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Transportation Solutions for the 21st Century

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ENTERED
Office of Chief Counsel
May 1, 2026
Part of
Public Record

May 1, 2026

VIA E-FILING

Chief of Case Administration
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

Re: Buckingham Branch Railroad Company—Discontinuance Exemption—in the City
of Virginia Beach and the City of Norfolk, VA
STB Docket No. AB 1349 (Sub-No. 1X)

Dear Chief of Case Administration:

Norfolk Southern Railway Company (“NSR”) respectfully submits a Motion for Protective Order in the above docket. Concurrently, per the request of the Surface Transportation Board, NSR is submitting a full copy of the 2018 Lease Agreement between Buckingham Branch Railway Company and NSR (“Lease”) that was the subject of NSR’s April 6, 2026 letter. The Lease is being submitted in both a Public Version, which includes redactions, and a Confidential Version, which does not include any redactions. There is no Highly Confidential Version at this time.

Respectfully submitted,

/s/ William A. Mullins

Counsel for Norfolk Southern Railway Company

Enclosures
cc: Parties of Record

PUBLIC VERSION

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is made this 1 day of August, 2018, by and between, **BUCKINGHAM BRANCH RAILROAD COMPANY**, a Virginia corporation (hereinafter referred to as "LESSEE"), and **NORFOLK SOUTHERN RAILWAY COMPANY**, a Virginia corporation, on behalf of itself and its railroad operating subsidiaries (hereinafter referred to as "NSR").

WITNESSETH:

WHEREAS, NSR is the owner of the line of railroad between Milepost SN 2.5 at Coleman Place, Norfolk, VA and SN 6.7 at Diamond Springs, Virginia Beach, VA, as described in Attachment A, which is attached hereto and incorporated herein (the "Line");

WHEREAS, the line is currently leased to Bay Coast Railroad;

WHEREAS, NSR now desires to change operators and lease the Line to LESSEE;

WHEREAS, LESSEE desires to lease the Line from NSR in accordance with the terms stated herein.

NOW, THEREFORE, in consideration of the premises, the mutual covenants, and the other good and valuable considerations, the receipt and sufficiency of which is hereby acknowledged, LESSEE and NSR agree as follows:

1. **PROPERTY COVERED.**

(a) NSR hereby leases to LESSEE, effective on the Commencement Date stated in Section 25, on an exclusive basis, subject to the rights retained by NSR herein, the Line, all in (except to the extent provided otherwise in this Lease) "AS IS, WHERE IS" CONDITION AND WITHOUT ANY EXPRESS OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, HABITABILITY, OR FITNESS FOR A PARTICULAR PURPOSE and subject to all existing easements and other impediments to the title of NSR, whether or not this Lease provides actual notice thereof and whether or not of record. LESSEE acknowledges that it has inspected the Line to the extent it deems necessary for its operations over the Line for the term of this Lease and accepts it in its current condition.

(b) LESSEE shall not have the right to grant trackage rights or operating rights of any nature, including haulage, over the Line to any third party, except as expressly agreed to in advance and in writing by NSR.

2. RIGHT TO POSSESSION.

(a) On the Commencement Date provided for in Section 25 of this Lease, NSR will deliver to LESSEE (from Bay Coast Railroad) possession of the Line for LESSEE's lease and operation; provided, however, that LESSEE shall provide Bay Coast Railroad a period of thirty (30) days after the Commencement Date in which to remove, at Bay Coast Railroad's sole expense and without unreasonable interference with LESSEE's operations, all track material, equipment, locomotives, and other rolling stock located on but not affixed to the Line as of the Commencement Date.

(b) To the extent it is necessary for either party to enter on to the Line in furtherance of any of its rights or obligations contained in this Lease, the party in possession of the Line agrees to allow the other to enter on to the Line for such purposes.

3. TERM.

Unless otherwise terminated pursuant to Section 4(a), 4(c), 4(d), or 4(e) below, or extended as specified below, this Lease shall be for a term of ten (10) years from the Commencement Date (the "Term"). During the last year of the initial Term, LESSEE shall have the right to submit a written request for one ten (10) year extension of the Term; NSR shall consent to or deny such a request within sixty (60) days of receipt. At the expiration of the Term, including any such extension, LESSEE shall not have the right to further renew this Lease unless both parties subsequently agree to an extension in writing.

4. TERMINATION.

(a) This Lease may be terminated by the non-breaching party upon thirty (30) days' advance written notice to the breaching party if either LESSEE or NSR breaches any one or more of the material provisions under this Lease; provided, that (i) in the case of a curable breach, such breach continues for a period of thirty (30) days from the date of receipt of written notice of such breach, or (ii) in the case of a breach that cannot be reasonably cured within a period of thirty (30) days, the breaching party has failed to (A) commence performance to cure such breach within ten (10) days following its receipt of written notice of such breach, and (B) continue to diligently proceed to completion of the performance of such cure.

(b) A breach of a material provision includes, but is not limited to, the following: (i) failure of LESSEE to make the lease payments called for herein; (ii) beginning immediately prior

to the first movement of loaded or empty traffic over the Line by LESSEE, failure of LESSEE to maintain the Line in accordance with the requirements set forth in Section 14; or (iii) any assignment or sublease is made in violation of Section 20. In the event that the Lease terminates pursuant to Section 4(a), NSR shall have no obligation to make any payment described in Section 4(c)(ii).

(c)

(i) NSR has the right to terminate the Lease at any time (A) during the first three (3) years of the Term of this Lease upon one hundred and eighty (180) days' notice; and (B) during the remainder of the Term of this Lease or at any time thereafter upon ninety (90) days' notice.

(ii) Should NSR elect to terminate this Lease pursuant to subsection (c)(i), NSR shall reimburse LESSEE only for the undepreciated book basis in compliance with generally accepted accounting principles of LESSEE's investment in the Line, excluding (X) the portion of the investment removed or surrendered pursuant to Section 5(c), and (Y) the portion not covered by Section 4(c)(ii)(X) that has been financed with government grants, in whole or in part, to the extent any such grant amount is not required to be repaid as a result of such termination.

(d) NSR may terminate this Lease immediately upon written notice in the event of a change in control of, or merger involving, LESSEE or any parent of LESSEE (other than an intercorporate merger not involving a change in control) that was not approved in advance and in writing by NSR. In the event that the Lease terminates pursuant to this Section 4(d), NSR shall have no obligation to make any payment described in Section 4(c)(ii).

(e) NSR may terminate this Lease immediately upon written notice upon breach by LESSEE, or termination for any reason, of the Thoroughbred Through Freight Agreement set forth in Exhibit C hereto. In the event that the Lease terminates pursuant to this Section 4(e), NSR shall have no obligation to make any payment described in Section 4(c)(ii).

(f) LESSEE grants to NSR an irrevocable power of attorney for purposes of consenting to and making any Surface Transportation Board ("STB") filing with respect to any termination of this Lease in accordance with its terms. This grant of the LESSEE's power of attorney will survive the Term or termination of this Lease.

(g) In the event NSR is entitled to terminate this Lease pursuant to the foregoing provisions of this Section 4, NSR may, among its other remedies, and at its discretion,

immediately terminate LESSEE's right of possession and take control of the Line and operate the same.

5. EFFECT OF TERMINATION OR EXPIRATION OF LEASE.

(a) At least sixty (60) days prior to the expiration or termination of this Lease, except in the case of termination under Sections 4(a), 4(c), 4(d), and 4(e), in which case immediately upon termination, LESSEE, or NSR on behalf of LESSEE pursuant to Section 4(f), shall submit all necessary applications and petitions to the STB to effectuate the termination of this Lease. Upon the effective date of any necessary regulatory authority or exemption, LESSEE shall immediately vacate and surrender the Line and any improvements made thereon (other than as provided in Section 5(c)) to NSR and execute any documents reasonably requested by NSR to evidence such vacation or surrender. LESSEE will thereafter have no right to the Line or any improvements made thereon. The provisions of this Section 5(a) will survive the Term or termination of this Lease.

(b) Upon termination or expiration of this Lease, LESSEE shall surrender the Line to NSR in as good or better condition as it was as of the Commencement Date, normal wear and tear excepted, both in terms of LESSEE's maintenance obligations under Section 14 hereof and the environmental condition of the Line. As to the maintenance condition of the Line, this requirement will be deemed to have been fulfilled if the surrendered Line is in compliance with the maintenance standards set forth in Attachment B and includes a continuous line of railroad between the end points of the Line as of the Commencement Date, as shown on Attachment A and adjusted for any abandonment implemented during the Term pursuant to Section 33. As to the environmental condition of the Line, this requirement will be deemed to have been fulfilled upon LESSEE's satisfactory completion, as determined by NSR, of any remediation deemed necessary by NSR after inspection pursuant to this Lease. The provisions of this Section 5(b) will survive the Term or termination of this Lease.

(c) Within sixty (60) days from the termination or expiration of this Lease, LESSEE may remove from the Line any and all structures or other property belonging to LESSEE or which LESSEE caused or permitted to be placed or erected on the Line and which are the property of LESSEE, provided: (i) LESSEE has paid all sums due under this Lease; (ii) LESSEE is then otherwise in compliance with all obligations and covenants, material or otherwise, under this Lease; (iii) such structures and other property are not integrated into the Line; and (iv) such removal can be effected without damage to the property or right-of-way of NSR. If LESSEE fails to make such removal within sixty (60) days after the date of termination of the Lease, said structures and property will be deemed surrendered and NSR may take title thereto without consideration of any kind therefor or claim by LESSEE or anyone claiming an interest by or

through LESSEE, or, at NSR's sole option, NSR may remove all or any part of such structures and/or property and restore the Line to its former condition at the sole expense of LESSEE and LESSEE shall reimburse NSR for such expense within thirty (30) days of receipt of a bill or bills therefor. If LESSEE fails to make such removal of any track equipment, locomotives, rolling stock and other similar equipment within sixty (60) days after the date of termination of the Lease, NSR may send said items to LESSEE at the sole expense of LESSEE and LESSEE shall reimburse NSR for such expense within thirty (30) days of receipt of a bill or bills therefor. Notwithstanding the foregoing, LESSEE will have no obligation to reimburse NSR if the bill(s) related to the removal or restoration are not received by LESSEE within six (6) months after the date of LESSEE's surrender of the property. Any such property left on the Line by LESSEE shall be at its sole cost and risk of loss. The provisions of this Section 5(c) will survive the Term or termination of this Lease.

(d) Subject to the right of NSR to seek removal of LESSEE from the Line by any and all applicable legal means, if LESSEE holds over or remains in possession of the Line after the expiration of this Lease with NSR's consent, such holding over or continued possession will create a tenancy from month to month only and LESSEE will continue to be subject to all obligations in this Lease, including without limitation that monthly rental for such period will be payable as set forth in Section 13; provided that such rental will be calculated by prorating the annual rental in Section 13.

6. ACCOUNTING STANDARDS.

(a) As between NSR and LESSEE, the Association of American Railroads ("AAR") Accounting Rules govern for purposes of this Lease.

(b) Solely for the purpose of verifying compliance with this Lease, NSR, at its sole cost and expense, has the right to inspect the relevant accounting records of LESSEE, as they pertain to this Lease and to the Line (the "Accounting Records"), at any time during business hours, upon reasonable notice to LESSEE. LESSEE shall keep the Accounting Records for a period of three (3) years from the time a particular Accounting Record is generated.

7. INDUSTRY AGREEMENTS.

LESSEE is and, during the Term, shall remain a signatory to the industry's Interchange Rules, and Car Service and Car Hire Rules. To the extent applicable to the operations contemplated by this Lease, those rules and the related agreements will govern LESSEE's operation of the Line. In the event of a conflict between the Interchange Rules or the Car Service and Car Hire Rules, on the one hand, and the provisions of this Lease, on the other hand, this Lease will apply.

8. DEMURRAGE AND CYCLE TIME AND ACCESSORIAL CHARGES.

LESSEE has the right to determine what demurrage charges and accessorial charges (including, without limitation customer misloading charges), if any, to impose when cars are on the Line, and will be responsible for the billing and collection of all such charges. LESSEE shall impose such demurrage charges as are reasonably necessary to cover car hire costs or to encourage its customers to contribute to the efficient movement of cars between LESSEE and NSR. If and only to the extent NSR is responsible for car hire concerning operations on the Line, NSR will have the right to any demurrage charges LESSEE assesses that are attributable to NSR's responsibility for car hire. LESSEE shall work with NSR to maximize the efficient flow of equipment.

9. CAR HIRE, SUPPLY, SERVICE AND MARKS.



(c) If requested by NSR, LESSEE shall use its commercially reasonable efforts to have cars serving one or more of LESSEE's customers located on the Line placed in assigned service.

(d) NSR has no special duties or obligations to LESSEE with respect to car supply and car service.

(e) NSR retains the right of first refusal to be the car supplier of choice for any or all freight car requirements for all existing or new customers located on the Line making shipments via NSR. LESSEE shall order cars for its customers. NSR shall provide timely feedback to LESSEE for equipment NSR can or cannot supply to meet immediate needs. LESSEE shall

maintain all obligations for car hire payments due NSR or other car owners for cars supplied to LESSEE. NSR shall work with LESSEE to find short term supply alternatives and NSR shall advise LESSEE if it can meet this need in the future or if LESSEE should seek other long term supply solutions. LESSEE shall promptly notify NSR whenever LESSEE reasonably foresees a potential increase or decrease in car supply needs. If LESSEE is required to lease equipment in order to meet customer needs for cars that NSR cannot meet, NSR shall charge LESSEE, and LESSEE shall pay, the applicable NSR rate to move the LESSEE's newly acquired cars from their location at the time of acquisition to LESSEE..

(f) LESSEE's car marks may be used only on such number of cars as are necessary to ensure its customers have an adequate number of empty cars to load after written consent by NSR. Should LESSEE desire to enter into any arrangement allowing the use of its mark by a third party, NSR's prior written consent shall be necessary. If such consent is not obtained and LESSEE nevertheless enters into such arrangement, LESSEE shall be liable for all car hire owed on such cars by NSR. If LESSEE fails to stencil its mark on a car or fails to unstencil such mark and as a result of such failure, NSR incurs any penalty, LESSEE shall fully reimburse NSR.

(g) LESSEE shall agree not to pool any equipment for itself or a customer without NSR's written consent. Should LESSEE establish a pool without written consent, LESSEE shall be liable for all car hire owed on such cars by NSR.

(h) LESSEE is responsible for complying with the AAR Field and Office Manual, including but not limited to proper handling of customer rejected equipment.

(i) LESSEE is responsible for complying with all equipment notification processes established by NSR.

10. SETBACK AND OTHER CHARGES.

LESSEE shall not impose on NSR, either directly or indirectly, any charges for rejected cars, mis-routing, mis-delivery, setback, or any other charges of any type on the Line, whether by tariff or otherwise.

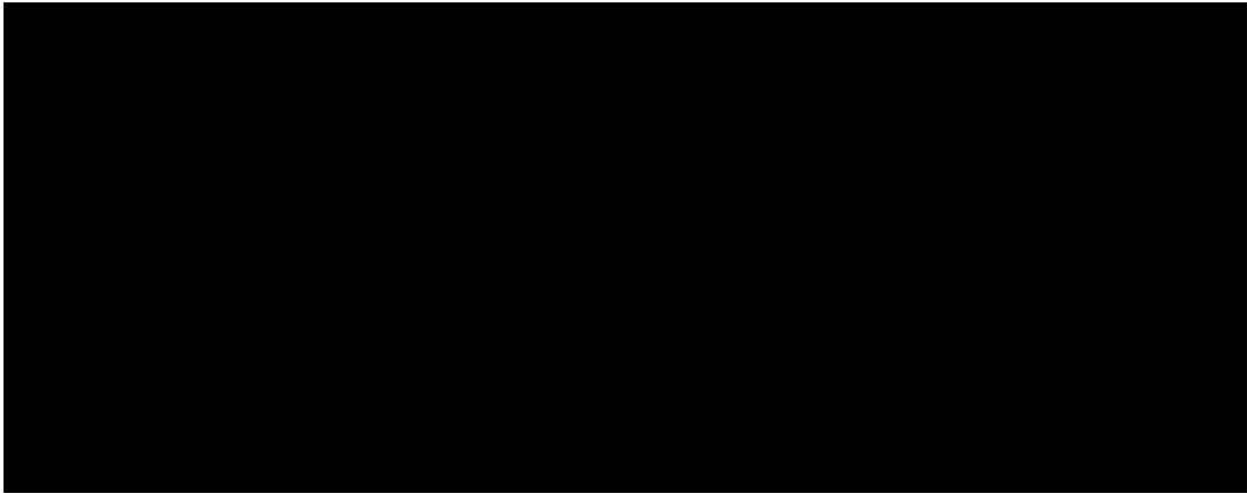
11. AEI TAGS.

All cars owned, leased or otherwise controlled by LESSEE and used on the Line must be equipped with automatic equipment identification ("AEI") tags that meet the requirements of the AAR Interchange Rules.

12. DATA EXCHANGE AND OTHER INFORMATION TECHNOLOGY REQUIREMENTS.

LESSEE shall supply its own hardware, software and related services for use on the Line, which must be within two versions of the then current AAR standard. LESSEE shall use its commercially reasonable efforts to work with NSR to maximize the electronic flow of information. To the extent LESSEE acts as a switching carrier for NSR, LESSEE shall participate in NSR's EDI program that requires LESSEE to transmit electronically to NSR all switching settlement data. LESSEE may, at its own cost, elect to use the services of a third party provider. If requested by NSR, LESSEE shall electronically transmit within 24 hours all car records.

13. LEASE PAYMENTS.



14. MAINTENANCE AND SERVICE STANDARDS.

(a) LESSEE acknowledges it has been given the opportunity to make as detailed an inspection of the Line as it desired.

(b) LESSEE shall be responsible for all maintenance of the Line, including but not limited to track and bridges, signals, hot box detectors and other detectors, AEI scanners, greasers, and other equipment affixed to the Line. The Line will be maintained to the standards set forth in Attachment B, which is attached hereto and incorporated herein. Should LESSEE fail to maintain its track in compliance with such standards, NSR will have the right, but not the obligation, to make repairs necessary to bring the Line into compliance, and LESSEE shall reimburse NSR for the cost of making such repairs.

(c) LESSEE shall operate and maintain any and all vehicular grade crossing signals located on the Line. LESSEE is solely responsible for all grade crossings within the leased premises, whether public or private, including without limitation compliance with FRA and applicable public utility regulations associated therewith.

15. INSPECTION OF LINE.

NSR may, at NSR's sole risk and expense and upon giving twenty-four (24) hours' notice, enter the Line to conduct inspections of the Line, including any supporting infrastructure and equipment and associated real property and its environmental condition, provided NSR shall comply with any instructions of LESSEE reasonably designed to ensure the safety of the personnel and property.

16. PUBLIC FUNDS.

(a) LESSEE shall use its commercially reasonable efforts to obtain public funds that will benefit the Line or otherwise improve rail service, *provided however*, that LESSEE has no obligation to apply for or accept public funds unless the terms of such funding are acceptable to LESSEE, in its sole and absolute discretion.

(b) In conjunction with LESSEE's receipt of public funds, LESSEE shall indemnify NSR if NSR is required to reimburse any governmental authority for the public funds received by LESSEE or if NSR is required to make any payments or investments as a result of any agreements (including any so-called "service outcome agreements") required as a condition for the investment of public funds in the leased Line.

17. SPECIAL AUDIT.

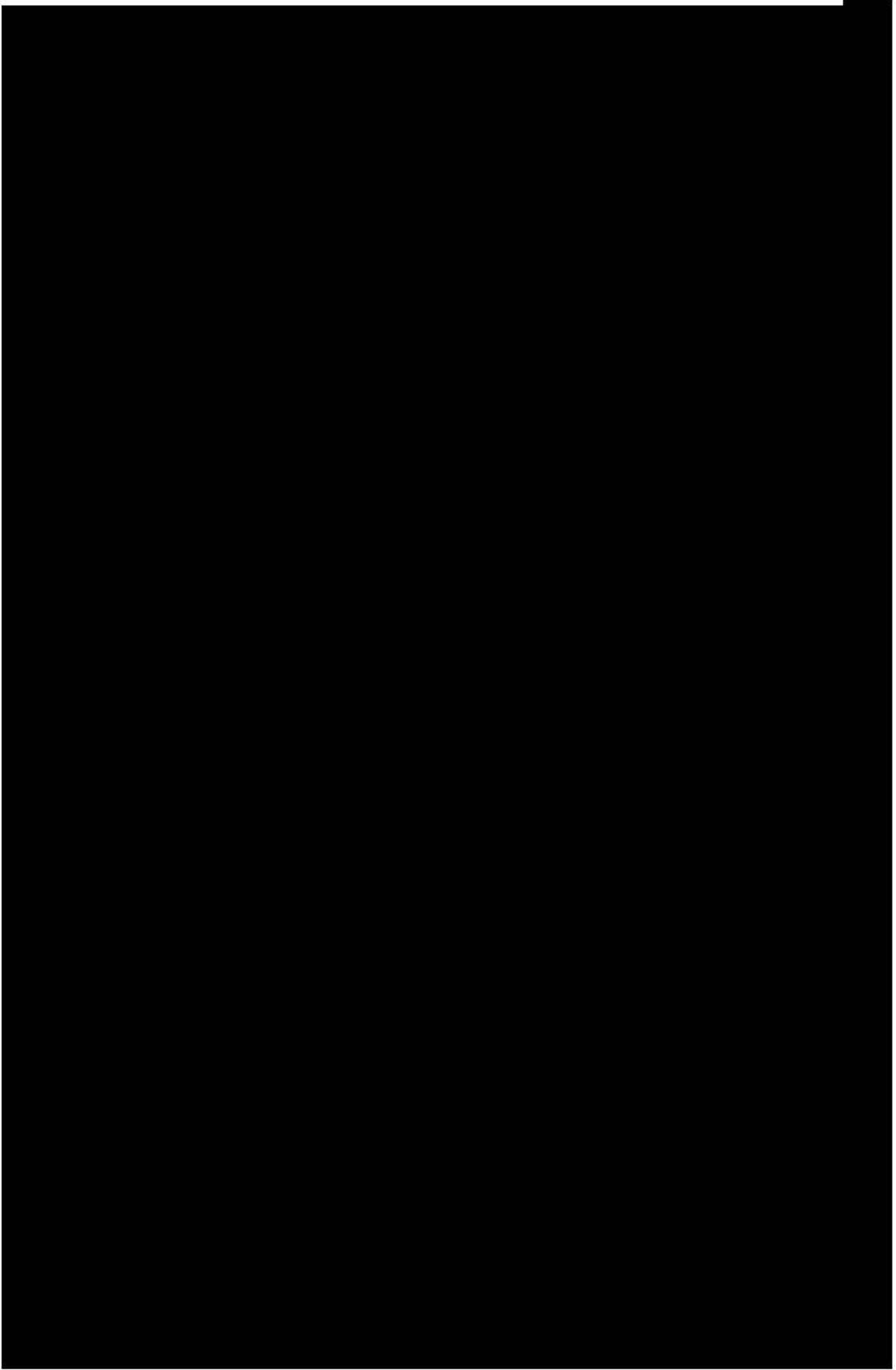
In addition to its other rights under this Lease, at any time, NSR may, at its own cost, demand a special audit of environmental and hazardous commodity matters.

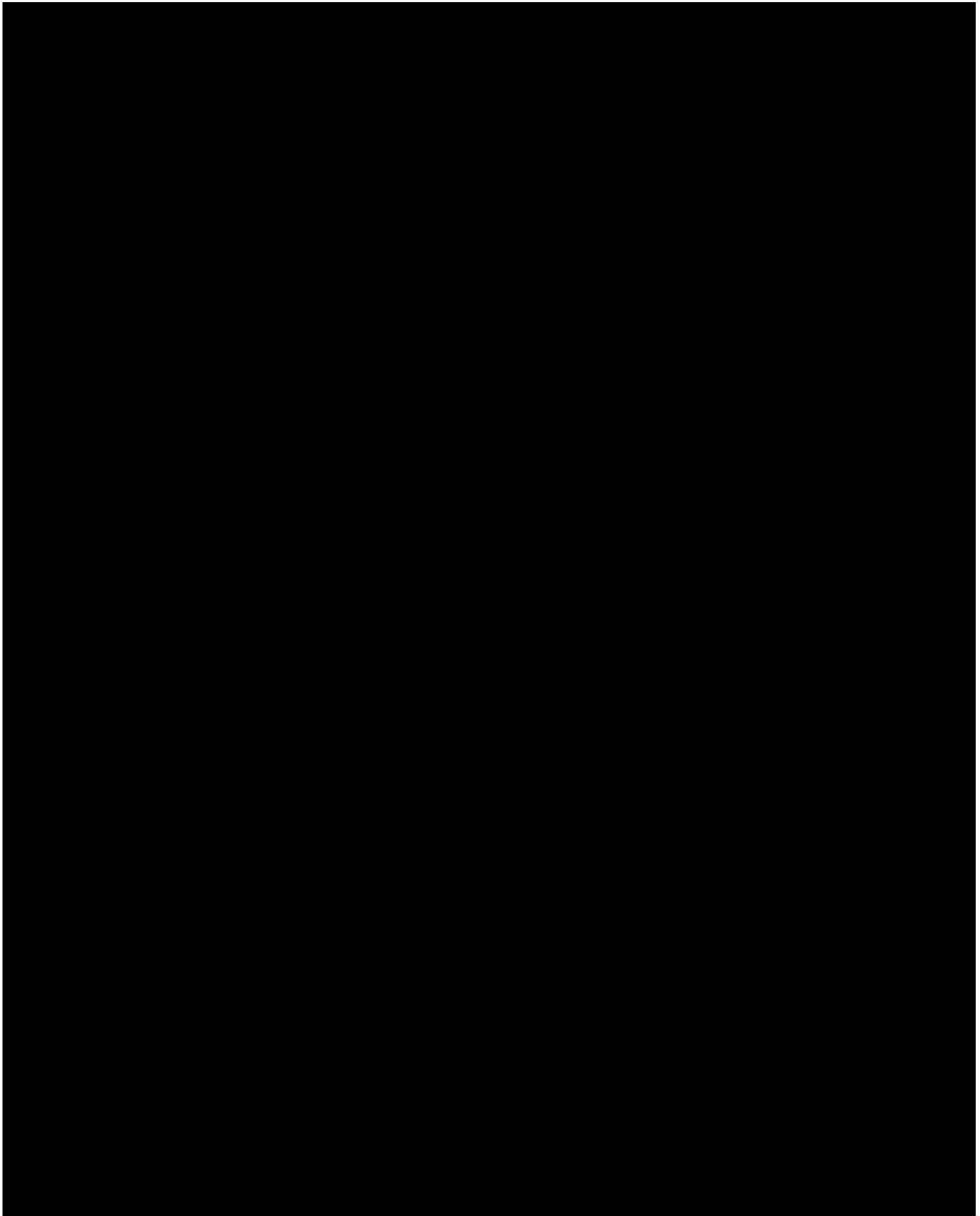
18. OTHER AGREEMENTS.

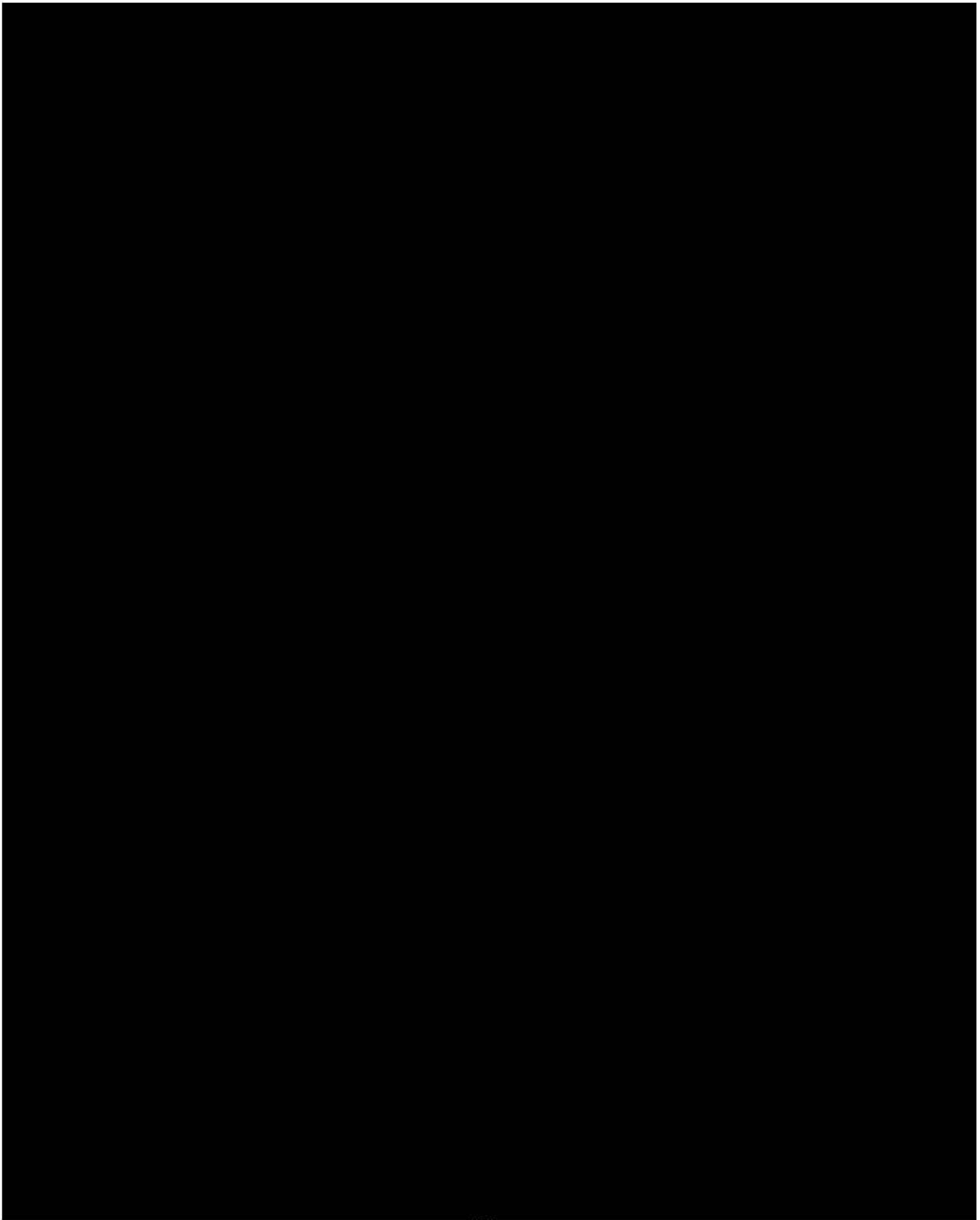
On or before the Commencement Date provided for in Section 25 of this Lease, NSR and LESSEE shall execute:

- (a) the Interchange Agreement set forth in Exhibit A hereto;
- (b) the Assignment and Assumption Agreement set forth in Exhibit B hereto; and
- (c) the Thoroughbred Through Freight Agreement set forth in Exhibit C hereto.

19. ENVIRONMENTAL.







20. ASSIGNMENT.

LESSEE may not assign or sublet this Lease or any interest thereunder without NSR's prior written approval, which may be withheld in its sole and absolute discretion. All requests for assignment or sublease must be accompanied by a copy of the proposed assignment or sublease agreement. The Line shall not be sublet, used or occupied by any party other than LESSEE (via trackage rights, haulage rights, or other means), nor used for any purpose other than as specified in Section 32. Any assignment or sublease made in violation of this Section 20 may be deemed void by NSR and will constitute a default hereunder.

21. SOLE BENEFIT.

This Lease is intended for the sole benefit of the parties hereto. Nothing in this Lease is intended or may be construed to give any person, firm, corporation, or other entity, other than the parties hereto and their respective officers, agents, employees, lessors, parent corporation, subsidiaries, affiliates, successors, and permitted assigns, any right pursuant to any provision or term of this Lease, and all provisions and terms of this Lease are and will be for the sole and exclusive benefit of the parties to this Lease.

22. WAIVER.

The failure of either party to demand strict performance of any or all of the terms of this Lease, or to exercise any or all rights conferred by this Lease, shall not be construed as a waiver or relinquishment of that party's right to assert or rely upon any such right in the future. No provision of this Lease shall be waived by any act or knowledge of the parties, but only by a written instrument signed by an authorized representative of the party waiving a right hereunder.

23. AMENDMENT; ENTIRE LEASE.

No provision of this Lease (which includes any attachments hereto) shall be modified without the written concurrence of the parties. This Lease represents the entire understanding of the parties on the subject hereof, and to that extent supersedes any prior understandings, written or oral.

24. NOTICES.

All notices required to be given under this Lease must be in writing, signed by or on behalf of the party giving the same, and transmitted to the addresses shown on Attachment C.

which is attached hereto and incorporated herein, or such successor addresses as that party may specify by notice hereunder. Such notices must be transmitted by United States registered or certified mail return receipt requested, or by fax, with confirmed receipt, addressed to the officers and addresses shown on Attachment C. All notices will be effective on day following confirmed receipt of the letter or fax.

25. EFFECTIVE DATE AND COMMENCEMENT DATE.

This Lease will be effective on the date first written above. LESSEE's lease of the Line will commence and be effective on the latest of: (i) the effective date of any decision or notice of exemption served by the STB for a change of operators authorizing the consummation hereof; or (ii) the expiration of any applicable labor notice periods (the "Commencement Date"). During the interim between the execution of this Agreement and the Commencement Date, Bay Coast Railroad shall continue to remain in control of the Line.

26. HEADINGS.

The headings of the sections of this Lease are inserted for convenience only and are not intended to govern, limit, or aid in the construction of any term or provision of this Lease.

27. TAXES.

(a) After the Commencement Date and during the Term of this Lease, LESSEE shall be responsible for and pay any and all licenses, taxes, levies, assessments and fees related to the Line, imposed on the Line, or otherwise applicable to the transactions contemplated in this Lease – with the sole exception of state and local property taxes assessed on and against real or personal property related to the Line (which will be the responsibility of NSR) – regardless of whether such property constitutes operating property, any sales or use taxes, any other type of tax or fee that may become a lien against the Line, and any penalties or interest with respect to any of the foregoing (collectively, the foregoing licenses, taxes, levies, assessments, fees, and any interest or penalties with respect to any of the foregoing, related to the Line, imposed on the Line, or otherwise applicable to the transactions contemplated in this Lease shall be referred to as "Taxes" to the extent the amounts arise or accrue on or subsequent to the Commencement Date, and through the date of any termination), prorated for the first year of the Term of this Lease as of the Commencement Date and for the year of any termination, and otherwise in total. In conjunction with the foregoing obligation regarding the payment of Taxes, LESSEE shall file any and all applications, forms, reports and returns to properly report its obligations for such Taxes (such reports shall be referred to as "Tax Reports") on or before the date such Tax Reports are due and shall include with all such filed Tax Reports the full amount of Taxes then due (or shall make payment at the date due if not required to be paid on the date the Tax Report is filed)

that LESSEE has not previously paid. In all events, LESSEE shall pay all Taxes prior to the imposition of any penalty or the imposition of any lien against the Line for Taxes that remain unpaid.

(b) LESSEE shall indemnify NSR against any liability for such Taxes; provided, however, that nothing in this paragraph will be construed to diminish any right of LESSEE to contest any such Taxes in appropriate judicial or administrative proceedings. Upon NSR's request, LESSEE shall present to NSR for inspection the official Tax Reports filed by LESSEE and any and all receipts (or photocopies thereof) or other documentation reasonably satisfactory to NSR showing the payment of all such Taxes on or before the date such Tax Reports for such Taxes are due, or other date such Taxes are due. In all events, if NSR receives any notice that any Taxes for which the LESSEE is responsible have not been paid in full on a timely basis, NSR may pay such Taxes and seek reimbursement therefor from the LESSEE if such Taxes have not been previously paid. Promptly upon receipt of a request for reimbursement therefor, LESSEE shall reimburse NSR for any such Taxes paid by NSR, and upon request by LESSEE, NSR shall present to LESSEE for inspection the official receipts (or photocopies thereof) showing the payment of any of such Taxes and the filing of any Tax Reports associated with such Taxes.

(c) To the extent LESSEE is required to indemnify NSR under this Section 27, LESSEE agrees that such indemnification shall include a grossed up amount to account for any applicable federal, state and local tax rates, determined by NSR in its sole and absolute discretion.

28. ALLOCATION OF INCOME AND EXPENSES.

Any income accrued on or subsequent to the Commencement Date during the Term of this Lease and any claims, expenses, and liabilities which arise or are accrued on or subsequent to the Commencement Date during the Term of this Lease in respect of the Line will belong to, be paid to, and be the responsibility of LESSEE, and it will be the obligation of LESSEE to collect such income and to pay or otherwise to resolve such claims, expenses, and liabilities.

29. UTILITIES.

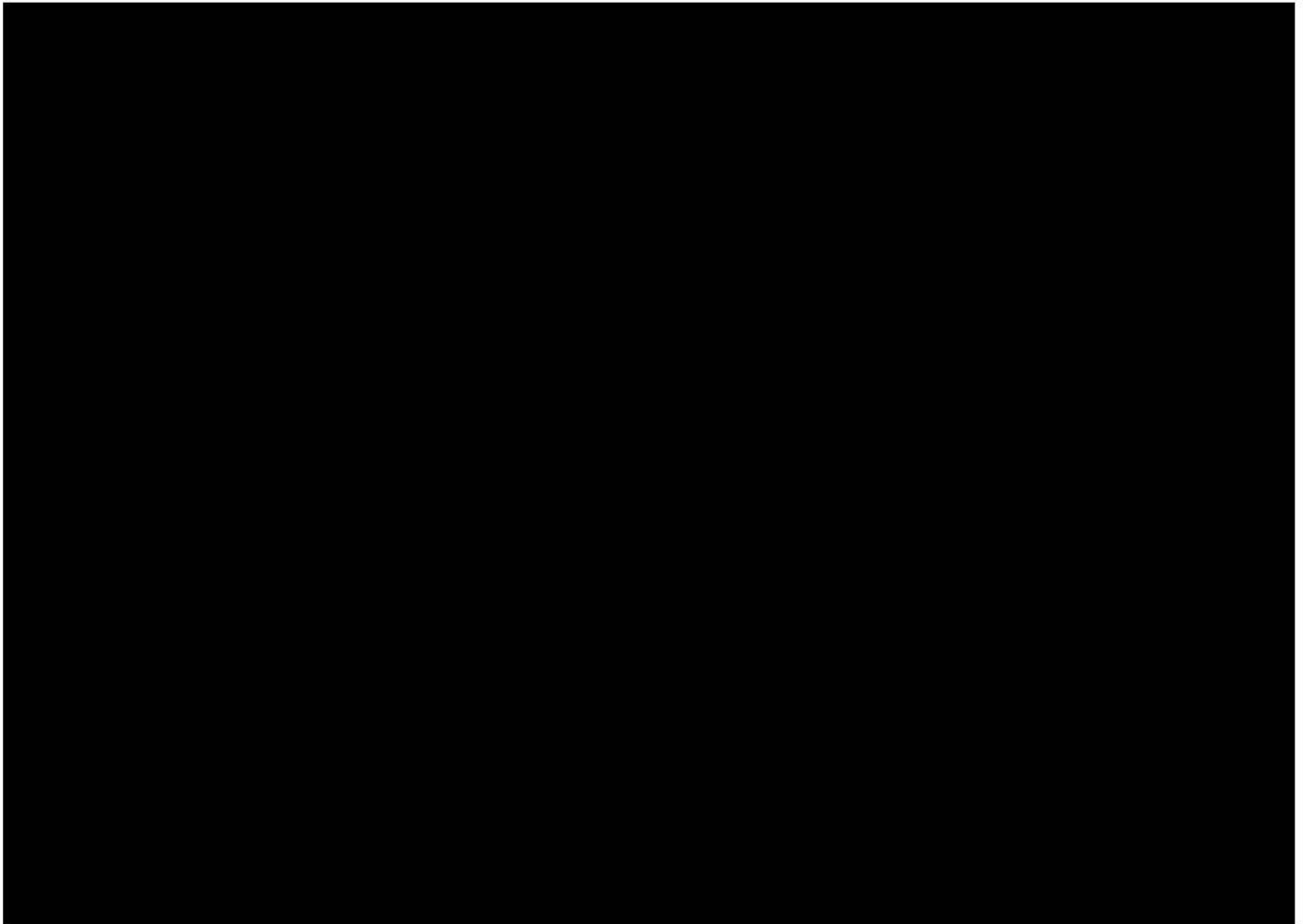
Beginning on the Commencement Date and during the Term of this Lease, LESSEE shall transfer all accounts from NSR to LESSEE and pay all bills for utilities, including but not limited to water, stormwater, sewer, gas, and electric service, assessed upon or against the Line. Upon expiration of the Term or termination of this Lease, LESSEE shall transfer all utility accounts back to NSR or as otherwise directed by NSR. This section will survive the Term or termination of this Lease.

30. LIENS.

(a) LESSEE shall pay, satisfy, and discharge all claims or liens for material and labor or either of them used, contracted for, or employed by LESSEE during the Term of this Lease in the construction, repair, maintenance, or removal of the Line and any improvements located thereon, whether said improvements are the property of NSR or of LESSEE. LESSEE shall indemnify and save harmless NSR from all such claims, liens, or demands whatsoever.

(b) To the extent LESSEE is required to indemnify NSR under this Section 30, LESSEE agrees that such indemnification shall include a grossed up amount to account for any applicable federal, state and local tax rates, determined by NSR in its sole and absolute discretion.

31. MISCELLANEOUS REAL PROPERTY RIGHTS



32. USE OF LINE (NO PASSENGER RAIL USE).

LESSEE shall use the Line for freight rail transportation purposes only. LESSEE shall not perform passenger rail service, nor shall LESSEE permit passenger rail service to be performed, over the Line. LESSEE shall comply with all applicable federal, state and local laws, ordinances and regulations in its use of the Line. LESSEE shall indemnify and hold harmless NSR from and against any and all liability, claims, costs (including attorneys' fees), damages and expenses arising in any manner out of its failure to comply with such laws, ordinances or regulations. To the extent LESSEE is required to indemnify NSR pursuant to this Section 32, LESSEE agrees that such indemnification shall include a grossed up amount to account for any applicable federal, state and local tax rates, determined by NSR in its sole and absolute discretion.

33. ABANDONMENT, DISCONTINUANCE AND OTHER REGULATORY ACTIONS.

(a) Should this Lease require the prior approval or authorization of the STB or any other regulatory agency for its implementation, modification or termination, in whole or in part, LESSEE, at its own cost and expense, shall promptly initiate and diligently pursue an appropriate application, petition or notice ("Application") to obtain that regulatory approval or authorization, or exemption therefrom. LESSEE shall provide NSR, for its review and comment, a copy of the Application prior to its filing. NSR shall assist and support efforts by LESSEE to secure any necessary regulatory approvals. LESSEE shall reimburse NSR for the cost (including attorney's fees) of obtaining any approval for which LESSEE does not timely apply or pursue but for which NSR then applies. LESSEE hereby appoints NSR its attorney in fact to apply for any regulatory authority required pursuant to this agreement. NSR may, but need not, exercise said authority at LESSEE's risk, cost and expense should LESSEE fail to promptly do so.

(b) LESSEE shall not suspend or discontinue its operations over any part of the Line without first applying for and obtaining from the STB, and any other regulatory agency with jurisdiction, any necessary certificate or exemption from regulation for such discontinuance of operations over the Line. LESSEE shall not seek such regulatory authority, or if no regulatory authority is needed, take any action to suspend or discontinue LESSEE's operations without the prior written approval of NSR, which may be withheld in its sole and absolute discretion. Upon such approval, NSR shall cooperate and assist LESSEE in its efforts to obtain regulatory approval. If LESSEE obtains regulatory approval allowing it to discontinue or abandon any segment of the Line, this Lease shall terminate as to such segment. LESSEE shall not have the right to take up and re-use rail and other track materials on the discontinued or abandoned segment to construct siding extensions or yard trackage or for other purposes, unless otherwise authorized by NSR.

(c) Upon the request of NSR, LESSEE shall fully cooperate with NSR in any regulatory action it takes with the STB relating directly to the Line. LESSEE (i) shall consider cooperating with NSR and (ii) shall not oppose NSR in resolving with individual shippers any issues related to the Line to the extent NSR agrees to reimburse LESSEE for any out-of-pocket costs incurred by LESSEE in connection with providing such cooperation. Notwithstanding anything to the contrary contained herein, LESSEE shall not be obligated to take any action related to filings with the STB in the spirit of cooperation hereunder, but in no event will LESSEE oppose NSR in any regulatory action it takes with the STB relating directly to the Line. In the event NSR is not satisfied with the cooperation of LESSEE under this Section in resolving any individual shipper disputes, NSR shall be permitted to terminate this Lease in accordance with Section 4(b).

(d) LESSEE shall reimburse NSR for the cost (including attorney fees) of obtaining any required approvals for which LESSEE does not timely apply or pursue but for which NSR then applies.

(e) This Section will survive the Term or termination of this Lease.

34. EMINENT DOMAIN/CASUALTY LOSS.

If during the Term, the Line or any part thereof is appropriated by a governmental body or agency thereof or by a quasi-public body, all awards or compensation for damages to or appropriation of real property arising out of such appropriation or acquisition will be payable solely to NSR. NSR and LESSEE shall be free to make any claim against the appropriating or acquiring entity for the amount of any damage done to them, respectively, including but not limited to engineering costs, relocation expenses, and like items as a result of the appropriation or acquisition, and the Lease will terminate as to such property as of the date of the appropriation

or acquisition. In the case of a partial taking that materially interferes with LESSEE's operations over the property, the Lease will continue with an appropriate proportional abatement of rental. NSR shall direct the defense of any such eminent domain proceeding, whether or not NSR is named as a party thereto. LESSEE shall inform NSR of any such eminent domain proceedings immediately, and mail copies by overnight service within three (3) business days of receipt (whether by formal service of process or otherwise) of any summons, complaint, petition, or other paper.

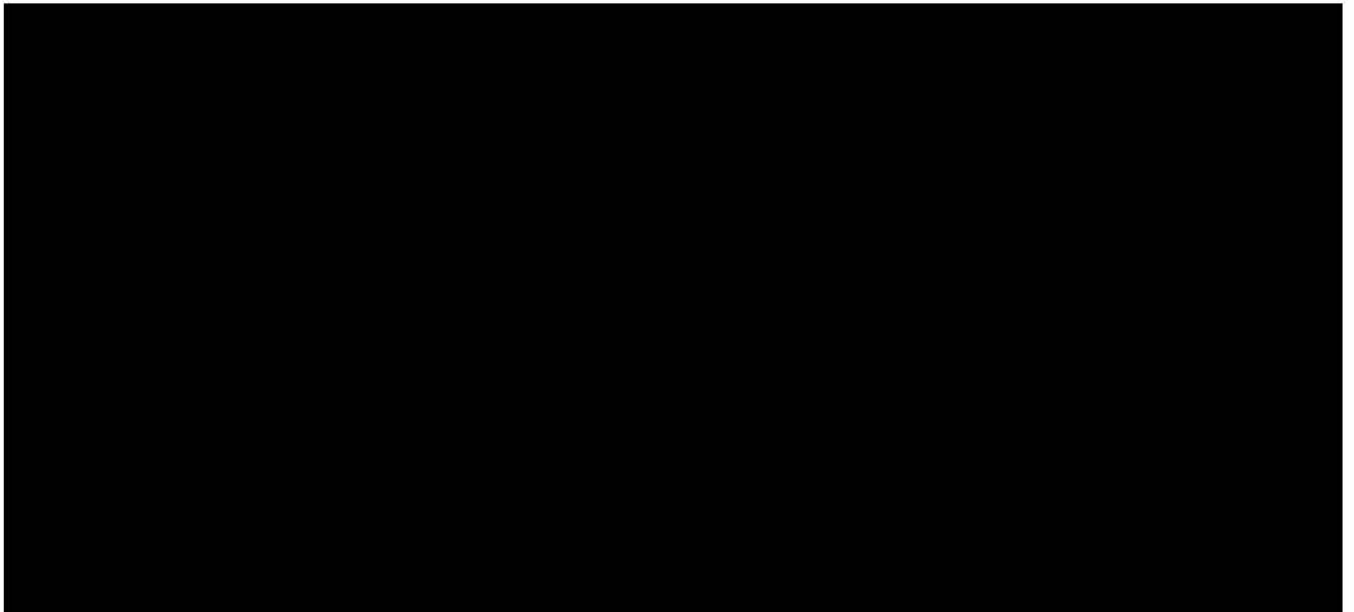
35. FORCE MAJEURE.

A party shall be excused from its contractual obligations to the extent it is prevented or delayed in such performance by an event of *force majeure*, including but not limited to the following: Act of God, act of the public enemy, act of terrorism, authority of law, fire or explosion, lockout, strike, war, insurrection, computer virus or sabotage, derailment or any like causes beyond their control. The party declaring *force majeure* shall promptly notify the other parties when the *force majeure* begins, the nature of the *force majeure* and when the condition is terminated.

36. GOVERNING LAW.

Except to the extent governed by federal law, this Lease will be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to its conflict of laws provisions.

37. INSURANCE.



38. CONFIDENTIALITY.

Except as provided by law or by rule, order, or regulation of any court or regulatory agency with jurisdiction over the subject matter of this Lease, or as may be necessary or appropriate for a party hereto to enforce its rights under this Lease, during the initial and any renewal term of this Lease and during three (3) years after termination or expiration of this Lease, the terms and provisions of this Lease and all information to which access is provided or obtained hereunder will be kept confidential and will not be disclosed by either LESSEE or NSR to any party other than LESSEE's and NSR's affiliates and the respective officers, employees, contractors, and attorneys of those affiliates, without the prior written approval of the other party. Each party, without the prior written approval of the other party, also may disclose this Lease to

the Internal Revenue Service and other government authorities, as well as to their external auditors, insurers, and re-insurers.

39. INDEMNITY.

(a) Except to the extent that liability therefor is allocated in (i) any interchange agreement between LESSEE and NSR applicable to the Line, (ii) any trackage rights agreement between LESSEE and NSR applicable to the Line, (iii) a Right of Entry Agreement, (iv) Section 16 (Public Funds), (v) Section 19 (Environmental), (vi) Section 27 (Taxes), (vii) Section 30 (Liens), (viii) Section 32 (Use of Line), or (ix) Section 40 (Special Operating Provision) hereof, the liability of the parties to this Lease, as between themselves, for death, personal injury, and property loss and damage that occurs by reason of, or arises out of, or is incidental to, the use or occupancy by LESSEE of the Property, shall be determined in accordance with the following provisions:

(i) LESSEE shall be solely responsible for, and shall bear all cost, expense, and liability resulting from death, personal injury, and property loss and damage caused solely by the negligence of LESSEE, or of the agents or employees of LESSEE, or by the violation by LESSEE or its agents or employees of any of the terms of this Lease, or from or related to LESSEE's operation or occupation of the Line or by the negligence of LESSEE concurring with the negligence of a third party other than NSR;

(ii) NSR shall be solely responsible for, and shall bear all cost, expense, and liability resulting from death, personal injury, and property loss and damage caused solely by the negligence of NSR, or the agents or employees of NSR, or by the violation by NSR or its agents or employees of any of the terms of this Lease, or from or related to the exercise of NSR's Reserved Rights under Section 31 or by the negligence of NSR concurring with the negligence of a third party other than LESSEE;

(iii) NSR and LESSEE shall equally be responsible for, and shall equally bear all cost, expense, and liability resulting from death, personal injury, and property loss and damage caused by the negligence of both NSR, or the agents or employees of NSR, on one hand, and LESSEE, or the agents or employees of LESSEE, on the other, or by the violation by NSR or its agents or employees, on the one hand, and LESSEE or its agents or employees, on the other, of any of the terms of this Lease;

(iv) LESSEE shall be solely responsible for, and shall bear all cost, expense, and liability resulting from death, personal injury, and property loss and damage not otherwise apportioned to LESSEE or NSR under subsections (i), (ii), or (iii);

(v) In any case in which the claim is being made by an employee of NSR, the negligence of that employee shall not be attributed to NSR. Because any negligence of the employee bringing the claim could be claimed as contributory or comparative negligence to reduce or bar his claim, that negligence will not be attributed to NSR;

(vi) Each indemnifying party further agrees, at its expense, in the name and on behalf of the indemnified party, that it shall adjust and settle all claims made against the indemnified party. The indemnified party shall promptly give notice to the indemnifying party, in writing, of the receipt or pendency of such claims and thereafter the indemnifying party shall proceed to adjust and handle to a conclusion such claims. In the event of a suit being brought against the indemnified party, it may forward the summons and complaint or other process in connection therewith to the indemnifying party as notice. The indemnifying party shall, unless otherwise agreed between the parties, defend, adjust or settle such suits and protect, indemnify, and save harmless the indemnified party from and against all damages, judgment, decrees, attorneys' fees, costs and expenses growing out of or resulting from or incident to any such claims or suits; and

(vii) Each of the parties hereto, for the liability imposed upon such party by this Lease, shall indemnify and hold entirely harmless the other party hereto. Each party hereby agrees each and all of its indemnity commitments in this Lease in favor of the other parties shall also extend to and indemnify the parent corporation, subsidiaries, affiliates and partnerships of such other parties, and all of their respective directors, officers, agents, employees and partners.

(b) Each party shall indemnify and hold harmless the other party against any and all costs and payments, including benefits, allowances, and arbitration, administrative and litigation expenses, arising out of claims or grievances made by or on behalf of or lawsuits brought by or on behalf of its own employees or their collective bargaining representatives, either pursuant to employee protective conditions imposed by a governmental agency upon the agency's approval or exemption of this Lease and operations hereunder or pursuant to a collective bargaining agreement. It is the parties' intention that each party shall bear the full costs of protection of its own employees under employee protective conditions that may be imposed and of grievances filed by its own employees arising under its collective bargaining agreements with its employees. Similarly, each party shall indemnify and hold harmless the other parties against any and all costs and payments, including judgments, damages, attorneys' fees and litigation expenses, arising out of claims, lawsuits and actions brought by or on behalf of its own employees for employment-related actions (e.g. for wrongful discharge, employment discrimination) pursuant to any provision of law, including common law, and based on employment arising out of the operations covered by this Lease.

40. SPECIAL OPERATING PROVISION

(a) When operating over NSR track, LESSEE's locomotives and crews must be equipped to communicate with NSR using compatible voice radio frequencies normally used by NSR in directing train movements on NSR track. If required by NSR's operating rules, such equipment will include additional radios and any other devices or materials capable of supporting NSR's PTC system for LESSEE's train to communicate interoperably and otherwise comply with all applicable "Positive Train Control" requirements imposed by any applicable statutes, rules, regulations, or other laws ("PTC Laws"), including the requirements of the Rail Safety Improvement Act of 2008, enacted October 16, 2008, as amended, the implementing regulations adopted pursuant thereto, and such applicable operating rules adopted by NSR to facilitate NSR's compliance with the PTC Laws. All costs and expenses associated with compliance with the foregoing will be borne solely by LESSEE. LESSEE shall provide NSR advance notice if LESSEE's operations over NSR track will include the transportation of Toxic Inhalation Hazard commodities, as defined by AAR Circular OT-55.

(b) LESSEE shall indemnify and hold NSR harmless against any claims, damages, costs, penalties and/or other liabilities that NSR may incur, including any fines imposed by any governmental agency and attorneys' fees and litigation costs, arising from LESSEE's failure to comply with Section 40(a) hereof.

(c) Procedures for qualification and occupancy of NSR mainline track will be arranged by the local supervision of each carrier. All control and usage of NSR mainline track will be subject to the approval of NSR's representative or dispatcher or their designee.

(d) Before LESSEE enters upon NSR mainline track with its trains, LESSEE shall verify with NSR that LESSEE has the ability to make a complete and continuous, uninterrupted movement over the NSR mainline track, unless directed to the contrary by NSR.

41. SURVIVAL.

All obligations by one party to defend, indemnify, and hold harmless the other party under the terms of this Lease, as well as the LESSEE's obligations described in Section 5, will survive the Term or termination of this Lease, irrespective of whether the provision containing such an obligation specifically states that it will survive the Term or termination of this Lease.

42. COUNTERPARTS.

This Lease may be executed in any number of counterparts, each of which may be deemed an original for any purpose.

IN WITNESS WHEREOF, the authorized representatives of the parties hereto have caused this Lease to be executed in duplicate, each part being an original, as of the day and year first above written.

BUCKINGHAM BRANCH RAILROAD COMPANY

By: Steu C. Powell

Title: PRESIDENT

NORFOLK SOUTHERN RAILWAY COMPANY

By: [Signature]

Title: Vice President

ATTACHMENT A

Description of Property to Be Leased (The “Line”)

All of the right of way and adjacent real property located between the following endpoints, including but not limited to sidings, sidetracks, yards or facilities presently owned by NSR that are accessed via the right of way:

Location	Description	Milepost Limits	Length (miles)
Coleman Place, Norfolk, VA to Diamond Springs, Virginia Beach, VA	Line	SN 2.5 to SN 6.7	4.2 Miles

ATTACHMENT B

Maintenance Standards

Beginning on the Compliance Date (as defined below), the following maintenance standards will apply to any segment of the Line that was active as of the Commencement Date on main track only:

LESSEE shall maintain the Line to a minimum standard of FRA Class I Standards.

If LESSEE finds that any active segment of the Line does not meet these maintenance standards as of the Commencement Date, then LESSEE shall have until the later of (i) the first anniversary of the Commencement Date or, (ii) within two (2) years (the "Compliance Date"), to achieve compliance with such standards.

Notwithstanding any of the foregoing, on an as needed basis, LESSEE shall perform rail flaw detection and track geometry testing on the Line and shall use those results to ensure that the Line is in compliance with the maintenance standards herein.

In addition, LESSEE shall be permitted to relocate yard tracks but shall not remove or salvage them.

ATTACHMENT C

Notice Addresses

If to NSR:

Vice President Strategic Planning
Norfolk Southern Railway Company
Three Commercial Place
Norfolk, VA 23510

With a copy to:

Vice President Law
Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510
Facsimile: 757-533-4872

If to LESSEE

President
Buckingham Branch Railroad Company
1063 Main Street
P.O. Box 336
Dillwyn, VA 23936

With copies to:

CEO
Buckingham Branch Railroad Company
1063 Main Street
P.O. Box 336
Dillwyn, VA 23936

Chairman of the Board
Buckingham Branch Railroad Company
1063 Main Street
P.O. Box 336
Dillwyn, VA 23936

EXHIBIT A

EXHIBIT B

EXHIBIT C