

# ITEL

March 13, 1992

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

**Re: 1) Class II and III Railroad Per Diem Lease (the "Lease")  
2) Schedule No. 1**

Dear Mr. Strickland:

On behalf of Itel Rail Corporation, the above instruments, in three (3) counterparts each, are hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$32 recordation fee.

Please record the subject Lease dated March 6, 1992, between Itel Rail Corporation and TennRail Corporation, under a new recordation number. Please record Schedule No. 1 under the recordation number assigned to the Lease.

The parties to the aforementioned instrument are listed below:

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

TennRail Corporation (Lessee)  
111 E. Capitol Street  
Jackson, Mississippi 39201

The Lease sets forth the terms and conditions by which railroad equipment is leased. Schedule No. 1 adds to the Lease five hundred eleven (511) 50', Plate C boxcars bearing reporting marks CCR 6000-8014 (n.s.) and six (6) 50', Plate C boxcars to bear TNR reporting marks.

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*  
Patricia Schumacker

**Itel Rail Corporation**

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

RECORDED BY 17729  
FILED 1425

MAR 16 1992 10 24 AM

INTERSTATE COMMERCE COMMISSION

2-076A017  
RECORDED BY 17729  
FILED 1425

MAR 16 1992 10 25 AM

INTERSTATE COMMERCE COMMISSION

17729-A  
REGISTRATION OF FIELD DATA

SCHEDULE NO. 1

MAR 16 1992 - 10 25 AM

INTERSTATE COMMERCE COMMISSION

This Schedule No. 1 to that certain Lease Agreement (the "Agreement") made as of March 6, 1992 between ITEL RAIL CORPORATION ("Lessor") and TENNRAIL CORPORATION ("Lessee") is made as of March 6, 1992.

RECITALS:

- A. Lessor and Lessee, as successor in interest to The Corinth & Counce Railroad Company, are parties to the agreement dated April 29, 1977 (the "CCR Agreement") whereby Lessor leased to Lessee the cars with the "CCR" reporting marks described hereinbelow (the "CCR Car(s)").
- B. Lessor and Lessee acknowledge that upon the full execution of this Agreement and the Termination Agreement dated March 6, 1992 by both parties the CCR Agreement, as it pertains to the CCR Cars only, shall be deemed terminated as of March 1, 1992 at which time the parties desire to have such CCR Cars placed under the terms of the Agreement.
- C. Lessor and Lessee agree that it is to their mutual benefit to add 6 boxcars with "TNR" reporting marks (the "TNR Car(s)") to the Agreement to replace the destroyed boxcars CCR 6007, 6098, 6109, 6177, 6721 and 6771 recorded under the CCR Agreement.

NOW, THEREFORE, 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 No. 1 and shall include the CCR Cars and the TNR Cars as defined herein below 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 No. 1:

AAR Mech Desiq	Description	Reporting Marks and Numbers	Length	Inside Width	Height	No. of Cars
XM	50', Plate C, cushioned boxcars with nailable steel floors.	CCR 6000-6006 6008-6097 6099-6108 6110-6176 6178-6179 6181-6326 6328-6331 6333-6342 6344-6399 6700-6720 6722-6770 6772-6799 6800-6805 8000-8014	50'6"	9'6"	11'2"	511
"	"	TNR -	50'6"	9'6"	11'2"	6

- 3. **The Cars May be Used to Carry Only the Following Commodities:** Miscellaneous, non-corrosive freight.

4. **"Expiration Date":**

- A. Commencing upon the full execution of the Termination Agreement dated \_\_\_\_\_, the Agreement and this Schedule No. 1 the term of the Agreement with respect to the Cars shall be deemed commenced as of March 1, 1992 ( the "Effective Date") and shall continue through and including February 28, 2002 (March 1, 1992 through February 28, 2002 being the "Term").
- B. Lessor or Lessee may terminate the Agreement, with respect to the Cars only, upon written notice 120 days prior to last day of February during years 1997, 1998, 1999, 2000 and 2001 of the Term.

5. **Record Keeper:** Name: Itel Rail Corporation  
Address: 550 California Street  
City: San Francisco  
State: California Zip: 94104

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

7. **Average Number of Miles Per Day:** 75

8. **Party Responsible for Revenue Bill Movement, if any, to Lessee's Lines Prior to Initial Loading and remarking of TNR Cars:** Lessor

9. **Rent:**

A. **Definitions**

- (i) "MidSouth Corporation System" means any of the following railroad lines owned by MidSouth Corporation: TennRail Corporation, SouthRail Corporation, MidSouth Rail Corporation and MidLouisiana Rail Corporation.
- (ii) "Free Time" means allowed by Lessor for use of the Cars on the MidSouth Corporation System. Free Time shall not include allowed by Lessor for Car "Maintenance", as defined in the Agreement.

B. Lessor shall receive as rent of all Revenues.

C. (i) If at the end of each calendar month, Lessor determines for the consecutive 6 month period ending with such calendar month ("6 Month Period") Free Time allowed by Lessor on all the Cars utilized on the MidSouth Corporation System is less than or equal to 12 days per car per month in the aggregate, Lessor shall pay to Lessee for each Car that is loaded on the Eligible Lines to any destination point off the MidSouth Corporation System ("Load Fee").

(ii) Lessor shall pay such Load Fee within 30 days after receiving an invoice from Lessee. Lessor may make adjustments, as Lessor determines, to any Load Fee based on actual final accounting of Free Time.

10. With respect to the Cars, if Lessor determines Free Time allowed during any 6 Month Period is greater than or equal to 8 days per Car per month in the aggregate, Lessor may terminate any or all Cars, at any time, by providing not less than 10 days prior written notice to Lessee.

~~11. **Mandated Modifications to Cars:**~~

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~~If any physical alteration or modification is required by the AAR, the Canadian Transport Commission or any government or agency exercising authority over any Car, Lessee shall (i) pay for the cost of such alteration or modification or (ii) request Lessor to pay for such cost and pay Lessor each month an amount which will, over the estimated useful life of such alteration or modification or remaining useful life of such Car, cover the cost of the alteration or modification, including Lessor's then current cost of money.~~

**12. Special Equipment:**

Lessee shall at its expense perform in a timely manner Maintenance for lading equipment, special Interiors or linings or removable parts.

Each party, pursuant to due corporate authority, has caused this Schedule to be executed by its authorized officer or other employee, and each of the undersigned declares under penalty of perjury that he or she holds the title indicated below, that the execution of this Schedule was the free act and deed of the corporation, the foregoing is true and correct and that this Schedule was executed on the date indicated below.

**ITEL RAIL CORPORATION, Lessor**

**TENNRail CORPORATION, Lessee**

By: Robert K. Kelly  
Title: Vice President, Finance  
Date: 3/6/92

By: [Signature]  
Title: VP-Chief Marketing Officer  
Date: 3/3/92

EXHIBIT B TO SCHEDULE NO. 1

**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 Support
Hand Brakes	Door Hardware (Not Replacement of Door)
Brake Beams and Levers	
Truck Springs	