REPAIR AND TOTAL LOSS:

With respect to all Trailers in its possession, Railroad shall be responsible for and bear the expense of all damage and loss to the Trailers.

REDON agrees to assume all responsibilities of an owner as that term is defined in the AAR TOFC/COFC Interchange Rules for Trailers bearing reporting mark "REDZ".

Repairs, etc. to the Trailers shall be in accordance with the AAR TOFC/COFC Interchange Rules but subject to the following:

- (a) Labor and parts for Trailer servicing and repairs will be billed to the appropriate party on an invoice cost basis;
- (b) All invoices for Trailer servicing and repairs will show the number of hours worked and one-tenth hour increments will be used for billing purposes;
- (c) Under no circumstances shall Railroad bill REDON a greater amount than Railroad pays outside vendor or contractor for repairs or parts. However, if repair work is performed by Western Fruit Express a 15% handling charge for all parts will be added to the invoice;
- (d) The parties agree that all bills for servicing and repairs shall be reasonable and that REDON may protest any unreasonable bill or improper service or repair; and
- (e) In the event a Trailer is lost, stolen, or destroyed, the parties will employ the depreciation and salvage value schedules listed in Appendix C, attached hereto and made a part of this Agreement.

A Trailer shall be considered destroyed when repairs exceed the depreciated value less salvage (See Appendix C).

In the event REDON wishes a destroyed Trailer returned, the Railroad shall pay the depreciated value of the Trailer less salvage (See Appendix C). However, REDON shall not require the Railroad to request permission for return of a Trailer destroyed in a derailment. The Railroad at its option may dispose of the Trailer and employ the depreciation and salvage value schedule listed in Appendix C for reimbursing REDON.

In the event REDON does not wish the destroyed Trailer returned, the Railroad shall pay the full depreciated value of the Trailer (See Appendix C) and title shall be furnished in accordance with Article 12 of this Agreement.

7. FORCE MAJEURE:

This Agreement is subject to force majeure, and is contingent upon strikes, lockouts, fires or explosions, war, accidents, acts of God, weather conditions or restrictions imposed by any government or governmental agency, or other delays beyond the control of the parties. If the Railroad is unable to perform any or all of this Agreement, with the exception of its obligation to pay Trailer use charges or repairs, etc. on Trailers for which it is responsible as per this Agreement, by any cause of force majeure, then this Agreement shall be void without penalty to either party until such time as the Railroad is able to perform under this Agreement.

The party claiming force majeure will, within five (5) days from the date of disability, excluding Saturdays, Sundays and holidays, notify the other when it learns of the existence of a force majeure condition and will similarly notify the other within a period of two (2) days, excluding weekends and holidays, when the force majeure has ended.

8. INDEMNIFICATION:

In addition to furnishing evidence that Railroad is self-insured, the Railroad does hereby assume liability for, and does hereby agree to indemnify, protect, save and keep harmless REDON and its assigns from and against any and all losses, damages (including but not limited to cargo), injuries, claims, demands and all expenses, legal or otherwise (including court costs and attorneys' fees), of whatsoever kind and nature (a) relating to, arising out of or resulting from the possession, use, storage, maintenance, repair, operation or control of the Trailers, (b) by reason or as the result of any act or omission (whether negligent or otherwise) of the Railroad for itself or as agent or attorney-in-fact for REDON hereunder, or (c) as a result of claims for negligence or strict liability in tort. The Railroad shall not, however, be required to pay or discharge any claim or demand referred to in this Section 8 so long as the validity or the amount thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner which will not adversely affect the title of REDON and its assigns to the Trailers or result in the forfeiture or sale of any Trailer or if any claim or demand arises out of the defective design, original materials or manufacture of any Trailer or from the negligence of REDON. The indemnities and assumptions of liability contained in this Section 8 shall continue in full force and effect notwithstanding the termination of

this Agreement, whether by expiration of time, by operation of law or otherwise. Notwithstanding the foregoing, in no event shall the foregoing limit Railroad's rights against the Trailer manufacturer and seller including but not limited to the right to enforce all warranty claims against manufacturer. Railroad shall not be liable for events occurring after termination of this Agreement and return of Trailers to REDON as required herein.

9. TRAILER LICENSING EXPENSE:

REDON shall pay the expense of vehicle registration in one state of REDON's choice. The expense of these items shall include their application by REDON. All other licenses, registrations, taxes, permits and all other fees and charges made necessary by virtue of Railroad's use of the Trailers are the responsibility of the Railroad. The annual expense of the Federal Highway Administration (FHWA), DOT's FHWA-PI 49 C.F.R. Part 396 shall be the responsibility of REDON.

10. SUBORDINATION AND ASSIGNMENT:

This Agreement shall be and is hereby made subject to and subordinate to all of the terms, covenants and conditions of any chattel mortgage, pledge, conditional sale contract or lease to which REDON is a signatory with another party with respect to any Trailer. The Railroad shall be notified in writing of any assignment by REDON of its right to receive the use charge rentals hereunder, and such assignment shall not be effective upon the Railroad until the first of the month following the month in which the Railroad receives such notice.

11. BANKRUPTCY OR INSOLVENCY OF REDON:

If there shall be filed by or against REDON, in any court of competent jurisdiction, a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of REDON's property, or if REDON shall make an assignment for the benefit of creditors, or if execution shall be issued against REDON, this Agreement, at the option of the Railroad, may be considered breached by REDON, and without notice, may be canceled and terminated.

12. TITLE IN REDON:

This Agreement is one of lease only and title to each Trailer shall at all times remain in REDON. However, in the event of a total loss occurrence and when payment for destroyed Trailer is received by REDON, railroad shall be entitled and furnished title to said Trailer.

13. INTERCHANGE RULES:

The parties will be governed by the AAR's TOFC/COFC Interchange Rules and Trailer & Container Service Reporting Rules in effect on April 1, 1989 and subsequent revisions thereto. Whenever the terms of this Agreement conflict with AAR's Rules, then the terms of this Agreement shall take precedence.

14. FLORIDA LAW APPLICABLE:

This Agreement shall be construed and performed in accordance with the laws of the State of Florida.

15. NOTICES:

All written notices required under the terms and provisions of this Agreement shall become effective, unless otherwise stated, when deposited in the United States mail, with proper postage prepaid, addressed to the parties at the addresses set forth in this Agreement which in the case of Railroad shall be addressed to:

Mr. Roger C. Simon, Manager TOFC/COFC  
Equipment Utilization  
Burlington Northern Railroad Company  
3500 Continental Plaza  
777 Main Street  
Ft. Worth Texas 76102

16. DEFAULT AND REMEDIES:

The occurrence of any of the following events shall constitute an event of default ("Event of Default"):

- (a) Railroad shall fail to make the payment of any use charges when due and payable and such failure shall continue for more than twenty (20) days after written notice thereof to the Railroad by REDON or its assigns;

- (b) Railroad shall fail to observe or perform any other covenant required to be observed or performed by the Railroad hereunder and such failure shall continue for more than thirty (30) days after written notice thereof to the Railroad by REDON or its assign;
- (c) Any representation or warranty made by the Railroad herein or in any statement, document or certificate furnished by the Railroad to REDON or its assigns in connection herewith proves untrue, inaccurate or incomplete in any material respect as of the date of issuance or making thereof;
- (d) The subjection of a substantial part of Railroad's property or any part of the Trailers to any levy, seizure, assignment or sale for or by any creditor or governmental agency;
- (e) The assignment, lease, transfer, pledge or hypothecation of this Agreement, the Trailers, or any part thereof by Railroad without the prior written consent of REDON and Owner; or

If there is an Event of Default, the non-defaulting party at its option may:

- (a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the defaulting party of the applicable covenants and terms of the Agreement or to recover damages for the breach thereof; and/or
- (b) by notice in writing to the defaulting party, terminate this Agreement. If this Agreement is terminated, Railroad's rights of possession hereunder as to all or any part of the Trailers leased hereunder shall cease and all right, title and interest of the Railroad to or in the use of such Trailers shall terminate, and the Railroad shall take steps to return the trailers to REDON. In the event of any such termination, REDON shall be entitled to retain all use charges and additional sums paid by the Railroad accruing for use charges of the Trailers prior to the termination of this Agreement. In addition to the foregoing, in the event of a default by Railroad, REDON shall be entitled to recover from the Railroad any and all damages which REDON shall sustain by reason of the breach by Railroad of any of the covenants and terms of this Agreement, together with a reasonable sum for attorneys' fees and such expenses as shall be expended or incurred

in the seizure, reconditioning or repair of the Trailers or in the enforcement of any right or privilege hereunder or in any consultation or action in connection therewith.

The remedies herein provided in the Event of Default as hereinabove set forth shall not be deemed to be exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing in law, in equity or in bankruptcy.

17. **AMENDMENTS:**

This Agreement represents the full Agreement and understanding between the parties. This Agreement may not be amended, modified or altered in any manner except in writing signed by both parties.

18. **ARBITRATION:**

If a dispute with respect to any of the provisions of this Agreement shall arise between the parties hereto, and said dispute cannot be settled by the disputants themselves, such question shall be determined, if the disputants shall so agree, by one disinterested arbitrator or if they shall not so agree, then by a board of disinterested arbitrators, one to be selected by each party, and the third shall be selected by the two arbitrators so chosen. The disputant desiring to arbitrate shall give written notice of the same to the other disputant stating definitely in the question or questions in dispute. If the two arbitrators fail to select a third, the disputant desiring arbitration may request a Chief Judge of the United States District Court for the appropriate district to appoint a third arbitrator. The determination of the Board of Arbitrators, by a majority thereof, shall be final and conclusive upon the disputants hereto. All expenses attending such arbitration shall be borne equally by the disputants thereto.

19. **CONFIDENTIALITY:**

This Agreement and all of its terms and Appendices are to be held in strictest confidence by both parties. No information, figures, charges, etc., contained in this Agreement are to be released to any third parties.

20. TERM AND TERMINATION:

This Agreement shall commence on September 1, 1989, and shall continue until September 30, 1989, and from calendar month to calendar month thereafter until terminated by one of the parties. REDON or Railroad may terminate this Agreement upon not less than thirty (30) days' written notice. Any such termination shall be effective on the first day of the month following the lapse of said thirty (30) days. Any termination of this Agreement shall not affect rights and liabilities accrued and incurred prior to such termination.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers hereunto duly authorized as of the day and year first above written.

WITNESSES:

\_\_\_\_\_  
\_\_\_\_\_

BURLINGTON NORTHERN RAILROAD  
COMPANY

BY: Roger Simon

TITLE: Manager

DATE: 9/8/89

WITNESSES:

Dedyan Sheffield  
W. J. [unclear]

REDON, INC.

BY: Ralph E. Chamber

TITLE: Vice-President

DATE: September 7, 1989

**APPENDIX A**

PURSUANT TO PARAGRAPH 5 OF THE AGREEMENT, THE USE CHARGES APPLICABLE TO REDON TRAILERS IN USE BY RAILROAD EFFECTIVE 12:01 A.M. ON SEPTEMBER 1, 1989:

**DESCRIPTION**

**DRY VANS**

**LENGTH & WIDTH** \_\_\_\_\_ **CHARGE**

**45 FOOT & LESS THAN 48 FOOT:**

EXTREME WIDTH 8' & UNDER-OUTSIDE HEIGHT 13'6" & OVER	\$ 9.50
EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'-96" WIDE TANDEM	10.00
EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'-96" WIDE TANDEM WITH 110" DOOR OPENING OR 110" THROUGHOUT	10.00
EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'-OVER 96" WIDE TANDEM	10.00

**48 FOOT & OVER:**

EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'-96" WIDE TANDEM	\$10.00
---	---------

NOTE: USE CHARGES WILL APPLY TO EQUIPMENT BEARING THE FOLLOWING REPORTING MARK: "REDZ" THAT ARE ON FILE IN THE UNIVERSAL MACHINE LANGUAGE EQUIPMENT REGISTER (UMLER).

ANY ADDITIONAL ASSOCIATION OF AMERICAN RAILROAD (AAR) MARKS WILL APPLY TO THE SCHEDULE OF CHARGES WHEN PROPER NOTIFICATION HAS BEEN RENDERED BY THE AAR, FOLLOWED BY THE ENTRY OF THE EQUIPMENT INTO THE OFFICIAL INTERMODAL EQUIPMENT REGISTER.

APPENDIX B

REDON POOL LOCATIONS:

<u>POOL LOCATION</u>	<u>QUANTITY LIMITS</u>	<u>RELIEF POINTS</u>	<u>CARTAGE OBLIGATION</u>
ATLANTA, GA	UNLIMITED	ATLANTA, GA	TO POOL: REDON TO RR : REDON
ADDRESS: <u>SOUTHEASTERN CARRIERS, INC.</u> <u>3255 SO. SWEETWATER ROAD</u> <u>LITHIA SPRINGS, GA</u>			
TEL. NO.: <u>1-800-858-2626 ext 111</u>			
CONTACT: <u>BILL McMURRAY</u>			
CHICAGO, IL	UNLIMITED	CHICAGO, IL	TO POOL: REDON TO RR : REDON
ADDRESS: <u>CHICAGO HUB CENTER</u> <u>5601 W. 26<sup>th</sup> ST.</u> <u>CHICAGO, ILL. 60657</u>			
TEL. NO.: <u>312-780-5122</u>			
CONTACT: <u>RICK OMONSON</u>			
MEMPHIS, TN	UNLIMITED	MEMPHIS, TN	TO POOL: REDON TO RR : REDON
ADDRESS: <u>MEMPHIS HUB CENTER</u> <u>5280 SHELBY DRIVE</u> <u>MEMPHIS, TN 38118</u>			
TEL. NO.: <u>901-369-6140</u>			
CONTACT: <u>A. COOK</u>			

## APPENDIX C

### THE DEPRECIATED VALUES FOR TRAILERS EQUALS THE REPRODUCTION COST, LESS DEPRECIATED AMOUNT.

- I. REPRODUCTION COST IS CALCULATED BY MULTIPLYING THE TRAILER'S ORIGINAL COST BY THE AAR COST FACTOR PRIOR TO THE YEAR IN WHICH THE EQUIPMENT WAS DAMAGED, AND THIS AMOUNT DIVIDED BY THE COST FACTOR FOR THE YEAR THE TRAILER WAS BUILT.
- II. DEPRECIATED AMOUNT IS CALCULATED BY MULTIPLYING THE REPRODUCTION COST BY 1/120 AND MULTIPLYING THIS VALUE BY THE NUMBER OF COMPLETE MONTHS IN SERVICE.
- III. THE MAXIMUM DEPRECIATED AMOUNT IS EQUAL TO 90% OF THE REPRODUCTION COST.

### SALVAGE VALUES TO BE DETERMINED AS FOLLOWS:

TRAILERS - \$60.00 PER WHEEL, PLUS \$100 FOR BOX = \$580

### SECTION M - AAR RULE 158 - IF IT IS ESTIMATED BY HANDLING CARRIER THAT COST OF COMPLETE REPAIRS EXCEEDS THE DEPRECIATED VALUE LESS SALVAGE, IT SHALL:

- (A) NOTIFY THE OWNER OF THE MAJOR ITEMS OF DAMAGE AND REQUEST SETTLEMENT FOR TRAILER WITHIN 15 DAYS AFTER RECEIPT OF DEPRECIATED STATEMENT.
- (B) THE OWNER SHALL ADVISE DISPOSITION DESIRED WITHIN 10 DAYS AFTER RECEIPT OF NOTIFICATION.
- (C) IF OWNER REQUESTS TRAILER TO BE RETURNED HOME, HE SHALL ASSUME CONDITIONING AND LOADING COST OF HANDLING LINE, NOT TO EXCEED \$200 AND ALL TRANSPORTATION COSTS OVER HANDLING LINE. THE HANDLING CARRIER IN SUCH CASE SHALL FORWARD TRAILER TO OWNER AS REQUESTED, AND SHALL BE CREDITED FOR THE SALVAGE VALUE. TRAILERS MUST NOT BE UNNECESSARILY CUT-UP TO FACILITATE HANDLING.

**AGREEMENT**  
**FOR**  
**INTERCHANGE OF TRAILERS**

This AGREEMENT, dated as of July 31, 1989, between REDON, INC., a Delaware corporation incorporated under the laws of the State of Delaware, with a place of business at P.O. Box 47966, Jacksonville, FL 32247-7966 (hereinafter called "REDON") and Crowley Maritime Corporation (herein called "Carrier") a \_\_\_\_\_ corporation with a place of business at P.O. Box 2110, Jacksonville, FL 32203-2110;

**WITNESSETH:**

**WHEREAS,** REDON is engaged in the business of leasing and otherwise providing to railroads and other users (hereinafter called "User" or "Users") piggyback trailers and related equipment (hereinafter called "Trailers");

**WHEREAS,** the parties desire to enter into an agreement for the interchange of such Trailers;

**WHEREAS,** the parties desire to establish a set of rates and charges for the interchange and use of such Trailers;

**WHEREAS,** the parties acknowledge that such Trailers may be damaged or destroyed while in the Carrier's possession; and

**WHEREAS,** the parties desire to enter into an agreement for the service and maintenance or repair of Trailers, and for compensation of loss, damage or destroyed Trailers.

**NOW, THEREFORE,** in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. **DEFINITIONS:**

The following terms when used in this Agreement, except where the context otherwise requires, have the following meanings:

- (a) "Agreement" shall mean at any time this Agreement as originally executed and as may be amended from time to time in accordance with Article 17 hereof;
- (b) "REDON Pool" shall mean a location established and maintained by REDON from time to time for the delivery and receipt of REDON Pool Trailers. REDON reserves the right to terminate REDON Pools in the area of Carrier's operations upon thirty (30) days' written notice to Carrier, such termination to commence on the first day of the month following the lapse of the said thirty (30) days, and to establish REDON Pools at any time;
- (c) "REDON Pool Trailer" shall mean a Trailer owned or operated by REDON and bearing REDON reporting mark "REDZ" or other markings established by REDON and designated by REDON to Carrier as a REDON Pool Trailer;
- (d) "Interchange" shall mean the delivery and receipt of a Trailer between Carrier and a User with the intent thereby to transfer possession and lease responsibility from the delivering party to the receiving party;
- (e) "Interchange Rules" shall mean, unless otherwise specified herein, the TOFC/COFC Interchange Rules and Trailer & Container Service Reporting Rules adopted by the Association of American Railroads (hereinafter "AAR") in effect on April 1, 1989 and subsequent revisions thereto;
- (f) "Carrier" shall mean the party named in the first paragraph of this Agreement;
- (g) "User" shall have the meaning ascribed in the first WHEREAS clause hereof;
- (h) "User Charges" shall mean the daily lease charges for Trailers as reflected in the then current Appendix A to this Agreement or as may otherwise be agreed upon in writing signed by both parties; and
- (i) "Trailer" shall have the meaning ascribed in the first WHEREAS clause hereof.

2. CARRIER'S LEASING PRIVILEGES:

Carrier shall have the following privileges:

- (a) To receive on lease, Trailers from any REDON Pool; and
- (b) To receive Trailers in interchange from other Users and to deliver the same to other Users.

3. LEASE FROM REDON POOLS:

Carrier may lease REDON Pool Trailers from any REDON Pool listed in Appendix B, which is attached hereto and hereby made a part of this Agreement. Carrier may return REDON Pool Trailers to any REDON Pool listed in Appendix B. REDON Pool locations, quantity limits, relief points, cartage obligations and other particulars are set forth in Appendix B. REDON Pool Trailers may be interchanged to other Users by Carrier.

4. INTERCHANGE OF TRAILERS:

All interchange of Trailers shall be evidenced by an interchange form, junction report, or other evidence thereof as agreed to from time to time by the parties hereto. Carrier acknowledges that REDON is not responsible for any damage to Trailers received in interchange and therefore Carrier will either accept responsibility for such damages, or claim such damages against the delivering User, or establish to REDON's reasonable satisfaction, the User or other party who is responsible.

By accepting Trailers in interchange, Carrier agrees for the period of time said Trailers are in its possession or control and in accordance with the AAR's Interchange Rules:

- (a) to pay use charge therefore; and
- (b) to be responsible for all loss and damage occasioned by it, or for all loss and damage not assumed by REDON hereunder when Carrier has transferred possession to a party who is not an authorized User when Carrier was the originating carrier.

REDON must furnish Carrier with a list of its Users. Interchange of Trailers may only be effected between Carrier and a User shown on the then current listing. In the event Carrier transfers possession to a party not listed, Carrier shall be responsible for the obligations set forth in the immediately preceding

paragraph. REDON shall be responsible for keeping the above described list current, and Carrier shall not be held accountable for any deletions from the list until it has received such deletion in writing. The Carrier shall no longer be responsible for any damage, loss, repairs, etc., to the Trailers, immediately upon interchange of the Trailers to a User or to a REDON Pool. This does not include responsibility for any loss, damage, or repairs which resulted while the Trailer was in the Carrier's possession, with the exception that if such loss, damage or needed repair is not shown by the accepting party on an appropriate inspection form, (i.e., J-1 or J-2) at the time of interchange, then such loss, damage or needed repairs will be deemed not to have occurred while in the Carrier's possession.

5. USE CHARGES:

Carrier agrees to pay to REDON the use charge set forth in Appendix A. Appendix A may be amended by REDON at any time upon thirty (30) days' written notice to Carrier, such amendment not to become effective until the first day of the month following the lapse of said thirty (30) days. Carrier shall report its usage of Trailers for each calendar month within forty (40) days of the end of such calendar month. Use charges shall accrue for every day during which a Trailer is in Carrier's possession. Possession shall be defined as Carrier having Trailer at 12:01 a.m. of the day in question.

6. MAINTENANCE, REPAIR AND TOTAL LOSS:

With respect to all Trailers in its possession, Carrier shall be responsible for and bear the expense of all damage and loss to the Trailers.

REDON agrees to assume all responsibilities of an owner as that term is defined in the AAR TOFC/COFC Interchange Rules for Trailers bearing reporting mark "REDZ".

Repairs, etc. to the Trailers shall be in accordance with the AAR TOFC/COFC Interchange Rules but subject to the following:

- (a) Labor and parts for Trailer servicing and repairs will be billed to the appropriate party on an invoice cost basis; not to exceed the maximum prices and rates listed in Appendix D;

- (b) All invoices for Trailer servicing and repairs will show the number of hours worked and quarter-hour increments will be used for billing purposes;
- (c) Under no circumstances shall Carrier bill REDON a greater amount than Carrier pays for repairs or parts;
- (d) The parties agree that all bills for servicing and repairs shall be reasonable and that REDON may protest any unreasonable bill or improper service or repair; and
- (e) In the event a Trailer is lost, stolen, or destroyed, the parties will employ the depreciation and salvage value schedules listed in Appendix C attached hereto and made a part of this Agreement.

A Trailer shall be considered destroyed when repairs exceed the depreciated value less salvage (See Appendix C).

In the event REDON wishes a destroyed Trailer returned, the Carrier shall pay the depreciated value of the Trailer less salvage (See Appendix C).

In the event REDON does not wish the destroyed Trailer returned, the Carrier shall pay the full depreciated value of the Trailer (See Appendix C).

7. FORCE MAJEURE:

This Agreement is subject to force majeure, which shall include strikes, lockouts, fires or explosions, war, accidents, acts of God, weather conditions or restrictions imposed by any government or governmental agency, or other delays beyond the control of the parties. If the Carrier is unable to perform any or all of this Agreement, with the exception of Carrier's obligation to pay Trailer use charges or repairs, etc. on Trailers for which it is responsible as per this Agreement, by any cause of force majeure, then this Agreement shall be void without penalty to either party until such time as the Carrier is able to perform under this Agreement.

The party claiming force majeure will, within five (5) days from the date of disability, excluding Saturdays, Sundays and holidays, notify the other when it learns of the existence of a force majeure condition and will similarly notify the other within a period of two (2) days, excluding weekends and holidays, when the force majeure has ended.

8. **INDEMNIFICATION:**

Carrier agrees to indemnify REDON against and to hold it harmless from any claims and expenses (including attorneys' fees) and any loss whatsoever resulting from such claims arising out of Carrier's possession or use of any Trailer or out of possession or use of any Trailer by any person not an authorized User to whom Carrier has delivered said Trailer or caused or permitted said Trailer to be delivered. Such indemnification shall not extend to claims, expenses or losses resulting from negligence of the Trailer or latent defects in the equipment. Carrier shall notify REDON of any circumstances giving rise to any claims which may be made against REDON regarding the Trailers.

9. **TRAILER LICENSING EXPENSE:**

REDON shall pay the initial and renewal expense of lost or stolen vehicle registration in one state of REDON's choice. The expense of application shall be absorbed by REDON. All other licenses, registrations, taxes, permits and all other fees and charges made necessary by virtue of Carrier's use of the Trailers are the responsibility of the Carrier. The annual expense of inspection required by the Federal Highway Administration (FHWA), DOT's FHWA-PI 49 C.F.R. Part 396 shall be the responsibility of REDON.

10. **SUBORDINATION AND ASSIGNMENT:**

This Agreement shall be and is hereby made subject to and subordinate to all of the terms, covenants and conditions of any chattel mortgage, pledge, conditional sale contract or lease to which REDON is a signatory with another party with respect to any Trailer. The Carrier shall be notified in writing of any assignment by REDON of its right to receive the use charge rentals hereunder, and such assignment shall not be effective upon the Carrier until the first of the month following the month in which the Carrier receives such notice.

11. BANKRUPTCY OR INSOLVENCY OF REDON:

If there shall be filed by or against REDON, in any court of competent jurisdiction, a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of REDON's property, or if REDON shall make an assignment for the benefit of creditors, or if execution shall be issued against REDON, this Agreement, at the option of the Carrier, may be considered breached by REDON, and without notice, may be canceled and terminated.

12. TITLE IN REDON:

This Agreement is one of lease only and title to each Trailer shall at all times remain in REDON. However, in the event of a total loss occurrence and when payment for destroyed Trailer is received by REDON, Carrier shall be entitled and furnished title to said Trailer.

13. INTERCHANGE RULES:

The parties will be governed by the AAR's TOFC/COFC Interchange Rules and Trailer & Container Service Reporting Rules in effect on April 1, 1989 and subsequent revisions thereto. Whenever the terms of this Agreement conflict with AAR's Rules, then the terms of this Agreement shall take precedence.

14. FLORIDA LAW APPLICABLE:

This Agreement shall be construed and performed in accordance with the laws of the State of Florida.

15. NOTICES:

All written notices required under the terms and provisions of this Agreement shall become effective, unless otherwise stated, when deposited in the United States mail, with proper postage prepaid, addressed to the parties at the addresses set forth in this Agreement which in the case of Carrier shall be addressed to:

---

---

---

---

16. **DEFAULT:**

Time is of the essence of this Agreement and no express or implied waiver by REDON of any default hereunder shall in any way be, or be construed as a waiver of any future or subsequent default of Carrier or a waiver of any rights of REDON hereunder, a modification of any of the terms of this Agreement, or an extension or enlargement of Carrier's rights hereunder. REDON shall have the right to take immediate possession of all Trailers subject to this Agreement as against Carrier should Carrier fail to pay any sum or sums to be paid hereunder when they become due; or should Carrier default in or fail to perform any other terms or condition hereof, and fail to fully remedy such default within thirty (30) days after receipt of written notice from REDON to so do; or should Carrier be the subject of any proceeding under the bankruptcy laws applicable to Carriers or become insolvent (that is to say, unable to pay its debts as they fall due); damage occasioned by any such taking of possession being hereby specially waived by Carrier; and thereupon Carrier's right to possession of any such Trailer shall terminate, and Carrier shall in all such events remain and be liable for the payment of use charges for said Trailers then due under this Agreement, and all such use charges shall become due and payable forthwith and REDON shall have the right to terminate this Agreement. No remedy herein provided to REDON is intended to be exclusive of any other remedy herein or by law provided, but shall be cumulative, and in addition to any other remedy available to REDON.

17. **AMENDMENTS:**

This Agreement represents the full Agreement and understanding between the parties. This Agreement may not be amended, modified or altered in any manner except in writing signed by both parties.

18. **ARBITRATION:**

If a dispute with respect to any of the provisions of this Agreement shall arise between the parties hereto, and said dispute cannot be settled by the disputants themselves, such question shall be determined, if the disputants shall so agree, by one disinterested arbitrator or if they shall not so agree, then by a board of disinterested arbitrators, one to be selected by each party, and the third shall be selected by the two arbitrators so chosen. The disputant desiring to arbitrate shall give written notice of the same to the other disputant stating definitely in the question or

questions in dispute. If the two arbitrators fail to select a third, the disputant desiring arbitration may request a Chief Judge of the United States District Court for the appropriate district to appoint a third arbitrator. The determination of the Board of Arbitrators, by a majority thereof, shall be final and conclusive upon the disputants hereto. All expenses attending such arbitration shall be borne equally by the disputants thereto.

19. CONFIDENTIALITY:

This Agreement and all of its terms and Appendices are to be held in strictest confidence by both parties. No information, figures, charges, etc., contained in this Agreement are to be released to any third parties.

20. TERM AND TERMINATION:

This Agreement shall commence on September 1, 1989, and shall continue until September 30, 1989, and from calendar month to calendar month thereafter until terminated by one of the parties. REDON or Carrier may terminate this Agreement upon not less than thirty (30) days' written notice. Any such termination shall be effective on the first day of the month following the lapse of said thirty (30) days. Any termination of this Agreement shall not affect rights and liabilities accrued and incurred prior to such termination.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers hereunto duly authorized as of the day and year first above written.

WITNESSES:

David Neuman  
\_\_\_\_\_

CROWLEY MARITIME CORPORATION

BY: D. J. J. J. J.

TITLE: AVO. Equip. Control

DATE: Sept 22, 1989

WITNESSES:

Charlie E. Small  
DedLynn W. Sheffield

REDON, INC.

BY: Ralph E. Chamberlain

TITLE: Vice-President

DATE: Sept 18, 1989

APPENDIX B

REDON POOL LOCATIONS:

POOL LOCATION      QUANTITY LIMITS      RELIEF POINTS      CARTAGE OBLIGATION

ATLANTA, GA                      UNLIMITED                      ATLANTA, GA                      TO POOL      : CARRIER  
TO CARRIER: REDON

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

TEL. NO. : \_\_\_\_\_

CONTACT: \_\_\_\_\_

CHICAGO, IL                      UNLIMITED                      CHICAGO, IL                      TO POOL      : CARRIER  
TO CARRIER: REDON

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

TEL. NO. : \_\_\_\_\_

CONTACT: \_\_\_\_\_

MEMPHIS, TN                      UNLIMITED                      MEMPHIS, TN                      TO POOL      : CARRIER  
TO CARRIER: REDON

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

TEL. NO. : \_\_\_\_\_

CONTACT: \_\_\_\_\_

## APPENDIX C

### THE DEPRECIATED VALUES FOR TRAILERS EQUALS THE REPRODUCTION COST, LESS DEPRECIATED AMOUNT.

- I. REPRODUCTION COST IS CALCULATED BY MULTIPLYING THE TRAILER'S ORIGINAL COST BY THE AAR COST FACTOR PRIOR TO THE YEAR IN WHICH THE EQUIPMENT WAS DAMAGED, AND THIS AMOUNT DIVIDED BY THE COST FACTOR FOR THE YEAR THE TRAILER WAS BUILT.
- II. DEPRECIATED AMOUNT IS CALCULATED BY MULTIPLYING THE REPRODUCTION COST BY 1/120 AND MULTIPLYING THIS VALUE BY THE NUMBER OF COMPLETE MONTHS IN SERVICE.
- III. THE MAXIMUM DEPRECIATED AMOUNT IS EQUAL TO 90% OF THE REPRODUCTION COST.

### SALVAGE VALUES TO BE DETERMINED AS FOLLOWS:

TRAILERS - \$60.00 PER WHEEL, PLUS \$100 FOR BOX = \$580

### SECTION M - AAR RULE 158 - IF IT IS ESTIMATED BY HANDLING CARRIER THAT COST OF COMPLETE REPAIRS EXCEEDS THE DEPRECIATED VALUE LESS SALVAGE, IT SHALL:

- (A) NOTIFY THE OWNER OF THE MAJOR ITEMS OF DAMAGE AND REQUEST SETTLEMENT FOR TRAILER WITHIN 15 DAYS AFTER RECEIPT OF DEPRECIATED STATEMENT.
- (B) THE OWNER SHALL ADVISE DISPOSITION DESIRED WITHIN 10 DAYS AFTER RECEIPT OF NOTIFICATION.
- (C) IF OWNER REQUESTS TRAILER TO BE RETURNED HOME, HE SHALL ASSUME CONDITIONING AND LOADING COST OF HANDLING LINE, NOT TO EXCEED \$200 AND ALL TRANSPORTATION COSTS EXCEPT OVER HANDLING LINE. THE HANDLING CARRIER IN SUCH CASE SHALL FORWARD TRAILER TO OWNER AS REQUESTED, AND SHALL BE CREDITED FOR THE SALVAGE VALUE. TRAILERS MUST NOT BE UNNECESSARILY CUT-UP TO FACILITATE HANDLING.

APPENDIX D

MAXIMUM TIRE AND TUBE  
RECLAIM PRICES

<u>NEW TIRES:</u>	<u>SIZE</u>	<u>MATERIAL COST</u>
	750 x 15	\$180.00
	825 x 15	180.00
	900 x 20	180.00
	1000 x 20	180.00
	1000 x 22.5*	180.00
	1100 X 22.5*	180.00

<u>NEW RECAPS:</u>	<u>SIZE</u>	<u>MATERIAL COST</u>
	750 x 15	\$100.00
	825 x 15	100.00
	900 x 20	100.00
	1000 x 20	100.00
	1000 x 22.5*	100.00
	1100 X 22.5*	100.00

<u>NEW TUBES:</u>	<u>SIZE</u>	<u>MATERIAL COST</u>
	750 x 15	\$ 20.00
	825 x 15	20.00
	900 x 20	20.00
	1000 x 20	20.00

\* - TUBELESS TIRES

MAXIMUM TIRE REPAIR LABOR CHARGE

MOUNT AND DISMOUNT COMBINATION -----	\$ 15.00 EACH
SERVICE CALLS -----	NONE
TOLLS -----	NONE

NOTE: ALL TIRES MUST BE A MINIMUM OF 12 PLYS

**AGREEMENT**  
**FOR**  
**INTERCHANGE OF TRAILERS**

This AGREEMENT, dated as of July 31, 1989, between REDON, INC., a Delaware corporation incorporated under the laws of the State of Delaware, with a place of business at P.O. Box 47966, Jacksonville, FL 32247-7966 (hereinafter called "REDON") and Grand Trunk Western Railroad (herein called "Railroad") a corporation with a place of business at 1333 Brewery Park Boulevard, Detroit, Michigan 48207-2699;

**WITNESSETH:**

WHEREAS, REDON is engaged in the business of leasing and otherwise providing to railroads and other users (hereinafter called "Lessee" or "Lessees") piggyback trailers and related equipment (hereinafter called "Trailers");

WHEREAS, the parties desire to enter into an agreement for the interchange of such Trailers;

WHEREAS, the parties desire to establish a set of rates and charges for the interchange and use of such Trailers;

WHEREAS, the parties acknowledge that such Trailers may be damaged or destroyed while in the Railroad's possession; and

WHEREAS, the parties desire to enter into an agreement for the service and maintenance or repair of Trailers, and for compensation of loss, damage or destroyed Trailers.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. **DEFINITIONS:**

The following terms when used in this Agreement, except where the context otherwise requires, have the following meanings:

- (a) "Agreement" shall mean at any time this Agreement as originally executed and as may be amended from time to time in accordance with Article 17 hereof;
- (b) "REDON Pool" shall mean a location established and maintained by REDON from time to time for the delivery and receipt of REDON Pool Trailers. REDON reserves the right to terminate REDON Pools in the area of Railroad's operations upon thirty (30) days' written notice to Railroad, such termination to commence on the first day of the month following the lapse of the said thirty (30) days, and to establish REDON Pools at any time;
- (c) "REDON Pool Trailer" shall mean a Trailer owned or operated by REDON and bearing REDON reporting mark "REDZ" or other markings established by REDON and designated by REDON to Railroad as a REDON Pool Trailer;
- (d) "Interchange" shall mean the delivery and receipt of a Trailer between Railroad and a Lessee with the intent thereby to transfer possession and lease responsibility from the delivering party to the receiving party;
- (e) "Interchange Rules" shall mean, unless otherwise specified herein, the TOFC/COFC Interchange Rules and Trailer & Container Service Reporting Rules adopted by the Association of American Railroads (hereinafter "AAR") in effect on April 1, 1989 and subsequent revisions thereto;
- (f) "Lessee" shall have the meaning ascribed in the first WHEREAS clause hereof;
- (g) "User Charges" shall mean the daily lease charges for Trailers as reflected in the then current Appendix A to this Agreement or as may otherwise be agreed upon in writing signed by both parties;
- (h) "Trailer" shall have the meaning ascribed in the first WHEREAS clause hereof; and
- (i) "Casualty Value" represents an amount of dollars needed in the event of loss or total destruction of Trailer to recover the unamortized portion of the original purchase price and initial financing fees, plus the opportunity loss of depreciation over the accounting life of the Trailer.

2. RAILROAD'S LEASING PRIVILEGES:

Railroad shall have the following privileges:

- (a) To receive on lease, Trailers from any REDON Pool; and
- (b) To receive Trailers in interchange from other Lessees and to deliver the same to other Lessees.

3. LEASE FROM REDON POOLS:

Railroad may lease REDON Pool Trailers from any REDON Pool listed in Appendix B, which is attached hereto and hereby made a part of this Agreement. Railroad may return REDON Pool Trailers to any REDON Pool listed in Appendix B. REDON Pool locations, quantity limits, relief points, cartage obligations and other particulars are set forth in Appendix B. REDON Pool Trailers may be interchanged to other Lessees by Railroad.

4. INTERCHANGE OF TRAILERS:

All interchange of Trailers shall be evidenced by an interchange form, junction report, or other evidence thereof as agreed to from time to time by the parties hereto. Railroad acknowledges that REDON is not responsible for any damage to Trailers received in interchange and therefore Railroad will either accept responsibility for such damages, or claim such damages against the delivering Lessee, or establish to REDON's reasonable satisfaction, the Lessee or other party who is responsible.

By accepting Trailers in interchange, Railroad agrees for the period of time said Trailers are in its possession or control and in accordance with the AAR's Interchange Rules:

- (a) to pay use charge therefor; and
- (b) to be responsible for all loss and damage occasioned by it, or for all loss and damage not assumed by REDON hereunder when Railroad has transferred possession to a party who is not an authorized Lessee when Railroad was the originating carrier.

REDON must furnish Railroad with a list of its Lessees. Interchange of Trailers may only be effected between Railroad and a Lessee shown on the then current listing. In the event Railroad transfers possession to

a party not listed, Railroad shall be responsible for the obligations set forth in the immediately preceding paragraph. REDON shall be responsible for keeping the above described list current, and Railroad shall not be held accountable for any deletions from the list until it has received such deletion in writing. The Railroad shall no longer be responsible for any damage, loss, repairs, etc., to the Trailers, immediately upon interchange of the Trailers to a Lessee or to a REDON Pool. This does not include responsibility for any loss, damage, or repairs which resulted while the Trailer was in the Railroad's possession, with the exception that if such loss, damage or needed repair is not shown by the accepting party on the appropriate inspection form, (i.e., J-1 or J-2) at the time of interchange, then such loss, damage or needed repairs will be deemed not to have occurred while in the Railroad's possession.

5. USE CHARGES:

Railroad agrees to pay to REDON the use charge set forth in Appendix A. Appendix A may be amended by REDON at any time upon thirty (30) days' written notice to Railroad, such amendment not to become effective until the first day of the month following the lapse of said thirty (30) days. Railroad shall report its usage of Trailers for each calendar month within forty (40) days of the end of such calendar month. Use charges shall accrue for every day during which a Trailer is in Railroad's possession. Possession shall be defined as Railroad having Trailer at 12:01 a.m. of the day in question.

6. MAINTENANCE, REPAIR AND TOTAL LOSS:

With respect to all Trailers in its possession, Railroad shall be responsible for and bear the expense of all damage and loss to the Trailers.

REDON agrees to assume all responsibilities of an owner as that term is defined in the AAR TOFC/COFC Interchange Rules for Trailers bearing reporting mark "REDZ".

Repairs, etc. to the Trailers shall be in accordance with the AAR TOFC/COFC Interchange Rules but subject to the following:

- (a) Labor and parts for Trailer servicing and repairs will be billed to the appropriate party on an invoice cost basis. However, maximum prices and rates for tires, tubes and tire repairs shall not exceed those listed in Appendix D;

- (b) All invoices for Trailer servicing and repairs will show the number of hours worked and quarter-hour increments will be used for billing purposes;
- (c) Under no circumstances shall Railroad bill REDON a greater amount than Railroad pays for repairs or parts;
- (d) Both parties agree that all bills for servicing and repairs shall be reasonable and that REDON and/or Railroad may protest any unreasonable bill or improper service or repair; and
- (e) In the event a Trailer is lost, stolen, or destroyed, the parties will employ the depreciation and salvage value schedules or the casualty value, whichever is greater, listed in Appendix C and Appendix C-1, attached hereto and made a part of this Agreement.

A Trailer shall be considered destroyed when repairs exceed the depreciated value or the casualty value, whichever is greater, less salvage (See Appendix C and Appendix C-1).

In the event REDON wishes a destroyed Trailer returned, the Railroad shall pay the depreciated value or the casualty value, whichever is greater, of the Trailer less salvage (See Appendix C and Appendix C-1).

In the event REDON does not wish the destroyed Trailer returned, the Railroad shall pay the full depreciated value of the Trailer or the casualty value, whichever is greater (See Appendix C and Appendix C-1).

7. **FORCE MAJEURE:**

This Agreement is subject to force majeure, and is contingent upon strikes, lockouts, fires or explosions, war, accidents, acts of God, weather conditions or restrictions imposed by any government or governmental agency, or other delays beyond the control of the parties. If the Railroad is unable to perform any or all of this Agreement, with the exception of its obligation to pay Trailer use charges or repairs, etc. on Trailers for which it is responsible as per this Agreement, by any cause of force majeure, then this Agreement shall be void without penalty to either party until such time as the Railroad is able to perform under this Agreement.

The party claiming force majeure will, within five (5) days from the date of disability, excluding Saturdays, Sundays and holidays, notify the other when it learns of the existence of a force majeure condition and will similarly notify the other within a period of two (2) days, excluding weekends and holidays, when the force majeure has ended.

8. INDEMNIFICATION:

Railroad agrees to indemnify REDON against and to hold it harmless from any claims and expenses (including attorneys' fees) and any loss whatsoever resulting from such claims arising out of Railroad's possession or use of any Trailer or out of possession or use of any Trailer by any person not an authorized Lessee to whom Railroad has delivered said Trailer or caused or permitted said Trailer to be delivered. Railroad shall notify REDON of any injuries or damage caused by Railroad's possession or use of any Trailer covered under this Agreement.

9. TRAILER LICENSING EXPENSE:

REDON shall pay the expense of vehicle registration in one state of REDON's choice. The expense of these items shall include their application by REDON. All other licenses, registrations, taxes, permits and all other fees and charges made necessary by virtue of Railroad's use of the Trailers are the responsibility of the Railroad. The annual expense of the Federal Highway Administration (FHWA), DOT's FHWA-PI 49 C.F.R. Part 396 shall be the responsibility of REDON.

10. SUBORDINATION AND ASSIGNMENT:

This Agreement shall be and is hereby made subject to and subordinate to all of the terms, covenants and conditions of any chattel mortgage, pledge, conditional sale contract or lease to which REDON is a signatory with another party with respect to any Trailer. The Railroad shall be notified in writing of any assignment by REDON of its right to receive the use charge rentals hereunder, and such assignment shall not be effective upon the Railroad until the first of the month following the month in which the Railroad receives such notice.

11. BANKRUPTCY OR INSOLVENCY OF REDON:

If there shall be filed by or against REDON, in any court of competent jurisdiction, a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a

portion of REDON's property, or if REDON shall make an assignment for the benefit of creditors, or if execution shall be issued against REDON, this Agreement, at the option of the Railroad, may be considered breached by REDON, and without notice, may be canceled and terminated.

12. TITLE IN REDON:

This Agreement is one of lease only and title to each Trailer shall at all times remain in REDON.

13. INTERCHANGE RULES:

The parties will be governed by the AAR's TOFC/COFC Interchange Rules and Trailer & Container Service Reporting Rules in effect on April 1, 1989 and subsequent revisions thereto. Whenever the terms of this Agreement conflict with AAR's Rules, then the terms of this Agreement shall take precedence.

14. FLORIDA LAW APPLICABLE:

This Agreement shall be construed and performed in accordance with the laws of the State of Florida.

15. NOTICES:

All written notices required under the terms and provisions of this Agreement shall become effective, unless otherwise stated, when deposited in the United States mail, with proper postage prepaid, addressed to the parties at the addresses set forth in this Agreement which in the case of Railroad shall be addressed to:

Edward J. Stasio, Asst. Vice President-Marketing

Grand Trunk Western Railroad Company

1333 Brewery Park Blvd.

Detroit, MI 48207-2699

16. DEFAULT:

Time is of the essence of this Agreement and no express or implied waiver by REDON of any default hereunder shall in any way be, or be construed as a waiver of any future or subsequent default of Railroad or a waiver of any rights of REDON hereunder, a modification of any of the terms of this Agreement, or an extension or enlargement of Railroad's rights hereunder. REDON shall have the right to take immediate possession of

all Trailers subject to this Agreement as against Railroad should Railroad fail to pay any sum or sums to be paid hereunder when they become due; or should Railroad default in or fail to perform any other terms or condition hereof, and fail to fully remedy such default within thirty (30) days after receipt of written notice from REDON to so do; or should Railroad be the subject of any proceeding under the bankruptcy laws applicable to Railroads or become insolvent (that is to say, unable to pay its debts as they fall due); damage occasioned by any such taking of possession being hereby specially waived by Railroad; and thereupon Railroad's right to possession of any such Trailer shall terminate, and Railroad shall in all such events remain and be liable for the payment of use charges for said Trailers then due under this Agreement, and all such use charges shall become due and payable forthwith and REDON shall have the right to terminate this Agreement. No remedy herein provided to REDON is intended to be exclusive of any other remedy herein or by law provided, but shall be cumulative, and in addition to any other remedy available to REDON.

17. AMENDMENTS:

This Agreement represents the full Agreement and understanding between the parties. This Agreement may not be amended, modified or altered in any manner except in writing signed by both parties.

18. ARBITRATION:

If a dispute with respect to any of the provisions of this Agreement shall arise between the parties hereto, and said dispute cannot be settled by the disputants themselves, such question shall be determined, if the disputants shall so agree, by one disinterested arbitrator or if they shall not so agree, then the disputant desiring arbitration may apply to the American Arbitration Association to appoint an arbitrator pursuant to its rules. The determination of the arbitrator shall be final and conclusive upon the disputants hereto. All expenses attending such arbitration shall be borne equally by the disputants thereto.

19. CONFIDENTIALITY:

This Agreement and all of its terms and Appendices are to be held in strictest confidence by both parties. No information, figures, charges, etc., contained in this Agreement are to be released to any third parties.

20. TERM AND TERMINATION:

This Agreement shall commence on September 1, 1989, and shall continue until November 30, 1989, and from calendar month to calendar month thereafter until terminated by one of the parties. REDON or Railroad may terminate this Agreement upon not less than ninety (90) days' written notice. Any such termination shall be effective on the first day of the month following the lapse of said ninety (90) days. Any termination of this Agreement shall not affect rights and liabilities accrued and incurred prior to such termination.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers hereunto duly authorized as of the day and year first above written.

WITNESSES:

David M. Vayla  
\_\_\_\_\_

GRAND TRUNK WESTERN RAILROAD:

BY: [Signature]  
TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

WITNESSES:

Mary J. Kraus  
Debra W. Sheffield

REDON, INC.

BY: Ralph E. Chamber  
TITLE: Vice-President

DATE: August 30, 1989

9-27-89

**APPENDIX A**

PURSUANT TO PARAGRAPH 5 OF THE AGREEMENT, THE USE CHARGES APPLICABLE TO REDON TRAILERS IN USE BY RAILROAD EFFECTIVE 12:01 A.M. ON SEPTEMBER 1, 1989:

**DESCRIPTION**

**DRY VANS**

**LENGTH & WIDTH** \_\_\_\_\_ **CHARGE**

**45 FOOT & LESS THAN 48 FOOT:**

EXTREME WIDTH 8' & UNDER-OUTSIDE HEIGHT 13'6" & OVER	\$ 9.75
EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'-96" WIDE TANDEM	----- 10.50
EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'-96" WIDE TANDEM WITH 110" DOOR OPENING OR 110" THROUGHOUT	----- 10.50
EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'-OVER 96" WIDE TANDEM	----- 10.00

**48 FOOT & OVER:**

EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'-96" WIDE TANDEM \$10.75

NOTE: USE CHARGES WILL APPLY TO EQUIPMENT BEARING THE FOLLOWING REPORTING MARK: "REDZ" THAT ARE ON FILE IN THE UNIVERSAL MACHINE LANGUAGE EQUIPMENT REGISTER (UMLER).

ANY ADDITIONAL ASSOCIATION OF AMERICAN RAILROAD (AAR) MARKS WILL APPLY TO THE SCHEDULE OF CHARGES WHEN PROPER NOTIFICATION HAS BEEN RENDERED BY THE AAR, FOLLOWED BY THE ENTRY OF THE EQUIPMENT INTO THE OFFICIAL INTERMODAL EQUIPMENT REGISTER.

APPENDIX B

REDON POOL LOCATIONS:

POOL LOCATION      QUANTITY LIMITS      RELIEF POINTS      CARTAGE OBLIGATION

CHICAGO, IL

UNLIMITED

CHICAGO, IL

TO POOL: RAILROAD  
TO RR : REDON

ADDRESS:

\_\_\_\_\_

\_\_\_\_\_

TEL. NO. : \_\_\_\_\_

CONTACT: \_\_\_\_\_

## APPENDIX C

### THE DEPRECIATED VALUES FOR TRAILERS EQUALS THE REPRODUCTION COST, LESS DEPRECIATED AMOUNT.

- I. REPRODUCTION COST IS CALCULATED BY MULTIPLYING THE TRAILER'S ORIGINAL COST BY THE AAR COST FACTOR PRIOR TO THE YEAR IN WHICH THE EQUIPMENT WAS DAMAGED, AND THIS AMOUNT DIVIDED BY THE COST FACTOR FOR THE YEAR THE TRAILER WAS BUILT.
- II. DEPRECIATED AMOUNT IS CALCULATED BY MULTIPLYING THE REPRODUCTION COST BY 1/120 AND MULTIPLYING THIS VALUE BY THE NUMBER OF COMPLETE MONTHS IN SERVICE.
- III. THE MAXIMUM DEPRECIATED AMOUNT IS EQUAL TO 90% OF THE REPRODUCTION COST.

### SALVAGE VALUES TO BE DETERMINED AS FOLLOWS:

TRAILERS - \$60.00 PER WHEEL, PLUS \$100 FOR BOX = \$580

### SECTION M - AAR RULE 158 - IF IT IS ESTIMATED BY HANDLING CARRIER THAT COST OF COMPLETE REPAIRS EXCEEDS THE DEPRECIATED VALUE LESS SALVAGE, IT SHALL:

- (A) NOTIFY THE OWNER OF THE MAJOR ITEMS OF DAMAGE AND REQUEST SETTLEMENT FOR TRAILER WITHIN 15 DAYS AFTER RECEIPT OF DEPRECIATED STATEMENT.
- (B) THE OWNER SHALL ADVISE DISPOSITION DESIRED WITHIN 10 DAYS AFTER RECEIPT OF NOTIFICATION.
- (C) IF OWNER REQUESTS TRAILER TO BE RETURNED HOME, HE SHALL ASSUME CONDITIONING AND LOADING COST OF HANDLING LINE, NOT TO EXCEED \$200 AND ALL TRANSPORTATION COSTS EXCEPT OVER HANDLING LINE. THE HANDLING CARRIER IN SUCH CASE SHALL FORWARD TRAILER TO OWNER AS REQUESTED, AND SHALL BE CREDITED FOR THE SALVAGE VALUE. TRAILERS MUST NOT BE UNNECESSARILY CUT-UP TO FACILITATE HANDLING.

APPENDIX C-1

CASUALTY SCHEDULE

<u>MONTHS</u>	<u>PERCENT OF</u>	<u>MONTHS</u>	<u>PERCENT OF</u>	<u>MONTHS</u>	<u>PERCENT OF</u>	<u>MONTHS</u>	<u>PERCENT</u>
<u>ELAPSED</u>	<u>INV. PRICE</u>	<u>ELAPSED</u>	<u>INV. PRICE</u>	<u>ELAPSED</u>	<u>INV. PRICE</u>	<u>ELAPSED</u>	<u>INV. PR</u>
00	100.00	40	75.00	80	50.00	120	25.00
01	99.38	41	74.38	81	49.38	121	24.38
02	98.75	42	73.75	82	48.75	122	23.75
03	98.13	43	73.13	83	48.13	123	23.13
04	97.50	44	72.50	84	47.50	124	22.50
05	96.88	45	71.88	85	46.88	125	21.88
06	96.25	46	71.25	86	46.25	126	21.25
07	95.63	47	70.63	87	45.63	127	20.63
08	95.00	48	70.00	88	45.00	128	20.00
09	94.38	49	69.38	89	44.38	129	19.38
10	93.75	50	68.75	90	43.75	130	18.75
11	93.13	51	68.13	91	43.13	131	18.13
12	92.50	52	67.50	92	42.50	132	17.50
13	91.88	53	66.88	93	41.88	133	16.88
14	91.25	54	66.25	94	41.25	134	16.25
15	90.63	55	65.63	95	40.63	135	15.63
16	90.00	56	65.00	96	40.00	136	15.00
17	89.38	57	64.38	97	39.38	137	14.38
18	88.75	58	63.75	98	38.75	138	13.75
19	88.13	59	63.13	99	38.13	139	13.13
20	87.50	60	62.50	100	37.50	140	12.50
21	86.88	61	61.88	101	36.88	141	11.88
22	86.25	62	61.25	102	36.25	142	11.25
23	85.63	63	60.63	103	35.63	143	10.63
24	85.00	64	60.00	104	35.00	144	10.00
25	84.38	65	59.38	105	34.38		
26	83.75	66	58.75	106	33.75		
27	83.13	67	58.13	107	33.13		
28	82.50	68	57.50	108	32.50		
29	81.88	69	56.88	109	31.88		
30	81.25	70	56.25	110	31.25		
31	80.63	71	55.63	111	30.63		
32	80.00	72	55.00	112	30.00		
33	79.38	73	54.38	113	29.38		
34	78.75	74	53.75	114	28.75		
35	78.13	75	53.13	115	28.13		
36	77.50	76	52.50	116	27.50		
37	76.88	77	51.88	117	26.88		
38	76.25	78	51.25	118	26.25		
39	75.63	79	50.63	119	25.63		

NOTE: THE COST FACTOR IS THE PERCENT OF THE ORIGINAL PURCHASE PRICE WHICH RECOVERS THE UNAMORTIZED PORTION OF THE PURCHASE PRICE AND INITIAL FINANCING FEES, PLUS THE OPPORTUNITY LOSS OF DEPRECIATION OVER ACCOUNTING LIFE OF THE EQUIPMENT.

APPENDIX D

MAXIMUM TIRE AND TUBE  
RECLAIM PRICES

<u>NEW TIRES:</u>	<u>SIZE</u>	<u>MATERIAL COST</u>
	750 x 15	\$180.00
	825 x 15	180.00
	900 x 20	180.00
	1000 : 20	180.00
	1000 x 22.5*	180.00
	1100 X 22.5*	180.00

<u>NEW RECAPS:</u>	<u>SIZE</u>	<u>MATERIAL COST</u>
	750 x 15	\$100.00
	825 x 15	100.00
	900 x 20	100.00
	1000 x 20	100.00
	1000 x 22.5*	100.00
	1100 X 22.5*	100.00

<u>NEW TUBES:</u>	<u>SIZE</u>	<u>MATERIAL COST</u>
	750 x 15	\$ 20.00
	825 x 15	20.00
	900 x 20	20.00
	1000 x 20	20.00

\* - TUBELESS TIRES

MAXIMUM TIRE REPAIR LABOR CHARGE

MOUNT AND DISMOUNT COMBINATION -----	\$ 15.00 EACH
SERVICE CALLS -----	NONE
TOLLS -----	NONE

NOTE: ALL TIRES MUST BE A MINIMUM OF 12 PLYS

**AGREEMENT**  
**FOR**  
**INTERCHANGE OF TRAILERS**

This AGREEMENT, dated as of July 31, 1989, between REDON, INC., a Delaware corporation incorporated under the laws of the State of Delaware, with a place of business at P.O. Box 47966, Jacksonville, FL 32247-7966 (hereinafter called "REDON") and Illinois Central Railroad Company (herein called "Railroad") a \_\_\_\_\_ corporation with a place of business at 233 North Michigan Avenue, Chicago, IL 60601-5799 ;

**WITNESSETH:**

WHEREAS, REDON is engaged in the business of leasing and otherwise providing to railroads and other users (hereinafter called "User" or "Users") piggyback trailers and related equipment (hereinafter called "Trailers");

WHEREAS, the parties desire to enter into an agreement for the interchange of such Trailers;

WHEREAS, the parties desire to establish a set of rates and charges for the interchange and use of such Trailers;

WHEREAS, the parties acknowledge that such Trailers may be damaged or destroyed while in the Railroad's possession; and

WHEREAS, the parties desire to enter into an agreement for the service and maintenance or repair of Trailers, and for compensation of loss, damage or destroyed Trailers.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. **DEFINITIONS:**

The following terms when used in this Agreement, except where the context otherwise requires, have the following meanings:

- (a) "Agreement" shall mean at any time this Agreement as originally executed and as may be amended from time to time in accordance with Article 17 hereof;
- (b) "REDON Pool" shall mean a location established and maintained by REDON from time to time for the delivery and receipt of REDON Pool Trailers. REDON reserves the right to terminate REDON Pools in the area of Railroad's operations upon thirty (30) days' written notice to Railroad, such termination to commence on the first day of the month following the lapse of the said thirty (30) days, and to establish REDON Pools at any time;
- (c) "REDON Pool Trailer" shall mean a Trailer owned or operated by REDON and bearing REDON reporting mark "REDZ" or other markings established by REDON and designated by REDON to Railroad as a REDON Pool Trailer;
- (d) "Interchange" shall mean the delivery and receipt of a Trailer between Railroad and a User with the intent thereby to transfer possession and lease responsibility from the delivering party to the receiving party;
- (e) "Interchange Rules" shall mean, unless otherwise specified herein, the TOFC/COFC Interchange Rules and Trailer & Container Service Reporting Rules adopted by the Association of American Railroads (hereinafter "AAR") in effect on April 1, 1989 and subsequent revisions thereto;
- (f) "User" shall have the meaning ascribed in the first WHEREAS clause hereof;
- (g) "User Charges" shall mean the daily lease charges for Trailers as reflected in the then current Appendix A to this Agreement or as may otherwise be agreed upon in writing signed by both parties;
- (h) "Trailer" shall have the meaning ascribed in the first WHEREAS clause hereof; and
- (i) "Casualty Value" represents an amount of dollars needed in the event of loss or total destruction of Trailer to recover the unamortized portion of the original purchase price and initial financing fees, plus the opportunity loss of depreciation over the accounting life of the trailer.

2. RAILROAD'S LEASING PRIVILEGES:

Railroad shall have the following privileges:

- (a) To receive on lease, Trailers from any REDON Pool; and
- (b) To receive Trailers in interchange from other Users and to deliver the same to other Users.

3. LEASE FROM REDON POOLS:

Railroad may lease REDON Pool Trailers from any REDON Pool listed in Appendix B, which is attached hereto and hereby made a part of this Agreement. Railroad may return REDON Pool Trailers to any REDON Pool listed in Appendix B. REDON Pool locations, quantity limits, relief points, cartage obligations and other particulars are set forth in Appendix B. REDON Pool Trailers may be interchanged to other Users by Railroad.

4. INTERCHANGE OF TRAILERS:

All interchange of Trailers shall be evidenced by an interchange form, junction report, or other evidence thereof as agreed to from time to time by the parties hereto. Railroad acknowledges that REDON is not responsible for any damage to Trailers received in interchange and therefore Railroad will either accept responsibility for such damages, or claim such damages against the delivering User, or establish to REDON's reasonable satisfaction, the User or other party who is responsible.

By accepting Trailers in interchange, Railroad agrees for the period of time said Trailers are in its possession or control and in accordance with the AAR's Interchange Rules:

- (a) to pay use charge therefore; and
- (b) to be responsible for all loss and damage occasioned by it, or for all loss and damage not assumed by REDON hereunder when Railroad has transferred possession to a party who is not an authorized User when Railroad was the originating carrier.

REDON must furnish Railroad with a list of its Users. Interchange of Trailers may only be effected between Railroad and a User shown on the then current listing. In the event Railroad transfers possession to a party not listed, Railroad shall be responsible for the obligations set forth in the immediately preceding

paragraph. REDON shall be responsible for keeping the above described list current, and Railroad shall not be held accountable for any deletions from the list until it has received such deletion in writing. The Railroad shall no longer be responsible for any damage, loss, repairs, etc., to the Trailers, immediately upon interchange of the Trailers to a User or to a REDON Pool. This does not include responsibility for any loss, damage, or repairs which resulted while the Trailer was in the Railroad's possession, with the exception that if such loss, damage or needed repair is not shown by the accepting party on the appropriate inspection form, (i.e., J-1 or J-2) at the time of interchange, then such loss, damage or needed repairs will be deemed not to have occurred while in the Railroad's possession.

5. USE CHARGES:

Railroad agrees to pay to REDON the use charge set forth in Appendix A. Appendix A may be amended by REDON at any time upon thirty (30) days' written notice to Railroad, such amendment not to become effective until the first day of the month following the lapse of said thirty (30) days. Railroad shall report its usage of Trailers for each calendar month within forty (40) days of the end of such calendar month. Use charges shall accrue for every day during which a Trailer is in Railroad's possession. Possession shall be defined as Railroad having Trailer at 12:01 a.m. of the day in question.

6. MAINTENANCE, REPAIR AND TOTAL LOSS:

With respect to all Trailers in its possession, Railroad shall be responsible for and bear the expense of all damage and loss to the Trailers.

REDON agrees to assume all responsibilities of an owner as that term is defined in the AAR TOFC/COFC Interchange Rules for Trailers bearing reporting mark "REDZ".

Repairs, etc. to the Trailers shall be in accordance with the AAR TOFC/COFC Interchange Rules but subject to the following:

- (a) Labor and parts for Trailer servicing and repairs will be billed to the appropriate party on an invoice cost basis;

- (b) All invoices for Trailer servicing and repairs will show the number of hours worked and quarter-hour increments will be used for billing purposes;
- (c) Under no circumstances shall Railroad bill REDON a greater amount than Railroad pays for repairs or parts;
- (d) The parties agree that all bills for servicing and repairs shall be reasonable and that REDON may protest any unreasonable bill or improper service or repair; and
- (e) In the event a Trailer is lost, stolen, or destroyed, the parties will employ the depreciation and salvage value schedules or the casualty value, whichever is greater, listed in Appendix C and Appendix C-1, attached hereto and made a part of this Agreement.

A Trailer shall be considered destroyed when repairs exceed the depreciated value or the casualty value, whichever is greater, less salvage (See Appendix C and Appendix C-1).

In the event REDON wishes a destroyed Trailer returned, the Railroad shall pay the depreciated value or the casualty value, whichever is greater, of the Trailer less salvage (See Appendix C and Appendix C-1).

In the event REDON does not wish the destroyed Trailer returned, the Railroad shall pay the full depreciated value of the Trailer or the casualty value, whichever is greater (See Appendix C and Appendix C-1).

7. **FORCE MAJEURE:**

This Agreement is subject to force majeure, and is contingent upon strikes, lockouts, fires or explosions, war, accidents, acts of God, weather conditions or restrictions imposed by any government or governmental agency, or other delays beyond the control of the parties. If the Railroad is unable to perform any or all of this Agreement, with the exception of its obligation to pay Trailer use charges or repairs, etc. on Trailers for which it is responsible as per this Agreement, by any cause of force majeure, then this Agreement shall be void without penalty to either party until such time as the Railroad is able to perform under this Agreement.

The party claiming force majeure will, within five (5) days from the date of disability, excluding Saturdays, Sundays and holidays, notify the other when it learns of the existence of a force majeure condition and will similarly notify the other within a period of two (2) days, excluding weekends and holidays, when the force majeure has ended.

8. **INDEMNIFICATION:**

Railroad agrees to indemnify REDON against and to hold it harmless from any claims and expenses (including attorneys' fees) and any loss whatsoever resulting from such claims arising out of Railroad's possession or use of any Trailer or out of possession or use of any Trailer by any person not an authorized User to whom Railroad has delivered said Trailer or caused or permitted said Trailer to be delivered. Railroad shall notify REDON of any circumstances giving rise to any claims which may be made against REDON regarding the Trailers.

9. **TRAILER LICENSING EXPENSE:**

REDON shall pay the expense of vehicle registration in one state of REDON's choice and the New York Highway Use Tax sticker. The expense of these items shall include their application by REDON. All other licenses, registrations, taxes, permits and all other fees and charges made necessary by virtue of Railroad's use of the Trailers are the responsibility of the Railroad.

10. **SUBORDINATION AND ASSIGNMENT:**

This Agreement shall be and is hereby made subject to and subordinate to all of the terms, covenants and conditions of any chattel mortgage, pledge, conditional sale contract or lease to which REDON is a signatory with another party with respect to any Trailer. The Railroad shall be notified in writing of any assignment by REDON of its right to receive the use charge rentals hereunder, and such assignment shall not be effective upon the Railroad until the first of the month following the month in which the Railroad receives such notice.

11. **BANKRUPTCY OR INSOLVENCY OF REDON:**

If there shall be filed by or against REDON, in any court of competent jurisdiction, a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a

portion of REDON's property, or if REDON shall make an assignment for the benefit of creditors, or if execution shall be issued against REDON, this Agreement, at the option of the Railroad, may be considered breached by REDON, and without notice, may be canceled and terminated.

12. TITLE IN REDON:

This Agreement is one of lease only and title to each Trailer shall at all times remain in REDON.

13. INTERCHANGE RULES:

The parties will be governed by the AAR's TOFC/COFC Interchange Rules and Trailer & Container Service Reporting Rules in effect on April 1, 1989 and subsequent revisions thereto. Whenever the terms of this Agreement conflict with AAR's Rules, then the terms of this Agreement shall take precedence.

14. FLORIDA LAW APPLICABLE:

This Agreement shall be construed and performed in accordance with the laws of the State of Florida.

15. NOTICES:

All written notices required under the terms and provisions of this Agreement shall become effective, unless otherwise stated, when deposited in the United States mail, with proper postage prepaid, addressed to the parties at the addresses set forth in this Agreement which in the case of Railroad shall be addressed to:

Mr. R. J. LaVeille, Manager - Intermodal Equipment

Illinois Central Railroad Company

233 North Michigan Avenue

Chicago, IL 60601-5799

16. DEFAULT:

Time is of the essence of this Agreement and no express or implied waiver by REDON of any default hereunder shall in any way be, or be construed as a waiver of any future or subsequent default of Railroad or a waiver of any rights of REDON hereunder, a modification of any of the terms of this Agreement, or an extension or enlargement of Railroad's rights hereunder. REDON shall have the right to take immediate possession of

all Trailers subject to this Agreement as against Railroad should Railroad fail to pay any sum or sums to be paid hereunder when they become due; or should Railroad default in or fail to perform any other terms or condition hereof, and fail to fully remedy such default within thirty (30) days after receipt of written notice from REDON to so do; or should Railroad be the subject of any proceeding under the bankruptcy laws applicable to Railroads or become insolvent (that is to say, unable to pay its debts as they fall due); damage occasioned by any such taking of possession being hereby specially waived by Railroad; and thereupon Railroad's right to possession of any such Trailer shall terminate, and Railroad shall in all such events remain and be liable for the payment of use charges for said Trailers then due under this Agreement, and all such use charges shall become due and payable forthwith and REDON shall have the right to terminate this Agreement. No remedy herein provided to REDON is intended to be exclusive of any other remedy herein or by law provided, but shall be cumulative, and in addition to any other remedy available to REDON.

17. **AMENDMENTS:**

This Agreement represents the full Agreement and understanding between the parties. This Agreement may not be amended, modified or altered in any manner except in writing signed by both parties.

18. **ARBITRATION:**

If a dispute with respect to any of the provisions of this Agreement shall arise between the parties hereto, and said dispute cannot be settled by the disputants themselves, such question shall be determined, if the disputants shall so agree, by one disinterested arbitrator or if they shall not so agree, then by a board of disinterested arbitrators, one to be selected by each party, and the third shall be selected by the two arbitrators so chosen. The disputant desiring to arbitrate shall give written notice of the same to the other disputant stating definitely in the question or questions in dispute. If the two arbitrators fail to select a third, the disputant desiring arbitration may request a Chief Judge of the United States District Court for the appropriate district to appoint a third arbitrator. The determination of the Board of Arbitrators, by a majority thereof, shall be final and conclusive upon the disputants hereto. All expenses attending such arbitration shall be borne equally by the disputants thereto.

19. CONFIDENTIALITY:

This Agreement and all of its terms and Appendices are to be held in strictest confidence by both parties. No information, figures, charges, etc., contained in this Agreement are to be released to any third parties.

20. TERM AND TERMINATION:

This Agreement shall commence on September 1, 1989, and shall continue until September 30, 1989, and from calendar month to calendar month thereafter until terminated by one of the parties. REDON or Railroad may terminate this Agreement upon not less than thirty (30) days' written notice. Any such termination shall be effective on the first day of the month following the lapse of said thirty (30) days. Any termination of this Agreement shall not affect rights and liabilities accrued and incurred prior to such termination.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers hereunto duly authorized as of the day and year first above written.

WITNESSES:

\_\_\_\_\_  
\_\_\_\_\_

ILLINOIS CENTRAL RAILROAD  
COMPANY:

BY: *R. J. Powell*

TITLE: *Mgr. Equipment Control - International*

DATE: *9-11-89*

WITNESSES:

*Ralph E. Chamber*  
*DeLynn Sheffield*

REDON, INC.

BY: *Ralph E. Chamber*

TITLE: *Vice-President*

DATE: *July 31, 1989*

APPENDIX A

PURSUANT TO PARAGRAPH 5 OF THE AGREEMENT, THE USE CHARGES APPLICABLE TO REDON TRAILERS IN USE BY RAILROAD EFFECTIVE 12:01 A.M. ON SEPTEMBER 1, 1989:

DESCRIPTION

DRY VANS

LENGTH & WIDTH \_\_\_\_\_ CHARGE

45 FOOT & LESS THAN 48 FOOT:

EXTREME WIDTH 8' & UNDER-OUTSIDE HEIGHT 13'6" & OVER	\$ 9.75
EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'-96" WIDE TANDEM	----- 10.50
EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'-96" WIDE TANDEM WITH 110" DOOR OPENING OR 110" THROUGHOUT	----- 10.50
EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'-OVER 96" WIDE TANDEM	----- 10.00

48 FOOT & OVER:

EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'-96" WIDE TANDEM	\$10.75
---	---------

NOTE: USE CHARGES WILL APPLY TO EQUIPMENT BEARING THE FOLLOWING REPORTING MARK: "REDZ" THAT ARE ON FILE IN THE UNIVERSAL MACHINE LANGUAGE EQUIPMENT REGISTER (UMLER).

ANY ADDITIONAL ASSOCIATION OF AMERICAN RAILROAD (AAR) MARKS WILL APPLY TO THE SCHEDULE OF CHARGES WHEN PROPER NOTIFICATION HAS BEEN RENDERED BY THE AAR, FOLLOWED BY THE ENTRY OF THE EQUIPMENT INTO THE OFFICIAL INTERMODAL EQUIPMENT REGISTER.

APPENDIX B

REDON POOL LOCATIONS:

POOL LOCATION      QUANTITY LIMITS      RELIEF POINTS      CARTAGE OBLIGATION

ATLANTA, GA                  UNLIMITED                  ATLANTA, GA                  TO POOL: RAILROAD  
TO RR : REDON

ADDRESS:

\_\_\_\_\_  
\_\_\_\_\_

TEL. NO. : \_\_\_\_\_

CONTACT: \_\_\_\_\_

CHICAGO, IL                  UNLIMITED                  CHICAGO, IL                  TO POOL: RAILROAD  
TO RR : REDON

ADDRESS:

\_\_\_\_\_  
\_\_\_\_\_

TEL. NO. : \_\_\_\_\_

CONTACT: \_\_\_\_\_

MEMPHIS, TN                  UNLIMITED                  MEMPHIS, TN                  TO POOL: RAILROAD  
TO RR : REDON

ADDRESS:

\_\_\_\_\_  
\_\_\_\_\_

TEL. NO. : \_\_\_\_\_

CONTACT: \_\_\_\_\_

APPENDIX C

THE DEPRECIATED VALUES FOR TRAILERS EQUALS THE REPRODUCTION COST, LESS DEPRECIATED AMOUNT.

- I. REPRODUCTION COST IS CALCULATED BY MULTIPLYING THE TRAILER'S ORIGINAL COST BY THE AAR COST FACTOR PRIOR TO THE YEAR IN WHICH THE EQUIPMENT WAS DAMAGED, AND THIS AMOUNT DIVIDED BY THE COST FACTOR FOR THE YEAR THE TRAILER WAS BUILT.
- II. DEPRECIATED AMOUNT IS CALCULATED BY MULTIPLYING THE REPRODUCTION COST BY 1/120 AND MULTIPLYING THIS VALUE BY THE NUMBER OF COMPLETE MONTHS IN SERVICE.
- III. THE MAXIMUM DEPRECIATED AMOUNT IS EQUAL TO 90% OF THE REPRODUCTION COST.

SALVAGE VALUES TO BE DETERMINED AS FOLLOWS:

TRAILERS - \$60.00 PER WHEEL, PLUS \$100 FOR BOX = \$580

SECTION M - AAR RULE 158 - IF IT IS ESTIMATED BY HANDLING CARRIER THAT COST OF COMPLETE REPAIRS EXCEEDS THE DEPRECIATED VALUE LESS SALVAGE, IT SHALL:

- (A) NOTIFY THE OWNER OF THE MAJOR ITEMS OF DAMAGE AND REQUEST SETTLEMENT FOR TRAILER WITHIN 15 DAYS AFTER RECEIPT OF DEPRECIATED STATEMENT.
- (B) THE OWNER SHALL ADVISE DISPOSITION DESIRED WITHIN 10 DAYS AFTER RECEIPT OF NOTIFICATION.
- (C) IF OWNER REQUESTS TRAILER TO BE RETURNED HOME, HE SHALL ASSUME CONDITIONING AND LOADING COST OF HANDLING LINE, NOT TO EXCEED \$200 AND ALL TRANSPORTATION COSTS EXCEPT OVER HANDLING LINE. THE HANDLING CARRIER IN SUCH CASE SHALL FORWARD TRAILER TO OWNER AS REQUESTED, AND SHALL BE CREDITED FOR THE SALVAGE VALUE. TRAILERS MUST NOT BE UNNECESSARILY CUT-UP TO FACILITATE HANDLING.

APPENDIX C-1

CASUALTY SCHEDULE

MONTHS ELAPSED	PERCENT OF INV. PRICE						
00	105.00	40	80.00	80	55.00	120	30.00
01	104.38	41	79.38	81	54.38	121	29.38
02	103.75	42	78.75	82	53.75	122	28.75
03	103.13	43	78.13	83	53.13	123	28.13
04	102.50	44	77.50	84	52.50	124	27.50
05	101.88	5	76.88	85	51.88	125	26.88
06	101.25	46	76.25	86	51.25	126	26.25
07	100.63	47	75.63	87	50.63	127	25.63
08	100.00	48	75.00	88	50.00	128	25.00
09	99.38	49	74.38	89	49.38	129	24.38
10	98.75	50	73.75	90	48.75	130	23.75
11	98.13	51	73.13	91	48.13	131	23.13
12	97.50	52	72.50	92	47.50	132	22.50
13	96.88	53	71.88	93	46.88	133	21.88
14	96.25	54	71.25	94	46.25	134	21.25
15	95.63	55	70.63	95	45.63	135	20.63
16	95.00	56	70.00	96	45.00	136	20.00
17	94.38	57	69.38	97	44.38	137	19.38
18	93.75	58	68.75	98	43.75	138	18.75
19	93.13	59	68.13	99	43.13	139	18.13
20	92.50	60	67.50	100	42.50	140	17.50
21	91.88	61	66.88	101	41.88	141	16.88
22	91.25	62	66.25	102	41.25	142	16.25
23	90.63	63	65.63	103	40.63	143	15.63
24	90.00	64	65.00	104	40.00	144	15.00
25	89.38	65	64.38	105	39.38		
26	88.75	66	63.75	106	38.75		
27	88.13	67	63.13	107	38.13		
28	87.50	68	62.50	108	37.50		
29	86.88	69	61.88	109	36.88		
30	86.25	70	61.25	110	36.25		
31	85.63	71	60.63	111	35.63		
32	85.00	72	60.00	112	35.00		
33	84.38	73	59.38	113	34.38		
34	83.75	74	58.75	114	33.75		
35	83.13	75	58.13	115	33.13		
36	82.50	76	57.50	116	32.50		
37	81.88	77	56.88	117	31.88		
38	81.25	78	56.25	118	31.25		
39	80.63	79	55.63	119	30.63		

NOTE: THE COST FACTOR IS THE PERCENT OF THE ORIGINAL PURCHASE PRICE WHICH RECOVERS THE UNAMORTIZED PORTION OF THE PURCHASE PRICE AND INITIAL FINANCING FEES, PLUS THE OPPORTUNITY LOSS OF DEPRECIATION OVER THE ACCOUNTING LIFE OF THE EQUIPMENT.

**AGREEMENT  
FOR  
INTERCHANGE OF TRAILERS**

This AGREEMENT, dated as of July 31, 1989, between REDON, INC., a Delaware corporation incorporated under the laws of the State of Delaware, with a place of business at P.O. Box 47966, Jacksonville, FL 32247-7966 (hereinafter called "REDON") and Missouri Pacific Railroad Company and Missouri-Kansas-Texas Railroad Company and Union Pacific Railroad Company (herein called "Railroad") a \* corporation with a place of business at 1462 Dodge Street, Rm 642, Omaha, NE 68179;

**WITNESSETH:**

WHEREAS, REDON is engaged in the business of leasing and otherwise providing to railroads and other users (hereinafter called "User" or "Users") piggyback trailers and related equipment (hereinafter called "Trailers");

WHEREAS, the parties desire to enter into an agreement for the interchange of such Trailers;

WHEREAS, the parties desire to establish a set of rates and charges for the interchange and use of such Trailers;

WHEREAS, the parties acknowledge that such Trailers may be damaged or destroyed while in the Railroad's possession; and

WHEREAS, the parties desire to enter into an agreement for the service and maintenance or repair of Trailers, and for compensation of loss, damage or destroyed Trailers.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

**1. DEFINITIONS:**

The following terms when used in this Agreement, except where the context otherwise requires, have the following meanings:

\*Delaware, Delaware and Utah Corporations, respectively.

*JH  
REC*

- (a) "Agreement" shall mean at any time this Agreement as originally executed and as may be amended from time to time in accordance with Article 17 hereof;
- (b) "REDON Pool" shall mean a location established and maintained by REDON from time to time for the delivery and receipt of REDON Pool Trailers. REDON reserves the right to terminate REDON Pools in the area of Railroad's operations upon thirty (30) days' written notice to Railroad, such termination to commence on the first day of the month following the lapse of the said thirty (30) days, and to establish REDON Pools at any time;
- (c) "REDON Pool Trailer" shall mean a Trailer owned or operated by REDON and bearing REDON reporting mark "REDZ" or other markings established by REDON and designated by REDON to Railroad as a REDON Pool Trailer;
- (d) "Interchange" shall mean the delivery and receipt of a Trailer between Railroad and a User with the intent thereby to transfer possession and lease responsibility from the delivering party to the receiving party;
- (e) "Interchange Rules" shall mean, unless otherwise specified herein, the TOFC/COFC Interchange Rules and Trailer & Container Service Reporting Rules adopted by the Association of American Railroads (hereinafter "AAR") in effect on April 1, 1989 and subsequent revisions thereto;
- (f) "User" shall have the meaning ascribed in the first WHEREAS clause hereof;
- (g) "User Charges" shall mean the daily lease charges for Trailers as reflected in the then current Appendix A to this Agreement or as may otherwise be agreed upon in writing signed by both parties; <sup>AND</sup>
- (h) "Trailer" shall have the meaning ascribed in the first WHEREAS clause hereof; <sup>REC</sup> <sub>8/24/89</sub> *JH*

2. RAILROAD'S LEASING PRIVILEGES:

Railroad shall have the following privileges:

- (a) To receive on lease, Trailers from any REDON Pool; and
- (b) To receive Trailers in interchange from other Users and to deliver the same to other Users.

3. LEASE FROM REDON POOLS:

Railroad may lease REDON Pool Trailers from any REDON Pool listed in Appendix B, which is attached hereto and hereby made a part of this Agreement. Railroad may return REDON Pool Trailers to any REDON Pool listed in Appendix B. REDON Pool locations, quantity limits, relief points, cartage obligations and other particulars are set forth in Appendix B. REDON Pool Trailers may be interchanged to other Users by Railroad.

4. INTERCHANGE OF TRAILERS:

All interchange of Trailers shall be evidenced by an interchange form, junction report, or other evidence thereof as agreed to from time to time by the parties hereto. Railroad acknowledges that REDON is not responsible for any damage to Trailers received in interchange and therefore Railroad will either accept responsibility for such damages, or claim such damages against the delivering User, or establish to REDON's reasonable satisfaction, the User or other party who is responsible:

By accepting Trailers in interchange, Railroad agrees for the period of time said Trailers are in its possession or control and in accordance with the AAR's Interchange Rules:

- (a) to pay use charge therefore; and
- (b) to be responsible for all loss and damage occasioned by it, or for all loss and damage not assumed by REDON hereunder when Railroad has transferred possession to a party who is not an authorized User when Railroad was the originating carrier.

REDON must furnish Railroad with a list of its Users. Interchange of Trailers may only be effected between Railroad and a User shown on the then current listing. In the event Railroad transfers possession to a party not listed, Railroad shall be responsible for the obligations set forth in the immediately preceding

paragraph. REDON shall be responsible for keeping the above described list current, and Railroad shall not be held accountable for any deletions from the list until it has received such deletion in writing. The Railroad shall no longer be responsible for any damage, loss, repairs, etc., to the Trailers, immediately upon interchange of the Trailers to a User or to a REDON Pool. This does not include responsibility for any loss, damage, or repairs which resulted while the Trailer was in the Railroad's possession, with the exception that if such loss, damage or needed repair is not shown by the accepting party on the appropriate inspection form,\* (i.e., J-1 or J-2) at the time of interchange, then such loss, damage or needed repairs will be deemed not to have occurred while in the Railroad's possession.

\*that comply with applicable AAR rules and regulations

REC JH

5. USE CHARGES:

Railroad agrees to pay to REDON the use charge set forth in Appendix A. Appendix A may be amended by REDON at any time upon thirty (30) days' written notice to Railroad, such amendment not to become effective until the first day of the month following the lapse of said thirty (30) days. Railroad shall report its usage of Trailers for each calendar month within forty (40) days of the end of such calendar month. Use charges shall accrue for every day during which a Trailer is in Railroad's possession. Possession shall be defined as Railroad having Trailer at 12:01 a.m. of the day in question.

6. MAINTENANCE, REPAIR AND TOTAL LOSS:

With respect to all Trailers in its possession, Railroad shall be responsible for and bear the expense of all damage and loss to the Trailers.

REDON agrees to assume all responsibilities of an owner as that term is defined in the AAR TOFC/COFC Interchange Rules for Trailers bearing reporting mark "REDZ" or other markings established by Redon as designating a Redon pool trailer.

Repairs, etc. to the Trailers shall be in accordance with the AAR TOFC/COFC Interchange Rules but subject to the following:

- (a) Labor and parts for Trailer servicing and repairs will be billed to the appropriate party on an invoice cost basis;

JH REC

- (b) All invoices for Trailer servicing and repairs will show the number of hours worked and quarter-hour increments will be used for billing purposes;
- (c) Under no circumstances shall Railroad bill REDON a greater amount than Railroad pays for repairs or parts;
- (d) The parties agree that all bills for servicing and repairs shall be reasonable and that REDON may protest any unreasonable bill or improper service or repair; and
- (e) In the event a Trailer is lost, stolen, or destroyed, the parties will employ the depreciation and salvage value schedules listed in Appendix C attached hereto and made a part of this Agreement.

A Trailer shall be considered destroyed when repairs exceed the depreciated value less salvage (See Appendix C).

In the event REDON wishes a destroyed Trailer returned, the Railroad shall pay the depreciated value of the Trailer less salvage (See Appendix C).

In the event REDON does not wish the destroyed Trailer returned, the Railroad shall pay the full depreciated value of the Trailer (See Appendix C).

7. FORCE MAJEURE:

This Agreement is subject to force majeure, and is contingent upon strikes, lockouts, fires or explosions, war, accidents, acts of God, weather conditions or restrictions imposed by any government or governmental agency, or other delays beyond the control of the parties. If the Railroad is unable to perform any or all of this Agreement, with the exception of its obligation to pay Trailer use charges or repairs, etc. on Trailers for which it is responsible as per this Agreement, by any cause of force majeure, then this Agreement shall be void without penalty to either party until such time as the Railroad is able to perform under this Agreement.

The party claiming force majeure will, within five (5) days from the date of disability, excluding Saturdays, Sundays and holidays, notify the other when it learns of the existence of a force majeure condition and will similarly notify the other within a period of two (2) days, excluding weekends and holidays, when the force majeure has ended.

8. INDEMNIFICATION:

Railroad agrees to indemnify REDON against and to hold it harmless from any claims and expenses (including attorneys' fees) and any loss whatsoever resulting from such claims arising out of Railroad's possession or use of any Trailer or out of possession or use of any Trailer by any person not an authorized User to whom Railroad\* has delivered said Trailer or caused or permitted said Trailer to be delivered. Railroad shall notify REDON of any circumstances giving rise to any claims which may be made against REDON regarding the Trailers.

\*had notice that person was not an authorized user and

REC 

9. TRAILER LICENSING EXPENSE:

REDON shall pay the expense of vehicle registration in one state of REDON's choice. The expense of these items shall include their application by REDON. All other licenses, registrations, taxes, permits and all other fees and charges made necessary by virtue of Railroad's use of the Trailers are the responsibility of the Railroad. The annual expense of the Federal Highway Administration (FHWA), DOT's FHWA-PI 49 C.F.R. Part 396 shall be the responsibility of REDON.

10. SUBORDINATION AND ASSIGNMENT:

This Agreement shall be and is hereby made subject to and subordinate to all of the terms, covenants and conditions of any chattel mortgage, pledge, conditional sale contract or lease to which REDON is a signatory with another party with respect to any Trailer. The Railroad shall be notified in writing of any assignment by REDON of its right to receive the use charge rentals hereunder, and such assignment shall not be effective upon the Railroad until the first of the month following the month in which the Railroad receives such notice.

11. BANKRUPTCY OR INSOLVENCY OF REDON:

If there shall be filed by or against REDON, in any court of competent jurisdiction, a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a

portion of REDON's property, or if REDON shall make an assignment for the benefit of creditors, or if execution shall be issued against REDON, this Agreement, at the option of the Railroad, may be considered breached by REDON, and without notice, may be canceled and terminated.

12. TITLE IN REDON:

This Agreement is one of lease only and title to each Trailer shall at all times remain in REDON.

13. INTERCHANGE RULES:

The parties will be governed by the AAR's TOFC/COFC Interchange Rules and Trailer & Container Service Reporting Rules in effect on April 1, 1989 and subsequent revisions thereto. Whenever the terms of this Agreement conflict with AAR's Rules, then the terms of this Agreement shall take precedence.

~~14. FLORIDA LAW APPLICABLE:~~

~~This Agreement shall be construed and performed in accordance with the laws of the State of Florida.~~

15. NOTICES:

All written notices required under the terms and provisions of this Agreement shall become effective, unless otherwise stated, when deposited in the United States mail, with proper postage prepaid, addressed to the parties at the addresses set forth in this Agreement which in the case of Railroad shall be addressed to:

J. J. Habraken, Assistant Vice President, Intermodal & Refrigerated Services

Union Pacific Railroad Co.

1416 Dodge St., Rm. 642

Omaha, NE 68179

16. DEFAULT:

Time is of the essence of this Agreement and no express or implied waiver by REDON of any default hereunder shall in any way be, or be construed as a waiver of any future or subsequent default of Railroad or a waiver of any rights of REDON hereunder, a modification of any of the terms of this Agreement, or an extension or enlargement of Railroad's rights hereunder. REDON shall have the right to take immediate possession of

all Trailers subject to this Agreement as against Railroad should Railroad fail to pay any sum or sums to be paid hereunder when they become due; or should Railroad default in or fail to perform any other terms or condition hereof, and fail to fully remedy such default within thirty (30) days after receipt of written notice from REDON to so do; or should Railroad be the subject of any proceeding under the bankruptcy laws applicable to Railroads or become insolvent (that is to say, unable to pay its debts as they fall due); damage occasioned by any such taking of possession being hereby specially waived by Railroad; and thereupon Railroad's right to possession of any such Trailer shall terminate, and Railroad shall in all such events remain and be liable for the payment of use charges for said Trailers then due under this Agreement, and all such use charges shall become due and payable forthwith and REDON shall have the right to terminate this Agreement. No remedy herein provided to REDON is intended to be exclusive of any other remedy herein or by law provided, but shall be cumulative, and in addition to any other remedy available to REDON.

17. AMENDMENTS:

This Agreement represents the full Agreement and understanding between the parties. This Agreement may not be amended, modified or altered in any manner except in writing signed by both parties.

18. ARBITRATION:

If a dispute with respect to any of the provisions of this Agreement shall arise between the parties hereto, and said dispute cannot be settled by the disputants themselves, such question shall be determined, if the disputants shall so agree, by one disinterested arbitrator or if they shall not so agree, then by a board of disinterested arbitrators, one to be selected by each party, and the third shall be selected by the two arbitrators so chosen. The disputant desiring to arbitrate shall give written notice of the same to the other disputant stating definitely in the question or questions in dispute. If the two arbitrators fail to select a third, the disputant desiring arbitration may request a Chief Judge of the United States District Court for the appropriate district to appoint a third arbitrator. The determination of the Board of Arbitrators, by a majority thereof, shall be final and conclusive upon the disputants hereto. All expenses attending such arbitration shall be borne equally by the disputants thereto.

19. CONFIDENTIALITY:

This Agreement and all of its terms and Appendices are to be held in strictest confidence by both parties. No information, figures, charges, etc., contained in this Agreement are to be released to any third parties.

20. TERM AND TERMINATION:

This Agreement shall commence on September 1, 1989, and shall continue until November 30, 1989, and from calendar month to calendar month thereafter until terminated by one of the parties. REDON or Railroad may terminate this Agreement upon not less than ninety (90) days' written notice. Any such termination shall be effective on the first day of the month following the lapse of said ninety (90) days. Any termination of this Agreement shall not affect rights and liabilities accrued and incurred prior to such termination.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers hereunto duly authorized as of the day and year first above written.

WITNESSES:

[Handwritten Signature]  
\_\_\_\_\_

MISSOURI PACIFIC RAILROAD COMPANY; MISSOURI-KANSAS-TEXAS RAILROAD COMPANY; AND UNION PACIFIC RAILROAD COMPANY

BY: [Handwritten Signature]  
TITLE: Assistant Vice President - Intermodal and Refrigerated Services  
DATE: September 14, 1989

WITNESSES:

[Handwritten Signature]  
\_\_\_\_\_

REDON, INC.

BY: [Handwritten Signature]  
TITLE: Vice-President  
DATE: August 27, 1989

**APPENDIX A**

PURSUANT TO PARAGRAPH 5 OF THE AGREEMENT, THE USE CHARGES APPLICABLE TO REDON TRAILERS IN USE BY RAILROAD EFFECTIVE 12:01 A.M. ON SEPTEMBER 1, 1989:

DESCRIPTION

GENERAL SERVICE (NON-EQUIPPED) DRY VANS

LENGTH & WIDTH

REC  
~~MBCH~~  
~~CODE~~ CHARGE

45 FOOT & LESS THAN 48 FOOT:

EXTREME WIDTH 8' & UNDER-OUTSIDE HEIGHT 13'6" & OVER	<del>#254</del>	\$ 9.75
EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'-96" WIDE TANDEM	<del>----</del> <del>#256</del>	----- 10.50
EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'96" WIDE TANDEM WITH 110" DOOR OPENING OR 110" THROUGHOUT	<del>----</del> <del>#256</del>	----- 10.50
EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'-OVER 96" WIDE TANDEM	<del>----</del> <del>#258</del>	----- 10.00

48 FOOT & OVER:

EXTREME WIDTH OVER 8'-OUTSIDE HEIGHT OVER 13'96" WIDE TANDEM	<del>----</del> <del>#276</del>	----- \$10.75
---	------------------------------------	------------------

NOTE: USE CHARGES WILL APPLY TO EQUIPMENT BEARING THE FOLLOWING REPORTING MARK: "REDZ" THAT ARE ON FILE IN THE UNIVERSAL MACHINE LANGUAGE EQUIPMENT REGISTER (UMLER).

ANY ADDITIONAL ASSOCIATION OF AMERICAN RAILROAD (AAR) MARKS WILL APPLY TO THE SCHEDULE OF CHARGES WHEN PROPER NOTIFICATION HAS BEEN RENDERED BY THE AAR, FOLLOWED BY THE ENTRY OF THE EQUIPMENT INTO THE OFFICIAL INTERMODAL EQUIPMENT REGISTER.

APPENDIX B

REDON POOL LOCATIONS:

POOL LOCATION      QUANTITY LIMITS      RELIEF POINTS      CARTAGE OBLIGATION

ATLANTA, GA                      UNLIMITED                      ATLANTA, GA                      TO POOL: RAILROAD  
TO RR : REDON

ADDRESS:

\_\_\_\_\_  
\_\_\_\_\_

TEL. NO. : \_\_\_\_\_

CONTACT: \_\_\_\_\_

CHICAGO, IL                      UNLIMITED                      CHICAGO, IL                      TO POOL: RAILROAD  
TO RR : REDON

ADDRESS:

\_\_\_\_\_  
\_\_\_\_\_

TEL. NO. : \_\_\_\_\_

CONTACT: \_\_\_\_\_

MEMPHIS, TN                      UNLIMITED                      MEMPHIS, TN                      TO POOL: RAILROAD  
TO RR : REDON

ADDRESS:

\_\_\_\_\_  
\_\_\_\_\_

TEL. NO. : \_\_\_\_\_

CONTACT: \_\_\_\_\_

## APPENDIX C

### THE DEPRECIATED VALUES FOR TRAILERS EQUALS THE REPRODUCTION COST, LESS DEPRECIATED AMOUNT.

- I. REPRODUCTION COST IS CALCULATED BY MULTIPLYING THE TRAILER'S ORIGINAL COST BY THE AAR COST FACTOR PRIOR TO THE YEAR IN WHICH THE EQUIPMENT WAS DAMAGED, AND THIS AMOUNT DIVIDED BY THE COST FACTOR FOR THE YEAR THE TRAILER WAS BUILT.
- II. DEPRECIATED AMOUNT IS CALCULATED BY MULTIPLYING THE REPRODUCTION COST BY 1/120 AND MULTIPLYING THIS VALUE BY THE NUMBER OF COMPLETE MONTHS IN SERVICE.
- III. THE MAXIMUM DEPRECIATED AMOUNT IS EQUAL TO 90% OF THE REPRODUCTION COST.

### SALVAGE VALUES TO BE DETERMINED AS FOLLOWS:

TRAILERS - \$60.00 PER WHEEL, PLUS \$100 FOR BOX = \$580

### SECTION M - AAR RULE 158 - IF IT IS ESTIMATED BY HANDLING CARRIER THAT COST OF COMPLETE REPAIRS EXCEEDS THE DEPRECIATED VALUE LESS SALVAGE, IT SHALL:

- (A) NOTIFY THE OWNER OF THE MAJOR ITEMS OF DAMAGE AND REQUEST SETTLEMENT FOR TRAILER WITHIN 15 DAYS AFTER RECEIPT OF DEPRECIATED STATEMENT.
- (B) THE OWNER SHALL ADVISE DISPOSITION DESIRED WITHIN 10 DAYS AFTER RECEIPT OF NOTIFICATION.
- (C) IF OWNER REQUESTS TRAILER TO BE RETURNED HOME, HE SHALL ASSUME CONDITIONING AND LOADING COST OF HANDLING LINE, NOT TO EXCEED \$200 AND ALL TRANSPORTATION COSTS EXCEPT OVER HANDLING LINE. THE HANDLING CARRIER IN SUCH CASE SHALL FORWARD TRAILER TO OWNER AS REQUESTED, AND SHALL BE CREDITED FOR THE SALVAGE VALUE. TRAILERS MUST NOT BE UNNECESSARILY CUT-UP TO FACILITATE HANDLING.

**AGREEMENT**  
**FOR**  
**INTERCHANGE OF TRAILERS**

This AGREEMENT, dated as of October 1, 1989, between REDON, INC., a Delaware corporation incorporated under the laws of the State of Delaware, with a place of business at P.O. Box 47966, Jacksonville, FL 32247-7966 (hereinafter called "REDON") and Southern Pacific Transportation Company and its affiliates (herein called "Railroad") a Delaware corporation with a place of business at One Market Plaza, San Francisco, CA 94105;

**WITNESSETH:**

WHEREAS, REDON is engaged in the business of leasing and otherwise providing to railroads and other users (hereinafter called "Lessee" or "Lessees") piggyback trailers and related equipment (hereinafter called "Trailers");

WHEREAS, the parties desire to enter into an agreement for the interchange of such Trailers;

WHEREAS, the parties desire to establish a set of rates and charges for the interchange and use of such Trailers;

WHEREAS, the parties acknowledge that such Trailers may be damaged or destroyed while in the Railroad's possession; and

WHEREAS, the parties desire to enter into an agreement for the service and maintenance or repair of Trailers, and for compensation of loss, damage or destroyed Trailers.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. **DEFINITIONS:**

The following terms when used in this Agreement, except where the context otherwise requires, have the following meanings:

- (a) "Agreement" shall mean at any time this Agreement as originally executed and as may be amended from time to time in accordance with Article 17 hereof;

- (b) "REDON Pool" shall mean a location established and maintained by REDON from time to time for the interchange of REDON Pool Trailers. REDON reserves the right to terminate REDON Pools in the area of Railroad's operations upon thirty (30) days' written notice to Railroad, such termination to commence on the first day of the month following the lapse of the said thirty (30) days, and to establish REDON Pools at any time;
- (c) "REDON Pool Trailer" shall mean a Trailer owned or operated by REDON and bearing REDON reporting marks, "REDZ", or other markings established by REDON and designated by REDON to Railroad as a REDON Pool Trailer;
- (d) "Interchange" shall mean the delivery and receipt of a Trailer between Railroad and a Lessee with the intent thereby to transfer possession and lease responsibility from the delivering party to the receiving party;
- (e) "Interchange Rules" shall mean, unless otherwise specified herein, the TOFC/COFC Interchange Rules and Trailer & Container Service Reporting Rules adopted by the Association of American Railroads (hereinafter "AAR") in effect on April 1, 1989 and subsequent revisions thereto;
- (f) "Lessee" shall have the meaning ascribed in the first WHEREAS clause hereof;
- (g) "User Charges" shall mean the daily lease charges for Trailers as reflected in the then current Appendix A to this Agreement or as may otherwise be agreed upon in writing signed by both parties; and
- (h) "Trailer" shall have the meaning ascribed in the first WHEREAS clause hereof.

2. RAILROAD'S LEASING PRIVILEGES:

Railroad shall have the following privileges:

- (a) To receive on lease, Trailers from any REDON Pool; and
- (b) To receive Trailers in interchange from other Lessees and to deliver the same to other Lessees.

3. LEASE FROM REDON POOLS:

Railroad may lease REDON Pool Trailers from any REDON Pool listed in Appendix B, which is attached hereto and hereby made a part of this Agreement. Railroad may return REDON Pool Trailers to any REDON Pool listed in Appendix B. REDON Pool locations, quantity limits, relief points, cartage obligations and other particulars are set forth in Appendix B. REDON Pool Trailers may be interchanged to other Lessees by Railroad.

4. INTERCHANGE OF TRAILERS:

All interchange of Trailers shall be evidenced by an interchange form, junction report, or other evidence thereof as agreed to from time to time by the parties hereto. Railroad acknowledges that REDON is not responsible for any damage to Trailers received in interchange and therefore Railroad will either accept responsibility for such damages, or claim such damages against the delivering Lessee, or establish to REDON's reasonable satisfaction, the Lessee or other party who is responsible.

By accepting Trailers in interchange, Railroad agrees for the period of time said Trailers are in its possession or control and in accordance with the AAR's Interchange Rules:

- (a) to pay use charge therefore; and
- (b) to be responsible for all loss and damage occasioned by it, or for all loss and damage not assumed by REDON hereunder when Railroad has transferred possession to a party who is not an authorized Lessee when Railroad was the originating carrier.

REDON must furnish Railroad with a list of its Lessees. Interchange of Trailers may only be effected between Railroad and a Lessee shown on the then current listing. In the event Railroad transfers possession to a party not listed, Railroad shall be responsible for the obligations set forth in the immediately preceding paragraph. REDON shall be responsible for keeping the above described list current, and Railroad shall not be held accountable for any deletions from the list until it has received such deletion in writing. The Railroad shall no longer be responsible for any damage, loss, repairs, etc., to the Trailers, immediately upon interchange of the Trailers to a Lessee or to a REDON

Pool. This does not include responsibility for any loss, damage, or repairs which resulted while the Trailer was in the Railroad's possession, with the exception that if such loss, damage or needed repair is not shown by the accepting party on the appropriate inspection form, (i.e., J-1 or J-2) at the time of interchange, then such loss, damage or needed repairs will be deemed not to have occurred while in the Railroad's possession.

5. USE CHARGES:

Railroad agrees to pay to REDON the use charge set forth in Appendix A. Appendix A may only be amended by mutual agreement of the parties, such amendment not to become effective until the first day of the month following the lapse of said thirty (30) days. Railroad shall report its usage of Trailers for each calendar month within forty (40) days of the end of such calendar month. Use charges shall accrue for every day during which a Trailer is in Railroad's possession. Possession shall be as defined in the Interchange Rules.

6. MAINTENANCE, REPAIR AND TOTAL LOSS:

With respect to all Trailers in its possession, Railroad shall be responsible for and bear the expense of all damage and loss to the Trailers.

REDON agrees to assume all responsibilities of an owner as that term is defined in the AAR TOFC/COFC Interchange Rules for REDON pool Trailers.

Repairs, etc. to the Trailers shall be in accordance with the AAR TOFC/COFC Interchange Rules but subject to the following:

- (a) Labor and parts for Trailer servicing and repairs will be billed to the appropriate party on an invoice cost basis;
- (b) Under no circumstances shall Railroad bill REDON a greater amount than Railroad pays for repairs or parts;
- (c) The parties agree that all bills for servicing and repairs shall be reasonable and that REDON may protest any unreasonable bill or improper service or repair; and

- (d) In the event a Trailer is lost, stolen, or destroyed, the parties will employ the depreciation and salvage value schedules listed in Appendix C and Appendix C-1, attached hereto and made a part of this Agreement.

A Trailer shall be considered destroyed when repairs exceed the depreciated value less salvage (See Appendix C and Appendix C-1).

In the event REDON wishes a destroyed Trailer returned, the Railroad shall pay the depreciated value of the Trailer less salvage (See Appendix C and Appendix C-1).

In the event REDON does not wish the destroyed Trailer returned, the Railroad shall pay the full depreciated value of the Trailer (See Appendix C and Appendix C-1).

7. FORCE MAJEURE:

This Agreement is subject to force majeure, and is contingent upon strikes, lockouts, fires or explosions, war, accidents, acts of God, weather conditions or restrictions imposed by any government or governmental agency, or other delays beyond the control of the parties. If the Railroad is unable to perform any or all of this Agreement, with the exception of its obligation to pay Trailer use charges or repairs, etc. on Trailers for which it is responsible as per this Agreement, by any cause of force majeure, then this Agreement shall be void without penalty to either party until such time as the Railroad is able to perform under this Agreement.

The party claiming force majeure will, within five (5) days from the date of disability, excluding Saturdays, Sundays and holidays, notify the other when it learns of the existence of a force majeure condition and will similarly notify the other within a period of two (2) days, excluding weekends and holidays, when the force majeure has ended.

8. INDEMNIFICATION:

Railroad agrees to indemnify REDON against and to hold it harmless from any claims and expenses (including attorneys' fees) and any loss whatsoever resulting from such claims arising out of Railroad's possession or use of any Trailer or out of possession or use of any Trailer by any person not an authorized Lessee to whom

Railroad has delivered said Trailer or caused or permitted said Trailer to be delivered. Railroad shall notify REDON of any circumstances giving rise to any claims which may be made against REDON regarding the Trailers.

9. TRAILER LICENSING EXPENSE:

REDON shall pay the expense of all taxes, licenses and vehicle registration including renewals thereof in one state of REDON's choice. The expense of these items shall include their application by REDON and any transportation costs required and approved by both parties to position trailers. REDON agrees to grant relief from all use charges while Trailers are being held or transported for these purposes. Permits and all other transportation fees and charges made necessary by virtue of Railroad's use of the Trailers are the responsibility of the Railroad. The annual expense of the Federal Highway Administration (FHWA), DOT's FHWA-PI 49 C.F.R. Part 396 shall be the responsibility of REDON.

10. SUBORDINATION AND ASSIGNMENT:

This Agreement shall be and is hereby made subject to and subordinate to all of the terms, covenants and conditions of any chattel mortgage, pledge, conditional sale contract or lease to which REDON is a signatory with another party with respect to any Trailer. The Railroad shall be notified in writing of any assignment by REDON of its right to receive the use charge rentals hereunder, and such assignment shall not be effective upon the Railroad until the first of the month following the month in which the Railroad receives such notice.

11. BANKRUPTCY OR INSOLVENCY OF REDON:

If there shall be filed by or against REDON, in any court of competent jurisdiction, a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of REDON's property, or if REDON shall make an assignment for the benefit of creditors, or if execution shall be issued against REDON, this Agreement, at the option of the Railroad, may be considered breached by REDON, and without notice, may be canceled and terminated.

12. TITLE IN REDON:

This Agreement is one of lease only and title to each Trailer shall at all times remain in REDON.

13. INTERCHANGE RULES:

The parties will be governed by the AAR's TOFC/COFC Interchange Rules and Trailer & Container Service Reporting Rules in effect on April 1, 1989 and subsequent revisions thereto. Whenever the terms of this Agreement conflict with AAR's Rules, then the terms of this Agreement shall take precedence.

14. FLORIDA LAW APPLICABLE:

This Agreement shall be construed and performed in accordance with the laws of the State of Florida.

15. NOTICES:

All written notices required under the terms and provisions of this Agreement shall become effective, unless otherwise stated, when deposited in the United States mail, with proper postage prepaid, addressed to the parties at the addresses set forth in this Agreement which in the case of Railroad shall be addressed to:

Southern Pacific Transportation Company

One Market Plaza

San Francisco, CA 94105

Attn: Intermodal Division - Contracts

16. DEFAULT:

Time is of the essence of this Agreement and no express or implied waiver by REDON of any default hereunder shall in any way be, or be construed as a waiver of any future or subsequent default of Railroad or a waiver of any rights of REDON hereunder, a modification of any of the terms of this Agreement, or an extension or enlargement of Railroad's rights hereunder. REDON shall have the right to take immediate possession of all Trailers subject to this Agreement as against Railroad should Railroad fail to pay any sum or sums to be paid hereunder; should Railroad default in or fail to perform any other terms or condition hereof, and fail to fully remedy such default within thirty (30) days after receipt of written notice from REDON to so do; or should Railroad be the subject of any proceeding

under the bankruptcy laws applicable to Railroads or become insolvent (that is to say, unable to pay its debts as they fall due); damage occasioned by any such taking of possession being hereby specially waived by Railroad; and thereupon Railroad's right to possession of any such Trailer shall terminate, and Railroad shall in all such events remain and be liable for the payment of use charges for said Trailers then due under this Agreement, and all such use charges shall become due and payable forthwith and REDON shall have the right to terminate this Agreement. No remedy herein provided to REDON is intended to be exclusive of any other remedy herein or by law provided, but shall be cumulative, and in addition to any other remedy available to REDON.

17. **AMENDMENTS:**

This Agreement represents the full Agreement and understanding between the parties. This Agreement may not be amended, modified or altered in any manner except in writing signed by both parties.

18. **ARBITRATION:**

If a dispute with respect to any of the provisions of this Agreement shall arise between the parties hereto, and said dispute cannot be settled by the disputants themselves, such question shall be determined, if the disputants shall so agree, by one disinterested arbitrator or if they shall not so agree, then by a board of disinterested arbitrators, one to be selected by each party, and the third shall be selected by the two arbitrators so chosen. The disputant desiring to arbitrate shall give written notice of the same to the other disputant stating definitely in the question or questions in dispute. If the two arbitrators fail to select a third, the disputant desiring arbitration may request a Chief Judge of the United States District Court for the appropriate district to appoint a third arbitrator. The determination of the Board of Arbitrators, by a majority thereof, shall be final and conclusive upon the disputants hereto. All expenses attending such arbitration shall be borne equally by the disputants thereto.

19. **CONFIDENTIALITY:**

This Agreement and all of its terms and Appendices are to be held in strictest confidence by both parties. No information, figures, charges, etc., contained in this Agreement are to be released to any third parties.

20. TERM AND TERMINATION:

This Agreement shall commence on September 1, 1989, and shall continue until November 30, 1989, and from calendar month to calendar month thereafter until terminated by one of the parties. REDON or Railroad may terminate this Agreement upon not less than ninety (90) days' written notice. Any such termination shall be effective on the first day of the month following the lapse of said ninety (90) days. Any termination of this Agreement shall not affect rights and liabilities accrued and incurred prior to such termination.

21. EXTENDED OPERATIONS:

If, during the term of this Agreement, Railroad is merged into, consolidated with another corporation, or extends its operations, REDON agrees to extend the terms of this Agreement to such extended or new entity upon request of Railroad.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers hereunto duly authorized as of the day and year first above written.

WITNESSES:

\_\_\_\_\_  
\_\_\_\_\_

SOUTHERN PACIFIC  
TRANSPORTATION COMPANY,  
and its affiliates

BY: *[Signature]*

TITLE: AVP-Intermodal Operations

DATE: 11-20-89

WITNESSES:

*[Signature]*  
*Sylvia J. Whitley*

REDON, INC.

BY: *Ralph E. Chamber*

TITLE: Vice-President

DATE: October 19, 1989

redon

APPENDIX A

FURSUANT TO PARAGRAPH 5 OF THE AGREEMENT, THE USE CHARGES APPLICABLE TO REDON TRAILERS IN USE BY RAILROAD ARE:

<u>DESCRIPTION OF TRAILERS</u>	<u>CHARGE</u>
45' & LESS THAN 48' DRY TRAILERS	
Extreme width 8' & under, outside height 13'6" & over	\$9.25
Extreme width over 8', outside height over 13', 26" tandem	10.00

NOTES:

1) Use charges will apply to Trailers bearing the reporting mark "REDZ" that are on file in the Universal Machine Language Equipment Register (UMLER).

2) Any additional association of American Railroad (AAR) marks will apply to the schedule of charges when proper notification has been rendered by the AAR, followed by the entry of the Trailers into the Official Intermodal Equipment Register and UMLER.

3) Railroad's consent will not be unreasonably withheld to allow redon to grow its fleet with quality used and new Trailers that have been built or rebuilt in accordance with AAR specifications. However, Railroad reserves the right to review any additional new or used Trailers which Redon introduces to its fleet as to Railroad's ability to profitably market said Trailers and to its application of use charges as herein described.

APPENDIX B

REDON POOL LOCATIONS:

POOL LOCATION      QUANTITY LIMITS      TERMINATION POINTS      CARTAGE OBLIGATION

CHICAGO, IL                      UNLIMITED                      CHICAGO, IL                      TO POOL: RAILROAD  
TO RR : REDON

ADDRESS:

\_\_\_\_\_

\_\_\_\_\_

TEL. NO. : \_\_\_\_\_

CONTACT: \_\_\_\_\_

MEMPHIS, TN                      UNLIMITED                      MEMPHIS, TN                      TO POOL: RAILROAD  
TO RR : REDON

ADDRESS:

\_\_\_\_\_

\_\_\_\_\_

TEL. NO. : \_\_\_\_\_

CONTACT: \_\_\_\_\_

APPENDIX C

THE DEPRECIATED VALUES FOR TRAILERS EQUALS THE REPRODUCTION COST, LESS DEPRECIATED AMOUNT.

- I. REPRODUCTION COST IS CALCULATED BY MULTIPLYING THE TRAILER'S ORIGINAL COST BY THE AAR COST FACTOR PRIOR TO THE YEAR IN WHICH THE EQUIPMENT WAS DAMAGED, AND THIS AMOUNT DIVIDED BY THE COST FACTOR FOR THE YEAR THE TRAILER WAS BUILT.
- II. DEPRECIATED AMOUNT IS CALCULATED BY MULTIPLYING THE REPRODUCTION COST BY 1/120 AND MULTIPLYING THIS VALUE BY THE NUMBER OF COMPLETE MONTHS IN SERVICE.
- III. THE MAXIMUM DEPRECIATED AMOUNT IS EQUAL TO 90% OF THE REPRODUCTION COST.

SALVAGE VALUES TO BE DETERMINED AS FOLLOWS:

TRAILERS - \$60.00 PER WHEEL, PLUS \$100 FOR BOX = \$580

SECTION M - AAR RULE 158 - IF IT IS ESTIMATED BY HANDLING CARRIER THAT COST OF COMPLETE REPAIRS EXCEEDS THE DEPRECIATED VALUE LESS SALVAGE, IT SHALL:

- (A) NOTIFY THE OWNER OF THE MAJOR ITEMS OF DAMAGE AND REQUEST SETTLEMENT FOR TRAILER WITHIN 15 DAYS AFTER RECEIPT OF DEPRECIATED STATEMENT.
- (B) THE OWNER SHALL ADVISE DISPOSITION DESIRED WITHIN 10 DAYS AFTER RECEIPT OF NOTIFICATION.
- (C) IF OWNER REQUESTS TRAILER TO BE RETURNED HOME, HE SHALL ASSUME CONDITIONING AND LOADING COST OF HANDLING LINE, NOT TO EXCEED \$200 AND ALL TRANSPORTATION COSTS EXCEPT OVER HANDLING LINE. THE HANDLING CARRIER IN SUCH CASE SHALL FORWARD TRAILER TO OWNER AS REQUESTED, AND SHALL BE CREDITED FOR THE SALVAGE VALUE. TRAILERS MUST NOT BE UNNECESSARILY CUT-UP TO FACILITATE HANDLING.

**APPENDIX C-1**

**A. A. R. DEPRECIATED VALUE STATEMENT**

UNIT NUMBER . . . . .		_____
MAKE . . . . .		_____
SERIAL NUMBER . . . . .		_____
DATE MANUFACTURED . . . . .		MO. _____ YR. _____
DATE OF DESTRUCTION . . . . .		MO. _____ YR. _____
ORIGINAL PURCHASE PRICE . . . . .		\$ _____
FACTOR OF YEAR PRIOR TO DESTRUCTION . . .	X	_____
FACTOR OF YEAR MANUFACTURED . . . . .	÷	_____
SPECIAL EQUIPMENT OR ACCESSORIES . . . .	+	_____
REPRODUCTION COST . . . . .		\$ _____ (a)
	÷	<u>120</u>
MONTHLY DEPRECIATION . . . . .		\$ _____
MONTHS IN SERVICE . . . . .	X	_____
DEPRECIATION . . . . .		\$ _____ (b)
MECHANICAL REFRIGERATION UNIT . . . . .		\$ _____ (c)
DEPRECIATED VALUE (a - b + c) . . . . .		\$ _____
SALVAGE RETURNED . . . . .	-	\$ _____
HANDLING COSTS . . . . .	-	\$ _____
AMOUNT OF SETTLEMENT . . . . .		\$ _____

AGREEMENT FOR INTERCHANGE  
AND USE OF TRAILERS

Agreement by and between Norfolk Southern Corporation on behalf of its subsidiaries, including Norfolk and Western Railway Company and Southern Railway Company (hereinafter called "NS") and REDON, Inc. (hereinafter called "RDN") dated the 10th day of October, 1989.

WITNESSETH:

WHEREAS, the parties desire to enter into an agreement for the interchange of trailers and the establishment of charges for the use, repair and compensation for loss, theft or destruction of their trailers while in the other's possession;

NOW THEREFORE, in consideration of the mutual obligations assumed hereunder, the parties agree as follows:

1. Trailer Use Charges. NS agrees to pay to RDN use charges for the use or possession of RDN's trailers when those trailers are used or possessed by NS. Trailer use charges will be computed in accordance with the schedule set forth in Appendix A. The trailers to which such charges apply are listed in Appendix B.

2. Use Charge Relief. RDN agrees to grant to NS, at any NS terminal, use charge relief on any empty and grounded trailer which is covered by this agreement. The first relief day will

be the day following the date the trailer is placed on relief and relief will continue through the date the trailer is made available for loading. NS will furnish the status of relief equipment on a daily basis excluding Saturday, Sunday and holidays.

3. Repair Charges. While in its possession NS will service and repair RDN trailers when necessary and according to the provisions of the AAR TOFC/COFC Interchange Rules dated April 1, 1989, which will be applicable between the parties except as modified below.

Labor charges for repair and servicing performed on railroad property will be billed at \$30.00 per hour. Labor charges will be billed according to the various job codes based on the actual hours of labor consumed stated in quarter-hour increments.

Parts for trailer service and tire repairs will be billed on an invoice cost basis, plus 15 percent handling charge.

When repair work is performed off railroad property by contract shop or other outside facility, NS will bill RDN at invoice.

NS will not be responsible for repairs to FRP panels.

Repairs may be performed by NS without consultation with RDN when those repairs do not exceed \$300, exclusive of tires and refrigeration units. For repairs to a trailer which exceed \$300, exclusive of tires and refrigeration units, NS will consult with RDN as to whether the repairs ought to be performed.

4. Transfer and Adjustment of Lading. Transfer and adjustment of lading will be billed on the same basis as repairs.

5. Settlement of Claims for Lost, Stolen, Badly Damaged or Destroyed Equipment. Settlement for lost, stolen, badly damaged or destroyed trailers shall be at depreciated value and shall be calculated on the basis of the depreciation and salvage value schedules and the formula set forth in Appendix D.

A trailer shall be considered destroyed when repairs would exceed the depreciated value less salvage.

In the event the owner wishes a destroyed trailer returned, the user shall pay the depreciated value of the trailer less salvage value. In the event the owner does not wish the destroyed trailer returned, the user shall pay the full depreciated value of the trailer.

The parties will follow the AAR's TOFC/COFC Interchange Rules, Section M, Rule 157, effective April 1, 1989, for the return of destroyed trailers. Trailers to be returned will follow the most expedient route as set by the user party.

6. Credit Arrangements. Settlement of bills for trailer use and trailer repairs shall be handled together with and in the same manner as interline settlements for freight car per diem and car repairs as governed by applicable Disbursement Mandatory Rules 3, 5, 7, 15, 17, 19 and 23.

7. Relocation of Trailers. RDN may relocate any of its empty trailers on relief between any NS terminals provided Plan III charges are tendered for such movement. Use charges will not apply during such relocation.

NS may relocate empty RDN trailers on relief, at its option and for operating convenience, to another intermodal terminal. Use charges will not apply during such relocation.

8. Owner Pickup of Trailers. RDN will be permitted the right to pick up any equipment on relief from any NS terminal upon prior request. Proper authorization and documentation must be furnished to the terminal supervisor at the time of the pickup.

9. Pool Points. RDN will maintain pool or turn-in locations at Atlanta, GA, Chicago, IL, and Memphis, TN, and will permit NS to turn in any RDN trailer for termination at those points. The same turn in conditions will apply at any other locations mutually agreed upon by NS and RDN.

10. Storage Charges. NS may initiate storage charges of \$1.00 per trailer day for any RDN trailer on relief after 15 days following the date of initial notification to RDN of user charge relief.

11. Interchange Drayage. RDN will arrange for and will bear the cost of drayage of trailers between NS intermodal facilities and the locations in item 9.

12. Applicability of AAR Rules. Each party to this agreement agrees to subscribe to or be governed by the AAR TOFC/COFC Interchange Rules and TOFC/COFC Service and Reporting Rules in their relationships with each other except to the extent this agreement is inconsistent with those rules.

13. Non-Severability; Entire Agreement. The terms of this agreement are mutual and interdependent. Acceptance of this agreement is acceptance of all the terms herein. This agreement represents the entire agreement of the parties and may be amended, modified or altered only in writing signed by both parties.

14. Notice. Notice under this agreement shall be addressed to the parties' chief marketing officer with copy to the chief intermodal (operating) officer and one copy to NS Service Contract Section, Material Management Department, 8 North Jefferson Street, Roanoke, VA 24042-0072.

15. Arbitration. Any disputes arising under the AAR TOFC/COFC Interchange Rules and AAR TOFC/COFC Service and Reporting Rules will be resolved pursuant to Section K of the AAR TOFC/COFC Interchange Rules. Any disputes arising under this contract will be resolved by binding arbitration under the auspices of the American Arbitration Association, with each party bearing its own costs plus one-half of the expense of the arbitration.

16. Confidentiality. The parties shall keep this agreement and all of its terms in strictest confidence. No charges or other information contained in this agreement shall be disclosed to third parties. The existence of the agreement, but not the terms, may be disclosed to the Association of American Railroads and may be disclosed to third parties which need to know of its existence because they are subscribers to or governed by the AAR TOFC/COFC Interchange Rules or AAR TOFC/COFC Service and Reporting Rules.

17. Effective Date. This agreement shall be effective September 15, 1989 and shall continue until cancelled in accordance with the terms hereof.

18. Cancellation. This agreement may be terminated upon 30-days written notice by either party except that cancellation may not be effective except upon the close of business of the last day of any given month. Upon cancellation of the agreement, all trailers must be returned to the owner by the termination date in accordance with the terms of AAR TOFC/COFC Service Rule 2.

By   
NORFOLK SOUTHERN CORPORATION  
As agent for and on behalf of each of  
its wholly owned rail carrier  
subsidiaries including Norfolk and  
Western Railway Company and Southern  
Railway Company, excluding Triple Crown  
Services, Inc.

By   
REDON, Inc.

Effective: October 10, 1989

Appendix A

USE RATE CHARGES

45' x 96" trailers -----	\$9.75 per day
45' x 102" trailers -----	\$10.50 per day
48' x 102" trailers -----	\$10.50 per day

Effective: October 10, 1989

Appendix B

REDON, Inc. (RDN)

Reporting Marks

REDZ  
RONU

---

Appendix C

Intentionally not used.

Effective: October 10, 1989

APPENDIX D

The depreciated values for trailers equal the reproduction cost, less depreciated amount.

- I. Reproduction Cost is calculated by multiplying the trailer's original cost by the AAR cost factor prior to the year in which the equipment was damaged, and this amount divided by the cost factor for the year the trailer was built.
- II. Depreciated amount is calculated by multiplying the reproduction cost by 1/120 and multiplying this value by the number of complete months in service.

The maximum depreciated amount is equal to 90% of the reproduction cost.

NOTE: The reproduction cost of mechanical refrigeration units with all component parts, including fuel tanks or bottles, shall be computed on current market price, using the same 10% per annum rate of depreciation, with maximum depreciation of 95%. This shall be added to the depreciated value of the trailer. The date of installation will be considered the date built.

Salvage values to be determined as follows:

TRAILERS \$60.00 PER WHEEL, PLUS \$100 FOR BOX

MECHANICAL REFRIGERATION UNITS AND ALL  
COMPONENT PARTS, INCLUDING FUEL TANKS = \$225.00/UNIT

# The Atchison, Topeka and Santa Fe Railway Company



80 E. Jackson Blvd.  
Chicago, IL 60604

File: 17-TOFC-REDON  
October 13, 1989

Mr R.E. Chambers  
Vice President  
Redon, Inc.  
P.O. Box 47966  
Jacksonville, FL 32247-7966

Dear Mr. Chambers:

## Trailer Use Agreement

The Atchison, Topeka and Santa Fe Railway Company (hereinafter "Santa Fe") proposes to use trailers (units) owned by Redon, Inc. (hereinafter "Redon") in accordance with the agreement set forth below, effective September 1, 1989.

### 1.) Trailer Use Charges

A) Santa Fe agrees to pay Redon "unit use charges" for units bearing Redon's reporting marks referenced in Appendix A. "Unit use charges" shall be defined as the daily lease charge for units as reflected in the then current Appendix A to this Agreement. Unit use charges shall accrue for every day during which a unit is in Santa Fe's possession. Possession shall be defined as Santa Fe having control of unit at 12:01 AM of the day in question. The unit use charges initially applicable are set forth in Appendix A, attached hereto. The parties may upon mutual written agreement, amend Appendix A at any time.

B) Santa Fe agrees to report unit usage to Redon within one month and ten days from the last day of the month in which it is earned, including payment for units on hand at the end of that month. When an addition which results from records subsequently received is not reported to Redon within two months and ten days from the last day of the month in which it is earned, the use charge rate shall be increased ten (10) percent. Use charge claims for errors or omissions in the use charge report not handled in accordance with Rule 11-T of the AAR Code of Trailer Service and Reporting Rules will be increased (20) percent.

C) Notwithstanding subsection (A) of this Section 1, in the event Santa Fe interchanges a Redon unit in its possession to a railroad with which Redon has no use agreement, Santa Fe will pay Redon any use charge collected by Santa Fe from said railroad for said Redon unit.

D.) Santa Fe shall not be responsible for payment of unit use charges for empty units bearing Redon's reporting marks, when such trailers are held by Santa Fe at its' Chicago, Illinois intermodal terminal (hereafter "Corwith Yard"). Santa Fe shall be entitled to reclaim against Redon and Redon shall credit or pay to Santa Fe, any use charges which may be assessed against Santa Fe in violation of the foregoing sentence.

E.) Santa Fe shall report to Redon receipt of each empty unit bearing the foregoing reporting marks at Corwith Yard on the business day after it is received. Such units shall be considered "held" at Corwith yard, and Santa Fe shall not be responsible for payment of use charges after that date.

F.) For purposes of computing use charges under the Agreement, damaged Redon units bearing the foregoing reporting marks shall be considered the same as undamaged units, except that Santa Fe shall arrange for joint inspection of damaged units held at Corwith Yard by Santa Fe.

G.) Redon will, when instructed by Santa Fe, remove units held under this Agreement from Corwith Yards. Such removals shall be Redon's sole responsibility and shall be performed at Redon's sole expense. Any trailer removed hereunder shall be considered terminated to Redon and Santa Fe shall have no further responsibility for use charges applicable thereto.

H.) Notwithstanding any other provisions of the agreement, Santa Fe shall permit Redon's authorized representatives, upon execution of a release on Santa Fe's form, to enter Corwith Yard at any time to inspect or remove units bearing the foregoing reporting marks. Redon shall indemnify and save harmless Santa Fe from and against any death, injury, loss or damage that may result from or arise out of the activities or presence of its representatives at Corwith Yard, regardless of negligence on the part of Santa Fe, its' agents or employees.

2.) Repair Charges

A.) Redon shall be responsible for all charges incurred:

- 1.) To repair trailers bearing Redon's reporting marks.
- 2.) To adjust or transfer unit lading when required to perform necessary repairs to trailers bearing Redon's reporting marks.

B.) If repairs or service are performed by a railroad shop, labor shall be billed at the actual shop labor rate plus a reasonable additive for fringe benefits and overhead and material shall be billed at cost plus 15 percent to cover handling. If repairs or service are performed by an outside shop, charges shall equal the actual invoice of said shop. Bills for repairs performed by outside shops shall be supported by actual invoice upon request of the party billed. Bills for repair or servicing shall not be returned for correction unless the net amount of the correction exceeds \$25.00 and ten percent of the total amount of the bill. All bills shall be paid within a reasonable time.

C.) Charges for adjustment or transfer of unit or unit lading shall equal actual labor, plus a reasonable additive for fringe benefits and overhead, and material expense, with a 15% handling charge added to material cost. When adjustment or transfer of unit and unit lading is performed by an outside firm, charges shall equal the invoice of said firm.

3.) Destroyed, Lost or Stolen Trailers

A.) Notification

Santa Fe estimates that repairs to a damaged unit, or replacement of a lost, destroyed, or stolen unit, owned by Redon will exceed the depreciated value less salvage, it shall:

- 1.) Within 15 days after receipt of depreciated value information from Redon, advise Redon that it desires to settle for the depreciated value of the unit. In the case of derailment only, if it is estimated that costs for repairs will exceed the depreciated value, Santa Fe can dispose of the salvage without prior consent of Redon.
- 2.) Within 20 days after notification that Santa Fe desires to settle for depreciated value, Redon shall advise disposition of salvage. In the event Redon desires that salvage be returned, settlement shall be made based on depreciated value of the unit, less salvage as set forth below.

Redon shall assume conditioning and loading costs, not to exceed \$200.00, and all transportation costs to forward salvage to owner's designated facility. In the event Redon does not desire salvage, settlement shall be made based on depreciated value of unit with no deduction for salvage. If disposition is not received within 20 days, Santa Fe at its option may dispose of salvage and settlement shall be made on depreciated value of unit with no deduction for salvage.

#### B.) Settlement

Settlement for destroyed, lost, or stolen units shall be on basis of reproduction cost at time of notification less depreciation and salvage value if unit is returned to Redon. Depreciation shall be computed on a monthly basis at 10% per annum applied to age of unit, with maximum depreciation limited to 90%.

Reproduction cost shall be determined as follows:

- 1.) Obtain year built and original cost of equipment, including cost of special equipment or accessories from owner.
- 2.) Determine factor for year equipment was built and factor for year prior to the one in which equipment was destroyed, utilizing unit cost factors published by the AAR Interchange Rules Committee.
- 3.) In cases where the applicable cost factor has not yet been issued, use latest available factor and make adjustments when proper factor is known.
- 4.) Multiply cost by factor for year prior to date equipment destroyed. Divide this product by the factor for year in which equipment was built. The cost of a rebuilt unit shall be computed in the same manner by adding the salvage value to the cost of the manufactured unit, using the rebuilt date and the date unit destroyed, lost or stolen. Payment for destroyed or stolen units must be made no later than ninety (90) days from the date depreciated value is furnished by owner.

A unit shall be considered "destroyed" when the cost of necessary repairs exceeds its depreciated value less salvage calculated in accordance with the preceding paragraph.

8.) Confidentiality

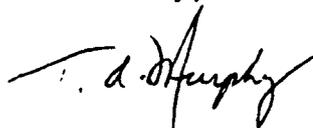
This agreement and all its terms and Appendices are to be held in confidence by both parties. No information or charges contained in this Agreement are to be released to third parties, with the exception of service agents who collect Redon's use charges; provided, however, that the foregoing shall not prohibit advice by either party to other carriers that it has a trailer use agreement in effect with the other party. All service agents shall be bound by the contracting party to a similar confidentiality obligation preventing release of the terms and conditions contained herein to others.

9.) Effective Date and Term

This agreement shall become effective as of September 1, 1989 and shall continue in effect until terminated by either party upon thirty (30) days' prior written notice to the other party; provided, however, that termination of this agreement shall not release either party from any liability incurred hereunder prior to the effective date of such termination. If the agreement is terminated, Santa Fe shall initiate, within 48 hours, return of all trailers covered hereunder, at Redon's expense, to a location designated by Redon.

Please acknowledge your acceptance of the foregoing agreement on behalf of your company by executing both enclosed signature copies of this letter agreement, returning one to the undersigned.

Sincerely,



T. A. Murphy  
General Director -  
Equipment Management & Services

Accepted:

REDON

By: Ralph E. Chamber

Title: Vice President

Date: 10-27-89

APPENDIX A

EFFECTIVE DATE: SEPTEMBER 1, 1989

VALID TRAILER MARK: REDZ

SCHEDULE OF CHARGES

USE PER CALENDAR DAY

40' Trailer Non-Insulated	\$ 6.00
Straight Floor 96" w 45' Trailer	9.00
Straight Floor 102" w 45' Trailer	9.50
Straight Floor 102" w 48'	10.75

Schedule of charges apply only on equipment listed on the above markings and registered in AAR UMLER files.

APPROVED AND ACCEPTED:

ATSF RAILWAY COMPANY

REDON, INC.

By: T. A. Murphy

By: Ralph E. Chambers

Title: General Director, Equipment Management & Services

Title: Vice President

Date: October 13, 1989

Date: 10-27-89