

SUBLEASE AGREEMENT

SUBLEASE AGREEMENT dated as of December 27 1972, between AUTO-TRAIN CORPORATION, a Florida corporation, having a place of business at 1801 K Street, Northwest, Washington, D. C. (hereinafter called "Sublessor") and LOUISVILLE AND NASHVILLE RAILROAD COMPANY, a Kentucky corporation, having a place of business at 908 West Broadway, Louisville, Kentucky (hereinafter called "Sublessee").

W I T N E S S E T H :

WHEREAS, Sublessor has entered into an Equipment Lease Agreement dated as of the date hereof with Continental Illinois Leasing Corporation ("Continental"), as lessor, a copy of which is annexed hereto as Exhibit 1 and made a part hereof, said Equipment Lease Agreement covering the personal property described in Exhibit A to Exhibit 1; and

WHEREAS, Sublessor is willing to lease to Sublessee and Sublessee is willing to lease from Sublessor the aforementioned personal property upon the terms and conditions hereinafter provided;

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

1. Sublessor hereby leases to Sublessee and Sublessee hereby hires and takes from Sublessor,

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upon and subject to the covenants and conditions hereinafter contained, the personal property described in Exhibit A to Exhibit 1 hereof (hereinafter called "Locomotives" or individually "Locomotive").

2. Immediately upon acceptance by Sublessor of each Locomotive, the lease term of that Locomotive shall commence. Sublessor shall use its best efforts to cause each Locomotive to be delivered directly to and accepted by Sublessee, as agent for Sublessor, at such place as Sublessee shall request. Sublessee is hereby designated as the agent of Sublessor to accept delivery of the Locomotives and to provide Sublessor, Continental or any other party with such acceptance documents as they may require. The lease term of all Locomotives shall end upon the earlier to occur of (a) the termination of this Sublease Agreement pursuant to paragraph 6 hereof, or (b) the purchase of the Locomotives by Sublessee pursuant to paragraph 7 hereof, or (c) April 30, 1973.

3. The first installment of rent shall be payable on the Initial Payment Date (as that term is defined in the Equipment Lease Agreement). All subsequent installments of rent shall be payable on each successive monthly anniversary of the Initial Payment Date. Each such installment of rent shall be in an amount equal to the amount of rent provided for in the Equipment Lease Agreement to be paid by Sublessor to Continental. Sublessee

shall make all rent payments to Sublessor at 1801 K Street, N.W., Washington, D. C., or at such other place in the continental United States as the Sublessor shall specify in writing.

4. Sublessee shall perform and be obligated to Continental and Sublessor in respect of the performance of Sections 3(b), 7, 8(a), 8(c) and 9 of the Equipment Lease Agreement. All of the terms and conditions of the Equipment Lease Agreement are hereby incorporated herein by reference as if fully set forth herein.

5. In the event that Sublessee shall (i) default in the payment of any rent hereunder; or (ii) fail or refuse to perform any of the terms and conditions of Sections 3(b), 7, 8(a), 8(c) or 9 of the Equipment Lease Agreement; or in the event that an event set forth in Section 13(a)(viii) or (ix) of the Equipment Lease Agreement shall occur with respect to Sublessee, then, and in each such event, Sublessor shall have the right to terminate this Sublease Agreement forthwith and to repossess any or all Locomotives without prejudice to any other remedy or claim available to Sublessor and without prejudice to Sublessor's rights in respect of obligations then accrued and remaining unsatisfied. The remedies herein set forth or referred to shall be cumulative and Sublessor may avail itself of any other remedy or remedies at law or in equity.

6. Sublessor may terminate this Agreement upon five days notice to Sublessee and, upon any such termination, Sublessee shall deliver all Locomotives to Sublessor, on the date specified in

the notice of termination, at Sublessor's terminal at Sanford, Florida, together with a certification of the Chief Operating Officer of Sublessee dated the date of such delivery that Sublessee has complied with all of the terms and conditions of the enumerated Sections of the Equipment Lease Agreement set forth in paragraph 4 hereof and that the Locomotives are in good repair and in good and efficient condition and working order, reasonable wear and tear excepted.

7. Notwithstanding any other provision of this Agreement or the Equipment Lease Agreement to the contrary, in the event that Sublessor has not consummated its proposed financing in the amount of approximately \$11,000,000 on or before April 30, 1973, Sublessee shall forthwith after said date either (1) assume the obligations of Sublessor under the Equipment Lease Agreement except for Section 6(b)(i), (ii), (iv) and (v), and Section 10, thereof, provided, however, the Acquisition Cost of the Locomotives under the Equipment Lease Agreement shall exclude the fair market value of any special equipment placed in or on the Locomotives at the request of Sublessor and the cost of modifying the gear ratios of the Locomotives to meet the freight standards of Seaboard Coast Line Railroad Company, or (2) purchase all Locomotives from Continental for an aggregate purchase price equal to the then fair market value of said Locomotives at April 30, 1973, without giving effect to any formula or other provision of the Equipment Lease Agreement, and excluding from said fair market value the value of any special equipment placed in or on the Locomotives at the request of Sublessor and the cost of modifying the gear ratios of the Locomotives to

meet the freight standards of Seaboard Coast Line Railroad Company, and both Sublessee and Continental shall release Sublessor from any and all obligations and liabilities under or arising out of the Equipment Lease Agreement and this Sublease Agreement.

8. By its acceptance of this Sublease Agreement, Continental hereby agrees to all of the terms and conditions hereof. Such acceptance shall be deemed to be the consent required by Section 15 of the Equipment Lease Agreement.

9. The parties hereto agree that this Sublease Agreement shall be assigned to Continental until the earlier to occur of (a) the termination of this Sublease Agreement pursuant to paragraph 6 hereof, or (b) the purchase of the Locomotives by Sublessee. Sublessee shall have no right to assign this Sublease Agreement to anyone other than Continental nor to sublease the Locomotives without the express written consent of Sublessor.

10. Upon execution of this Sublease Agreement, Sublessee shall deliver to Sublessor the opinion of \_\_\_\_\_, Esq., counsel for Sublessee, to the effect that (i) Sublessee is a corporation duly organized and existing in good standing under the laws of the State of Kentucky; (ii) the Sublease Agreement and any agreement in respect of the assignment thereof are, or will be when entered into, the legal, valid and binding obligations of Sublessee enforceable in accordance with the respec-

tive terms thereof; (iii) Sublessee has full power to execute and deliver said Sublease Agreement, to sublease Locomotives thereunder, to execute and deliver any assignment of the Sublease Agreement pursuant thereto, and to perform its obligations under all of the foregoing; and (iv) such actions have been duly authorized by all necessary corporate and governmental action and do not and will not conflict with, result in a violation of, result in, require, or permit the creation of any lien, charge, encumbrance, security interest or other similar interest pursuant to, or constitute a default under, any provision of law, of the charter or by-laws of Sublessee, or of any other agreement, instrument, restriction or requirement binding upon Sublessee of which he has knowledge.

11. Sublessee hereby agrees to indemnify and save Sublessor harmless from, against, for and in respect of any and all damages, losses, obligations, liabilities, claims, encumbrances, costs and expenses (including, without limitation, reasonable attorneys' fees and other costs and expenses incident to any suit, action, investigation, claim or proceeding) (hereinafter referred to collectively as "Losses") suffered, sustained, incurred or required to be paid by Sublessor by reason of any material breach or failure of observance or performance of any representation, warranty, covenant, agreement or commitment made by Sublessee or relating to or as a result of any such representation, warranty, covenant, agreement or commitment being untrue or incorrect in any respect.

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With respect to the aggregate of Losses which Sublessor may have suffered as a result of a breach or failure of observance or performance of any representation, warranty, covenant, agreement or commitment made by Sublessee or relating to or as a result of any representation, warranty, covenant, agreement or commitment being untrue or incorrect, Sublessee agrees to pay to Sublessor on Sublessor's demand the entire amount of such Losses.

In the event that Sublessee shall be obligated to Sublessor pursuant to this paragraph 11, or in the event that a suit, action, investigation, claim or proceeding is begun, made or instituted as a result of which Sublessee may become obligated to Sublessor hereunder, Sublessee shall defend, contest or otherwise protect against such suit, action, investigation, claim or proceeding at its own cost and expense. Sublessor shall have the right, but not the obligation, to participate, at its own expense, in the defense thereof by counsel of its own choice. In the event that Sublessee fails timely to defend, contest or otherwise protect against any such suit, action, investigation, claim or proceeding, Sublessor shall have the right to defend, contest or otherwise protect against the same and make any compromise or settlement thereof and recover the entire cost thereof from Sublessee, including, without limitation, reasonable attorneys' fees, disbursements and all amounts paid as a result of such suit, action, investigation, claim or proceeding or compromise or settlement thereof.

12. This Agreement shall inure to the benefit of the parties hereto and their respective successors and assigns. Notwithstanding paragraph 9 hereof, It is understood that Sublessee may assign its rights hereunder to Seaboard Coast Line Railroad Company.

13. Any notice required or desired to be given pursuant to this Sublease Agreement shall be deemed to have been duly and validly given for all purposes if mailed by registered mail, return receipt requested, to the parties at their addresses above stated. Either of the parties hereto may change the address to which such notice shall be mailed at any time or from time to time by notice given in accordance with this paragraph. Any notice shall be deemed to have been given upon the date of the posting of the mail.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed by their duly authorized corporate officers and their corporate seals to be affixed hereto the day and year first above written.

[SEAL]

AUTO-TRAIN CORPORATION, Sublessor

By: Richard W. Tolbert  
*Executive Vice President*

LOUISVILLE AND NASHVILLE RAILROAD COMPANY, Sublessee

[SEAL]

By: Wm. H. H. H. H.

ACCEPTED AND AGREED TO:

CONTINENTAL ILLINOIS  
LEASING CORPORATION

By: John A. Bain  
*Second Vice President*



