



THE FAMILY LINES RAIL SYSTEM

500 Water Street · Jacksonville, Florida 32202 · Telephone (904) 359-3100

Edward C. Tannen
Assistant General Solicitor
Seaboard Coast Line Railroad Company

LAW DEPARTMENT
Writer's direct 359-3672
telephone line:

13272
RECORDATION NO. Filed 1425

October 6, 1981

F&A 1016

7/13/1981 - 10 15 AM

INTERSTATE COMMERCE COMMISSION

No. 1-286A032
OCT 13 1981
Date
Fee \$ 50.00
ICC Washington, D. C.

OCT 13 10 02 AM '81

Ms. Mildred Lee
Interstate Commerce Commission
Room 2303
12th & Constitution Avenue
Washington, D. C. 20423

Dear Ms. Lee:

I am enclosing for filing and recordation under the provisions of 49 U.S.C. § 11303 executed counterparts Nos. 1 and 2 of an Equipment Lease Agreement dated as of September 1, 1981, described in detail below.

1. Names and addresses of the parties to the Equipment Lease Agreement
 - (a) Lessor - The Atlantic Land and Improvement Company, 500 Water Street, Jacksonville, Florida 32202
 - (b) Joint Lessees - Seaboard Coast Line Railroad Company and Louisville and Nashville Railroad Company, both at 500 Water Street, Jacksonville, Florida 32202
2. Description of equipment covered by Equipment Lease Agreement

Identifying Marks

"Ownership Subject to a Security Agreement
Filed with the Interstate Commerce Commission"

Ms. Mildred Lee
Page Two
October 6, 1981

<u>General Description</u>	<u>Type of Equipment</u>	<u>Number</u>	<u>Road Numbers</u>
Diesel Electric Locomotives	EMD SD40-2	2	CRR 8131 and 8132

3. Counterpart No. 2 of the above-mentioned document should be returned to the undersigned, 500 Water Street, Jacksonville, Florida 32202.

I am enclosing this Company's draft for \$50.00 covering the recordation fee.

Yours very truly,



Edward C. Tannen

Interstate Commerce Commission
Washington, D.C. 20423

10/13/81

OFFICE OF THE SECRETARY

Edward C. Tannen, Atty.
The Family Lines Rail System
500 Water Street
Jacksonville, Florida 32202

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 **10/13/81** at **10:15am** and assigned re-
recording number (s). **13272**

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure (s)

10/13/ 1981 - 10 15 AM

INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT DATED as of September 1, 1981, between The Atlantic Land and Improvement Company, a Virginia corporation, ("AL&I"), SEABOARD COAST LINE RAILROAD COMPANY, a Virginia corporation, and LOUISVILLE AND NASHVILLE RAILROAD COMPANY, a Kentucky corporation, which two companies operate, among other lines of railroad, the line known as "Clinchfield Railroad Company", leased from Carolina, Clinchfield and Ohio Railway and Carolina, Clinchfield and Ohio Railway of South Carolina (which railroad companies are the joint lessees hereunder and are hereinafter collectively called the "Clinchfield").

WITNESSETH THAT

WHEREAS, AL&I has entered into an agreement to purchase two EMD model SD40-2, road numbers CRR 8131 and 8132 (hereinafter called the "Units").

WHEREAS, the Clinchfield desires to lease the units at the rentals and for the terms and upon the conditions hereinafter provided;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Clinchfield, the AL&I hereby leases the Units to the Clinchfield upon the following terms and conditions.

SECTION 1. Delivery and Acceptance of Units. The AL&I will cause each Unit to be delivered to the Clinchfield at Dolton (Yard Center), Illinois. Upon such delivery, the Clinchfield will cause an inspector to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit and execute and deliver to the AL&I a certificate of acceptance and delivery (hereinafter called the "Certificate of Delivery"), stating that such Unit has been inspected and accepted on behalf of the Clinchfield on the date of such Certificate of Delivery and is marked in accordance with Section 4 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Clinchfield and shall be subject thereafter to all the terms and conditions of this Lease.

SECTION 2. Rentals. The Clinchfield agrees to pay to the AL&I as rental for each Unit subject to this Lease consecutive semiannual payments, payable on September 1 and March 1 in each year commencing with March 1, 1982 (or if any such date is not a business day, on the next succeeding business day). The first such payment shall be \$32,562.83 per unit

(1/30th of the Purchase Price of \$976,885 per unit) of the Units subject to this Lease, plus interest at the rate of 16.5% from the date of acceptance of each Unit to March 1, 1982, and the next 29 semiannual payments shall each be \$32,562.83 per unit, plus interest at the rate of 16.5% on the aggregate unpaid Purchase Price.

This Lease is a net lease and the Clinchfield shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Clinchfield against the AL&I under this Lease; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the AL&I or the Clinchfield be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of either or both of the Units, from whatsoever cause, any liens, encumbrances or rights of others with respect to either of the Units, the prohibitions of or other restriction against the Clinchfield's use of either or both of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency, bankruptcy, reorganization or similar proceeding against the Clinchfield, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Clinchfield hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Clinchfield hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of either Unit except in accordance with the express terms hereof. Each rental or other payment made by the Clinchfield hereunder shall be final and the Clinchfield shall not seek to recover all or any part of such payment from the AL&I for any reason whatsoever.

SECTION 3. Term of Lease. The term of this Lease as to each Unit shall begin on the date such Unit is accepted and delivered and, subject to the provisions of Sections 6, 9 and 12 hereof, shall terminate on the date on which the final semiannual payment of rent in respect thereof is due hereunder. It is understood and agreed that this Lease is intended to be a temporary instrument until the Clinchfield obtains permanent financing, and may be cancelled immediately by the Clinchfield if such financing is obtained.

SECTION 4. Identification Marks. The Clinchfield will cause each Unit to be kept numbered with the identifying number set forth above, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the legend, "Ownership Subject to a Security Agreement Filed with the Interstate Commerce Commission", or other appropriate words designated by the AL&I, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the AL&I's title to and property in such Unit. The Clinchfield will not place either Unit in operation or exercise any control or dominion over the same until such name and words shall have been so marked on both sides thereof and will replace promptly any such name and words which may be removed, defaced or destroyed. The Clinchfield will not change the identifying number of either Unit except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the AL&I and filed, recorded and deposited by the Clinchfield in all public offices where this Lease shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Clinchfield will not allow the name of any person, association or corporation to be placed on either Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Clinchfield may allow the Units to be lettered with the names or initials or other insignia customarily used by the Clinchfield or its affiliates on railroad equipment used by them of the same or a similar type for convenience of identification of their rights to use the Units as permitted under this Lease.

SECTION 5. Taxes. All payments to be made by the Clinchfield hereunder will be free of expense to the AL&I for collection or other charges and will be free of expense to the AL&I with respect to the amount of any local, state, federal or foreign taxes (other than any United States federal income tax (and, to the extent that the AL&I receives credit therefor against its United States federal income tax liability, any foreign income tax) payable by the AL&I in consequence of the receipt of payments provided for herein and other than the aggregate of all state or city income taxes or franchise taxes measured by net income based on such receipts, up to the amount of any such taxes which would be payable to the state and city in which the AL&I has its principal place of business without apportionment to any other state, except any such tax which is in substitution for or relieves the Clinchfield from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or license fees, assessments,

charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "Impositions") hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which Impositions the Clinchfield assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Clinchfield will also pay promptly all Impositions which may be imposed upon either Unit or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the AL&I solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all Impositions which might in any way affect the title of the AL&I or result in a lien upon any such Unit; provided, however, that the Clinchfield shall be under no obligation to pay any Impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the non-payment thereof does not, in the opinion of the AL&I, adversely affect the title, property or rights of the AL&I hereunder. If any Impositions shall have been charged or levied against the AL&I directly and paid by the AL&I, the Clinchfield shall reimburse the AL&I on presentation of an invoice therefor.

In the event any reports with respect to Impositions are required to be made, the Clinchfield will either make such reports in such manner as to show the interests of the AL&I in such Units or notify the AL&I of such requirement and make such reports in such manner as shall be satisfactory to the AL&I.

SECTION 6. Payment for Casualty Occurrences:

Insurance. In the event that either Unit shall be or become worn out, lost, stolen, destroyed, or, in the opinion of the AL&I or the Clinchfield, irreparably damaged, seized by the government or otherwise rendered permanently unfit for use from any cause whatsoever (such occurrences being hereinafter called "Casualty Occurrences") during the term of this Lease, the Clinchfield shall promptly and fully notify the AL&I with respect thereto. On the rental payment date next succeeding such notice, the Clinchfield shall pay to the AL&I the rental payment due and payable on such date plus a sum equal to the depreciated value of such Unit as of the date of such payment. Upon the making of such payment by the Clinchfield in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate, the remaining semiannual payments shall each be in an amount equal to 1/30th of the aggregate Purchase Price of the remaining Unit plus interest at the rate of 16.5% on the aggregate unpaid Purchase Price of the remaining Unit, and (except in the case of the loss, theft or complete destruction of such Unit) the AL&I

shall be entitled to recover possession of such Unit. The AL&I hereby appoints the Clinchfield its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that the Clinchfield has previously paid the Casualty Value to the AL&I, the Clinchfield shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the AL&I.

Except as hereinabove in this Section 6 provided, the Clinchfield shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit after delivery to and acceptance thereof by the Clinchfield hereunder.

The Clinchfield will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained insurance in respect of the Units at the time subject hereto, and public liability insurance, in amounts and against risks customarily insured against by the Clinchfield on similar equipment owned by it. Any net insurance proceeds as the result of insurance carried by the Clinchfield received by the AL&I in respect of Units suffering a Casualty Occurrence shall be deducted from the amounts payable by the Clinchfield to the AL&I in respect of Casualty Occurrences pursuant to this Section 6. If the AL&I shall receive any such net insurance proceeds or condemnation payments after the Clinchfield shall have made payments pursuant to this Section 6 without deduction for such net insurance proceeds or such condemnation payments, the AL&I shall pay such proceeds to the Clinchfield up to an amount equal to the Casualty Value with respect to a Unit paid by the Clinchfield and any balance of such proceeds shall remain the property of the AL&I.

SECTION 7. Annual Reports. On or before March 31 in each year, commencing with the calendar year 1982, the Clinchfield will furnish to the AL&I and the Agent statement stating that, in case either unit shall have been repainted or repaired during the period covered by such statement, the numbers and the markings required by Section 4 hereof have been preserved or replaced. The AL&I shall have the right by its agents, to inspect the Units and the Clinchfield's records with respect thereto at such reasonable times as the AL&I may request during the continuance of this Lease.

SECTION 8. Disclaimer of Warranties, Compliance with Laws and Rules, Maintenance, and Indemnification. The AL&I makes no warranty or representation, either express or implied, as to the design or condition of, or as to the quality of the material, equipment or workmanship in, the Units delivered to

the Clinchfield hereunder, and the AL&I makes no warranty of merchantability or fitness of the Units for any particular purpose or as to title to the Units or any component thereof, it being agreed that all such risks, as between the AL&I and the Clinchfield are to be borne by the Clinchfield, but the AL&I hereby irrevocably appoints and constitutes the Clinchfield its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for account of the AL&I and/or the Clinchfield, as their interests may appear, at the Clinchfield sole cost and expense. The AL&I's receipt of a Certificate of Delivery shall be conclusive evidence as between the Clinchfield and AL&I that both Units described therein are in all the foregoing respects satisfactory to the Clinchfield and the Clinchfield will not assert any claim of any nature whatsoever against the AL&I based on any of the foregoing matters.

The Clinchfield agrees, for the benefit of the AL&I to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that such laws or rules require any alteration of any Unit, or in the event that any equipment or appliance on any such Unit shall be required to be changed or replaced, or in the event that any additional or other equipment or appliance is required to be installed on any Unit in order to comply with such laws or rules, the Clinchfield will make such alterations, changes, replacements and additions at its own expense; provided, however, that the Clinchfield may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the AL&I adversely affect the property or rights of the AL&I under this Lease.

The Clinchfield agrees that, at its own cost and expense, it will maintain and keep each Unit in good order and repair.

Any and all additions to either Unit and any and all parts installed on and replacements made to either Unit or additions thereto, shall constitute accessions to such Unit and, at the cost and expense of the Clinchfield, full ownership thereof free from any lien, charge, security interest or encumbrance shall immediately be vested in the AL&I as its interests appear in the Unit itself; excepting, however,

communications, signal and automatic control equipment or devices having a similar use which have been added to such Unit by the Clinchfield, the cost of which is not included in the Purchase Price of such Unit and which are not required for the operation or use of such Unit by the Association of American Railroads, the Interstate Commerce Commission, the Department of Transportation or any other applicable regulatory body.

The Clinchfield agrees to indemnify, protect and hold harmless the AL&I from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of this Lease, the ownership of either Unit, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of either Unit or any accident resulting in damage to property in connection with the operation, use, condition, possession, storage or return of either Unit. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of this Lease.

The Clinchfield agrees to prepare and deliver to the AL&I within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the AL&I) any and all reports (other than income tax returns) to be filed by the AL&I with any federal, state or other regulatory authority by reason of the ownership by the AL&I or the Agent of the Units or the leasing thereof to the Clinchfield.

SECTION 9. Default. If, during the continuance of this Lease, one or more of the following events (each such event being hereinafter sometimes called an "Event of Default") shall occur:

A. default shall be made in payment of any part of the rental provided in Section 2 hereof and such default shall continue for five days after written notice thereof shall have been delivered by the AL&I to the Clinchfield;

B. the Clinchfield shall make or permit any unauthorized assignment or transfer of this Lease or of possession of the Units, or any thereof;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the

Clinchfield contained herein and such default shall continue for 30 days after written notice from the AL&I to the Clinchfield specifying the default and demanding that the same be remedied;

then, in any such case, the AL&I, at its option may:

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Clinchfield of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Clinchfield terminate this Lease, whereupon all rights of the Clinchfield to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Clinchfield shall remain liable as hereinafter provided, and thereupon the AL&I may by its agents enter upon the premises of the Clinchfield or other premises where any of the Units may be and take possession of either or both of the Units and thenceforth hold, possess and enjoy the same free from any right of the Clinchfield; or its successors or assigns, to use the Units for any purpose whatever; but the AL&I shall, nevertheless, have a right to recover from the Clinchfield any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Clinchfield (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Unit, which represents the excess of (x) the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over (y) the then present value of the rentals which the Clinchfield reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 16.5% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, and (ii) any damages and expenses,

including reasonable attorneys' fees, in addition thereto which the AL&I shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental.

The remedies in this Lease provided in favor of the AL&I shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Clinchfield hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law. The Clinchfield hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make rental payments regardless of any offset or claim which may be asserted by the Clinchfield or on its behalf.

The failure of the AL&I to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

SECTION 10. Return of Units Upon Default. If this Lease shall terminate pursuant to Section 9 hereof, the Clinchfield shall forthwith deliver possession of the Units to the AL&I. For the purpose of delivering possession of either or both of the Units to the AL&I as above required, the Clinchfield shall at its own cost, expense and risk:

(a) forthwith place such Units upon such storage tracks of the Clinchfield as the AL&I reasonably may designate;

(b) permit the AL&I to store such Units on such tracks at the risk of the Clinchfield until such Units have been sold, leased or otherwise disposed of by the AL&I; and

(c) transport the same to any place on the lines of railroad operated by the Clinchfield or any of its subsidiaries or affiliates or to any connecting carrier for shipment, all as directed by the AL&I.

The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Clinchfield and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the AL&I shall be entitled to a decree against the Clinchfield requiring specific performance of the covenants of

the Clinchfield so to assemble, deliver, store and transport the Units. During any storage period, the Clinchfield will permit the AL&I or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same.

Without in any way limiting the obligation of the Clinchfield under the foregoing provisions of this Section 10, the Clinchfield hereby irrevocably appoints the AL&I as the agent and attorney of the Clinchfield, with full power and authority, at any time while the Clinchfield is obligated to deliver possession of any Unit to the AL&I, to demand and take possession of such Unit in the name and on behalf of the Clinchfield from whomsoever shall be in possession of such Unit at the time.

SECTION 11. Assignment, Possession and Use. This Lease shall be assignable in whole or in part by the AL&I without the consent of the Clinchfield, but the Clinchfield shall be under no obligation to any assignee of the AL&I except upon written notice of such assignment from the AL&I. All the rights of the AL&I hereunder (including, but not limited to, the rights under Sections 5, 6 and 9 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the AL&I's assigns (including the partners of any beneficiary of any such assignee if such assignee is a partnership or a trust, respectively). Whenever the term AL&I is used in this Lease it shall apply and refer to each such assignee of the AL&I.

So long as the Clinchfield shall not be in default under this Lease, it shall be entitled to the possession and use of the Units in accordance with the terms of this Lease, but, without the prior written consent of the AL&I, the Clinchfield shall not assign or transfer its leasehold interest under this Lease in the Units or any of them. The Clinchfield, at its own expense, will promptly pay or discharge any and all sums claimed by any part which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance resulting from claims against the AL&I upon or with respect to either Unit, including any accession thereto, or the interest of the AL&I or the Clinchfield therein, and will promptly discharge any such lien, claim, security interest or encumbrance which arises. The Clinchfield shall not, without the prior written consent of the AL&I, part with the possession or control of, or suffer or allow to pass out of its possession or control, either of the Units, except to the extent permitted by the provisions of the immediately succeeding paragraph.

So long as the Clinchfield shall not be in default under this Lease, it shall be entitled to the possession of the

Units and to the use of the Units by it or any affiliate upon lines of railroad owned or operated by it or any such affiliate or upon lines of railroad over which the Clinchfield or any such affiliate has trackage or other operating rights or over which railroad equipment of the Clinchfield or any such affiliate is regularly operated pursuant to contract, provided, however, that the Clinchfield shall not assign or permit the assignment of either Unit to service involving the regular operation and maintenance thereof outside the United States of America. The Clinchfield may receive and retain compensation for such use from other railroads so using either of the Units.

SECTION 12. Title to Vest in Clinchfield at end of term. Provided that this Lease has not been earlier terminated, and the Clinchfield is not in default hereunder, title in the Units shall vest in the Clinchfield upon payment of the final semiannual rental payment without further payment or notice by the Clinchfield.

SECTION 13. Recording, Expenses. The Clinchfield will cause this Lease and any assignment hereof to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. §11303. The Clinchfield will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or re-record whenever required) any and all further instruments required by law or reasonably requested by the AL&I for the purpose of proper protection, to its satisfaction, of the AL&I's interests in the Units, or for the purpose of carrying out the intention of this Lease or any assignment thereof; and the Clinchfield will promptly furnish to the AL&I evidences of all such filing, registering, depositing or recording, and opinion or opinions of counsel for the Clinchfield with respect thereto satisfactory to the AL&I. This Lease shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of either Unit.

The Clinchfield will pay the reasonable costs and expenses involved in the preparation, printing and filing of this Lease, amendment or supplement thereto. The AL&I and the Clinchfield will each bear the respective fees and disbursements, if any, of their respective counsel.

SECTION 14. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Clinchfield promptly to pay, to the extent legally enforceable, an amount equal to 17.5% per annum of the overdue rentals for the period of time during which

they are overdue or such lesser amount as may be legally enforceable.

SECTION 15. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States mails, first-class postage prepaid, addressed as follows:

(a) if to the AL&I, at 500 Water Street, Jacksonville, Florida, 32202, Attention: President; and

(b) if to the Clinchfield, 500 Water Street, Jacksonville, Florida, 32202, Attention: Director of Finance,

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

SECTION 16. Severability, Effect and Modification of Lease. Any provision of this Lease which is prohibited or unenforceable to any jurisdiction, shall be, as to such jurisdiction, 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.

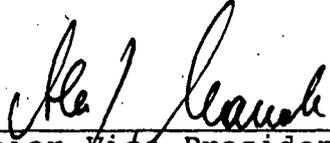
This Lease exclusively and completely states the rights of the AL&I and the Clinchfield with respect to the Units and supersedes all other agreements, oral or written, with respect to the Units. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the parties hereto.

SECTION 17. Execution. This Lease may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument. Although this Lease is dated as of September 1, 1981, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgements hereto annexed.

SECTION 18. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the Commonwealth of Virginia; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. §11303.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

LOUISVILLE AND NASHVILLE RAILROAD
COMPANY, AS LESSEE

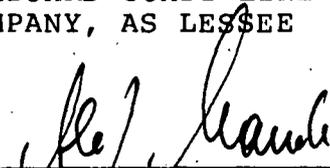
BY 
Senior Vice President - Finance

(CORPORATE SEAL)

Attest:


Assistant Secretary

SEABOARD COAST LINE RAILROAD
COMPANY, AS LESSEE

By 
Senior Vice President - Finance

(CORPORATE SEAL)

Attest:


Assistant Secretary

THE ATLANTIC LAND AND IMPROVEMENT
COMPANY, LESSOR

By *RW Murray*
President

(CORPORATE SEAL)

Attest:

[Signature]
Assistant Secretary

STATE OF FLORIDA)
 (ss.:
COUNTY OF DUVAL)

On this 6th day of October, 1981, before me personally appeared Alex J. Mandl, to me personally known, who being by me duly sworn, says that he is Senior Vice President - Finance of SEABOARD COAST LINE RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Judith L. Huggett
Notary Public

My commission expires: NOTARY PUBLIC, STATE OF FLORIDA AT LARGE
 MY COMMISSION EXPIRES AUG. 5, 1984
(NOTARIAL SEAL)

STATE OF FLORIDA)
(ss.:
COUNTY OF DUVAL)

On this 6th day of October, 1981, before me personally appeared Alex J. Mandl, to me personally known, who, being by me duly sworn, says that he is Senior Vice President-Finance of LOUISVILLE AND NASHVILLE RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Judith L. Huggett
Notary Public

My commission expires: NOTARY PUBLIC, STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES AUG. 5, 1984
(NOTARIAL SEAL)

STATE OF FLORIDA)
(ss.:
COUNTY OF DUVAL)

On this 6th day of October, 1981, before me personally appeared Robert W. Murray, to me personally known, who, being by me duly sworn, says that he is President of THE ATLANTIC LAND AND IMPROVEMENT COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Kathryn R. Casey
Notary Public

My commission expires: NOTARY PUBLIC, STATE OF FLORIDA
My commission expires June 8, 1985
Bonded by American Fire & Casualty Company
(NOTARIAL SEAL)