

ITEL

Itel Rail Corporation

550 California Street
San Francisco, CA 94104
(415) 984-4200

April 2, 1991

RECORDATION NO. 17275 FILED 1425

APR 4 1991 - 3 30 PM 1-094 A 051

Hon. Sidney L. Strickland, Jr., Esq.
Secretary
Interstate Commerce Commission
Washington, DC 20423

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 17275 FILED 1425

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INTERSTATE COMMERCE COMMISSION

Re: Class II and III Railroad Per Diem Lease and Schedule No. 1

Dear Mr. Strickland:

On behalf of Itel Rail Corporation, the above instrument, in three (3) counterparts each, are hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$30 recordation fee.

Please record the Class II and III Railroad Per Diem Lease dated March 19, 1991, between Itel Rail Corporation and Lackawanna Valley Railroad Company, under a new recordation number. Please record Schedule No. 1 under the recordation number assigned to the Lease.

The parties to the aforementioned instruments are listed below:

Itel Rail Corporation (Lessor)
550 California Street
San Francisco, California 94104

Lackawanna Valley Railroad Company (Lessee)
701 Wyoming Avenue
Scranton, Pennsylvania 18501

The Lease Agreement defines the terms and conditions by which railroad equipment is leased. Schedule No. 1 adds to the Lease Agreement twelve (12) 5259 and 5277 cubic foot, 70-ton, Plate C, XM boxcars bearing reporting marks LVAL 11000-11011.

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

Very truly yours,



Patricia Schumacker
Legal Assistant

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INTERSTATE COMMERCE COMMISSION

SCHEDULE NO. 1

This Schedule No. 1 to that certain Lease Agreement (the "Agreement") made as of MARCH 19, 1991 between ITEL RAIL CORPORATION ("Lessor") and LACKAWANNA VALLEY RAILROAD CORPORATION ("Lessee") is made as of MARCH 19, 1991.

Lessor and Lessee agree as follows:

- 1. **Capitalized Terms:** All capitalized terms defined in the Agreement shall have the meanings defined therein when used in this Schedule No. 1 except that the term "Cars" as used herein shall only refer to the equipment described in this Schedule unless otherwise indicated.
- 2. **Cars Leased:** Lessor hereby leases the following Cars to Lessee subject to the terms and conditions of the Agreement and this Schedule:

AAR Mech Desig	Description	Reporting Marks and Numbers	Cubic Capacity	Length	Inside Width	Height	No. of Cars
XM	70-Ton, Plate C, Non-cushioned, Boxcars	LVAL 11000-11011	5259 c.f. 5277 c.f.	50' 6"	9' 6"	10' 11"	12

3. **"Expiration Date":** The date which is 3 years from the earlier of (i) the date on which the last Car described on this Schedule is marked with Lessee's reporting marks or (ii) 120 days from the date on which the first of the Cars described in this Schedule is physically interchanged onto Lessee's lines. The Expiration Date shall be documented on the Certificate of Delivery Date from Lessor to be attached hereto as Exhibit A.

5. **Record Keeper:** Lessor

6. **Party Responsible for Maintenance:** Lessor

7. **Average Number of Miles Per Day:** 80

8. **Party Responsible for Revenue Bill Movement, if any, to Lessee's Lines Prior to Initial Loading:** ~~Lessee~~ Lessor *OR MS*

9. **Rent:**
(a) "Base Rent" means the dollar amount for any calendar quarter (or applicable portion thereof) which equals the Revenues (as defined in Section 12.A.(iii) of the Agreement) the Cars on this Schedule would have earned in the aggregate

pay Lessor such shortfall not later than 60 days after receiving an invoice.

- (ii) Elect in writing not to pay Lessor such shortfall for such quarter. In such event, Lessor may terminate the lease with respect to all or any of the Cars on this Schedule upon not less than 30 days written notice to Lessee at any time during the Agreement.

Each party, pursuant to due corporate authority, has caused this Schedule to be executed by its authorized officer, and each of the undersigned hereto declares pursuant to 28 U.S.C. Section 1746 under penalty of perjury that the foregoing is true and correct and was executed on the date indicated below its signature.

ITEL RAIL CORPORATION, Lessor

By: Neil Smith
Title: VP SALES
Date: 3/22/91

LACKAWANNA VALLEY RAILROAD CORPORATION,
Lessee

By: Mark A. [Signature]
Title: Vice President Operations
Date: MARCH 19, 1991

EXHIBIT B

RUNNING REPAIRS

BOXCARS

Angle Cocks	Wheel Assemblies
Air Hose	Yokes
Train Line	Knuckles/Pins
Operating Levers and Brackets	Slack Adjuster
Sill Steps	Couplers
Grab Irons	Draft Gears
Brake Shoes	Coupler Carriers
Brake Shoe Keys	Center Plate Repair (Not Replacement of Center Plate)
Brake Connecting Pin	Cotter Keys
Brake Head Wear Plates	Roller Bearing Adapters
Air Brakes	Air Hose Supports
Hand Brakes	
Brake Beams and Levers	
Truck Springs	
Door Hardware (Not Replacement of Door)	