



1100 Shawnee Street
Mount Vernon, Illinois
(P) 618.241.9270

RECORDATION NO. 32419
FILED DECEMBER 5, 2016 1:00 PM
SURFACE TRANSPORTATION BOARD

December 5, 2016

Chief
Section of Administration
Office of Proceedings
Surface Transportation Board
Washington DC 20423-0001

Re: Rail Equipment Recordation; E-Filing

Dear Section Chief,

I have attached for recordation, pursuant to 49 U.S.C. 11301, one original and one certified true copy of a Locomotive Lease Agreement, dated November 4, 2016, a primary document.

The names and addresses of the parties to the enclosed Locomotive Lease Agreement are as follows:

Lessor: National Railway Equipment Co.
1100 Shawnee Street
Mt. Vernon, IL 62864

Lessee: Paducah & Louisville Railway, Inc.
200 Clark Street
Paducah, KY

The equipment covered by the Locomotive Lease Agreement is as follows:

One EMD SD40-4 Locomotive, bearing road # NREX 4321.

A short summary of the document to appear in the index:

Locomotive Lease Agreement between National Railway Equipment Co. (Lessor) and Paducah & Louisville Railway, Inc. (Lessee), dated November 4, 2016, for the lease of one EMD SD40-4 locomotive, bearing road # NREX 4321.

Attached please find a credit card authorization form in the amount of \$45.00 to cover the E-Filing fees for recordation of the attached Locomotive Lease.



1100 Shawnee Street
Mount Vernon, Illinois
(P) 618.241.9270

Please return a date-stamped copy of the Locomotive Lease Agreement to:

Hal Burgan
National Railway Equipment Co.
P.O. Box 1416
Mt. Vernon, Illinois 62864

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'HB', is written over a faint, larger version of the signature.

Hal Burgan
General Counsel



LOCOMOTIVE LEASE AGREEMENT

THIS LOCOMOTIVE LEASE AGREEMENT ("Lease") is entered into as of this 4th day of November 2016, between National Railway Equipment Co., an Illinois corporation, ("Lessor"), and Paducah & Louisville Railway, Inc., 200 Clark St., Paducah KY ("Lessee")(collectively the "Parties").

LESSOR AND LESSEE HEREBY AGREE AS FOLLOWS:

1. **LEASE AND LEASED PROPERTY.** Lessee hereby leases from Lessor, the locomotive(s), ("Locomotive", or "Locomotives"), together with the parts, accessories, attachments and devices, if any, now or hereafter affixed thereto, as described in Schedule "A" attached to and made part hereof.

2. **TERM.** The term of this Lease for each Locomotive shall be the fixed term set forth in Schedule "A", commencing on the date such Locomotive is delivered to Lessee ("Commencement Date").

3. **RENTAL.**

A. The rent payable shall be the sum identified in Schedule "A." Rent shall be payable in advance monthly installments, without demand. The first month's rent shall be paid upon Lessee's execution of this Lease. Lessee shall operate such Locomotive(s) in service only on its railroad.

B. Payments past due for more than thirty (30) days shall bear interest at the rate of one and one-half percent (1.5%) per month.

C. All rentals shall be paid to Lessor at:

The Private Bank
Bank Address: 120 South LaSalle, Chicago, Illinois 60603
ABA No.: 071006486
Account No.: 2270651
Account Name: NRE

or at such other address as Lessor may direct in writing.

4. **TAXES.** Lessor shall pay all sales, use, excise, ad valorem, stamp, documentary and similar taxes on or relating to this lease of the Locomotive(s), or the use, registration, rental, maintenance, possession or operation thereof, and shall file any returns required therefore, and shall hold Lessee harmless against any liability and expense (including reasonable attorney fees and costs) on account of Lessee's failure to do the same.

5. OWNERSHIP AND INSPECTION. The Locomotive(s) shall at all times remain the property of Lessor. Upon reasonable notice to Lessee, Lessor or its agents shall have free access to the Locomotive(s) at reasonable times for the purpose of inspections. The Locomotive shall be equipped with an event recorder and Lessee shall at all times have access to the data recorded on the event recorder. No accessions, additions, alterations or improvements to the Locomotive(s) of any nature shall be made without Lessor's consent, but if any are made (e.g. GPS, cameras), they shall remain Lessee's property. Lessee shall keep the Locomotive(s), at all times, free and clear from all claims, liens and encumbrances. This Lease is intended to be a true lease of the Locomotive(s) and is not, and in no way shall be construed as creating, a sale of the Locomotive(s) to Lessee.

6. DELIVERY / RETURN. Lessee shall accept delivery of the Locomotive(s) at Lessor's Paducah KY facility. Upon expiration or other termination of this Lease, Lessee shall return such Locomotive(s) to Lessor at Lessor's Paducah KY facility in good order and condition, normal wear and tear excepted. Lessee shall bear freight costs and risk of loss outbound and inbound. Lessee shall pay or reimburse Lessor for any reasonable and ordinary expenses incurred by Lessor in returning the Locomotive(s) to good order and condition, and in delivering the Locomotive(s) to Lessee or effecting return of the Locomotive(s) from Lessee as provided herein. All obligations of Lessee under this Lease shall continue with respect to any Locomotive not returned by the expiration or earlier termination of this Lease, including without limitation the obligation to pay rent.

7. WARRANTY AND DISCLAIMER. Lessee hereby acknowledges that Lessee has had or will have the opportunity to inspect the Locomotive(s) prior to accepting delivery of same, and that acceptance of delivery of the Locomotive(s) by Lessee constitutes acknowledgement that they have been received in good condition and repair. LESSOR REPRESENTS AND WARRANTS THAT THE LOCOMOTIVE IS IN GOOD OPERATING CONDITION, FIT FOR THE INTENDED PURPOSE AND FREE OF DEFECTS, BOTH LATENT OR PATENT. LESSOR SHALL NOT BE RESPONSIBLE FOR ANY CONSEQUENTIAL, INCIDENTAL, OR INDIRECT DAMAGES, INCLUDING LOST PROFITS.

8. USE AND MAINTENANCE.

A. Lessor shall be responsible and pay for all registrations, certificates, and permits, and all other similar requirements of governmental authorities, whether required to be obtained in the name of the Lessor or Lessee.

B. The Locomotive(s) shall be used and operated only by properly trained personnel authorized by Lessee.

C. Lessor shall comply with all federal, state, municipal and local laws, ordinances, and rules, and regulations relating to the lease, possession, insuring, use and operation of the Locomotive(s).

D. Lessor shall be solely responsible for the payment of any and all fines, penalties or forfeitures (including without limitation the confiscation of the Locomotive(s)) levied upon or arising out of the use, operation, maintenance or insuring of the Locomotive(s) in

violation of any law, ordinance, rule, or regulation of any governmental authority, unless such fine, penalty or forfeiture was the direct result of the actions or negligence of Lessee.

E. Lessor shall pay all costs, expenses and charges incurred in connection with the maintenance, lease, use and operation of the Locomotive(s); provided, however, that Lessee shall be responsible for the general day to day servicing of the Locomotive, including fuel, sand, lube oil and water.

F. Lessee shall conduct periodic maintenance inspections and notify Lessor of any maintenance issues. Lessee shall not be responsible for the failure of any part or component used in the Locomotive. In the event of the failure of a part or component, then Lessor shall replace same or terminate the Lease.

G. Lessee shall keep and maintain any and all books and records and make any filings required by any governmental authority with respect to the possession, lease, use or operation of the locomotive(s).

9. INSURANCE / INDEMNIFICATION.

A. Both parties shall maintain general liability insurance and property insurance providing coverage during the Lease Term and until the Locomotive(s) is returned to Lessor, in an amount not less than five million dollars per occurrence and ten million dollars combined in the aggregate. The insurance policy or policies providing the foregoing coverage shall: i.) be written by an insurance company or companies satisfactory to the other and authorized to transact business in all of the states in which the Locomotive(s) will be used and operated; ii.) protect the interests of Lessor and Lessee, including Lessee's authorized operators, with respect to liability for injuries to or the death of third party persons and damage to or loss of use of property of third persons resulting from the ownership, maintenance, use or operation of the Locomotive(s); and iv.) provide that the insurance company or companies issuing such policy or policies shall notify the other of any cancellation thereof at least thirty (30) days prior thereto.

B. Both parties shall provide collision and comprehensive physical damage insurance on each Locomotive in the amount of the Replacement Value. The insurance policy or policies providing the foregoing coverages shall: be written in standard form by an insurance company acceptable to the other party, and provide for losses to be payable to Lessor and Lessee as their respective interests may appear.

C. Each party shall furnish the other with a certificate(s) of insurance or other evidence of said insurance coverage.

D. Lessee assumes liability for, and shall pay when due, and shall defend, indemnify, reimburse, protect and hold each Indemnified Person (defined below) harmless from and against all Claims (defined below), directly or indirectly arising out of or relating to: i) Lessee's use, operation, or control of the Locomotives; ii) the falsity of any representation or warranty of Lessee, or; iii) Lessee's failure to comply with the terms of this Lease. The foregoing indemnity shall cover, without limitation, any Claim for negligence or strict or absolute liability in tort; provided that Lessee shall not indemnify Lessor for any liability incurred by Lessee as a result of Lessor's negligence or willful misconduct.

"Claim" means all liabilities, losses, damages, actions, suits, demands, claims of any kind and nature, (including without limitation claims relating to environmental discharge, cleanup, or compliance), fines, penalties, charges of applicable governmental authorities, licensing fees relating to the Locomotives, damage to or loss of use of property, or bodily injury or death of any person (including without limitation any agent or employee of Lessor), and all costs and expenses that are incurred or suffered by an Indemnified Person in connection therewith (including without limitation reasonable attorney's fees and expenses).

"Indemnified Person" means Lessor, and its respective successors, assigns, corporate parent, subsidiaries, affiliates, agents, officers, directors, shareholders, and employees.

Such indemnities shall continue in full force and effect notwithstanding the expiration or termination of this Lease, for a period not to exceed the applicable statute of limitations. If appropriate, upon Lessor's written demand, Lessee shall assume and diligently conduct, at its sole cost and expense, the entire defense of any Indemnified Person against any Indemnified Claim described in this section. Lessee shall not settle or compromise any Claim against or involving Lessor without first obtaining Lessor's written consent thereto, which consent shall not be unreasonably withheld. Lessee shall give Lessor prompt notice of any occurrence, event, or condition in connection with which Lessor may be entitled to indemnification hereunder. The provisions of this section are in addition to, and not in limitation of, the provisions of this Lease.

E. Lessee assumes and agrees to indemnify, protect and hold harmless Lessor, and its respective successors, assigns, corporate parent, subsidiaries, affiliates, agents, officers, directors, shareholders, and employees from any loss, damage, theft or destruction of any Locomotive which arise from or are caused by the gross negligence or intentional misconduct of Lessee. In the event of damage to a Locomotive, Lessee shall immediately notify Lessor of such damage and Lessor shall place the same in good repair (ordinary wear and tear excepted) or terminate the Lease. If Lessor, in the exercise of its reasonable judgment, determines that any Locomotive is lost, stolen, destroyed, damaged beyond repair or rendered permanently unfit for use for any reason arising from the gross negligence or intentional misconduct of Lessee, Lessee shall (at Lessor's option) (i) replace such Locomotive with substantially similar equipment of equal or greater value and in good repair and transfer title thereto to Lessor free and clear of any all liens, claims and encumbrances of any kind or nature whatsoever, or (ii) pay Lessor in cash the sum of the Replacement Value of such Locomotive, as determined in accordance with Schedule A. Upon payment of such amount to Lessor, such item shall become the property of Lessee, Lessor will transfer to Lessee, without recourse or warranty, all of Lessor's right, title and interest therein, and the rent with respect to such item shall terminate. Lessee shall pay any sales and use taxes due on such transfer or upon any purchase or passage of title to Lessee.

10. ASSIGNMENT. WITHOUT LESSOR'S PRIOR WRITTEN CONSENT, LESSEE MAY NOT ASSIGN ANY OF ITS RIGHTS UNDER THIS LEASE. ALL ASSIGNMENT OF RIGHTS BY LESSEE (UNLESS APPROVED BY LESSOR) ARE PROHIBITED, WHETHER THEY ARE VOLUNTARY OR INVOLUNTARY, BY MERGER, CONSOLIDATION, DISSOLUTION, OPERATION OF LAW, OR ANY OTHER MANNER. ANY PURPORTED ASSIGNMENT OF RIGHTS BY LESSEE (UNLESS APPROVED BY LESSOR) UNDER THIS LEASE IS VOID. Lessor may assign its interest in this lease and sell or grant a security interest in all or any part of the Locomotives without notice to or the consent of Lessee. Lessee

agrees not to assert against any assignee of Lessor any claim or defense Lessee may have against Lessor, it being understood that in the event of a default or breach by Lessor, Lessee shall pursue any rights on account thereof solely against Lessor. Lessor and Lessee further agree that no such assignment shall change Lessee's duties or obligations under this lease or increase Lessee's risks or burdens, all of which shall remain as set forth herein.

11. DEFAULT. Lessee shall be in default under this Lease upon the happening of any of the following events or conditions, and the failure to cure such event or condition within thirty (30) days after the receipt of written notice of such event or condition ("Event of Default"): default in the payment when due of any installment of rental hereunder, or of any other obligation for the payment of money now or hereafter owed by Lessee to Lessor, or default in the timely performance of any other liability, obligation, covenant or agreement in this Lease.

12. REMEDIES UPON DEFAULT.

A. Upon the occurrence of any Event of Default or at any time hereafter, Lessor, in its sole discretion, may exercise any and all rights and remedies available to Lessor under any applicable law, including without limitation taking one or more of the following actions with respect to the Locomotive(s):

i. Declare all unpaid lease payments to be immediately due and payable.

ii. Terminate the Lease of any or all Locomotives by written notice to Lessee. Termination of this Lease does not terminate, limit, or restrict the rights and remedies of Lessor.

iii. Require that Lessee shall (and Lessee agrees that it shall), upon demand by Lessor and at Lessee's expense, promptly make available to Lessor at Lessee's expense, any or all Locomotive(s) at Lessor's Paducah KY facility.

iv. Use, hold, sell, lease or otherwise dispose of any or all such Locomotive(s) as Lessor in its sole discretion may decide, without affecting the obligations of Lessee as provided in this Lease.

B. None of the rights and remedies under or referred to is intended to be exclusive, but each such right or remedy shall as to each Locomotive be cumulative and may be availed of separately or concurrently with or in addition to any other right or remedy provided or referred to herein or otherwise available to Lessor at law or in equity. Any repossession or subsequent sale or lease by Lessor of any Locomotive(s) shall not bar an action against Lessee for a deficiency. To the extent permitted by applicable law, LESSEE WAIVES ANY AND ALL RIGHTS TO NOTICE AND TO A JUDICIAL HEARING WITH RESPECT TO THE REPOSSESSION OF LOCOMOTIVE BY LESSOR AS A RESULT OF ANY EVENT OF DEFAULT HEREUNDER BY LESSEE.

D. Without limitation of any rights of Lessor, it is expressly covenanted and agreed by the Parties that in the event of any assignment of this Lease (by operation of law or for the benefit of Lessee's creditors), or of a bankruptcy of Lessee within the meaning of the Federal Bankruptcy Act, then Lessor may, at Lessor's election, immediately terminate this Lease.

13. RECORDATION OF LESSOR'S INTEREST. Lessee agrees to execute and notarize all recording documents requested by Lessor to show, create and perfect Lessor's interest in the Locomotive(s). Lessee further authorizes Lessor to execute and file financing statements or other documents evidencing Lessor's interest in the Locomotive(s) without Lessee's signature.

14. MISCELLANEOUS.

A. This Lease and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky, without regard to its conflict of law provisions. Kentucky shall be choice of forum for all litigation arising out of or relating to this Lease.

B. Neither this Lease nor any schedule shall be amended, and no provision hereof or of any Schedule shall be waived or varied, unless by a writing signed by Lessor and Lessee.

C. No delay or omission by Lessor in exercising any right hereunder shall operate as a waiver of such right or any other right. A waiver by Lessor of any Event of Default by Lessee shall not be construed as a waiver of any future occasion.

D. In case any provision (or portions thereof) in this Lease shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions (or portions thereof) hereby shall not in any way be affected or impaired thereby.

E. This Lease shall be binding upon and inure to the benefit of Lessor and Lessee and their respective successors.

F. This Lease shall not transfer to Lessee any interest, right, title, or license in Lessor's trade secrets, trademarks, patents, intellectual property, or confidential and proprietary information. Lessor retains all interest, right, and title to all Lessor's trade secrets, trademarks, patents, intellectual property, and confidential and proprietary information. Lessee shall not analyze, decompile, or reverse engineer, or cause or allow a third party to analyze, decompile, or reverse engineer the Locomotive(s) or any part or component of the Locomotive(s) for any purpose.

G. All notices permitted or required to be given pursuant to this Lease shall be mailed by Certified or Registered Mail (with return receipt requested), or by email (with delivery confirmation requested) to the parties at the following addresses or at such other addresses as each party may notify each other. Notices shall be considered effective upon the date indicated in the return receipt or delivery confirmation, as appropriate.

To Lessor:

NRE
Attn: Leigh-Ann Ridgeway
1300 Kentucky Ave.
Paducah KY 42003
l.ridgeway@nre.com

With a copy to:

NRE
Attn: Hal Burgan
1101 Broadway
Mt. Vernon IL 62864
h.burgan@nre.com

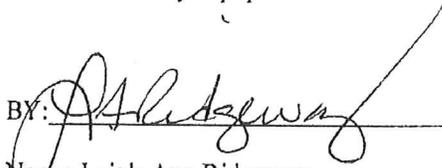
To Lessee:

Paducah & Louisville Railway, Inc.
200 Clark St.
Paducah KY 42003

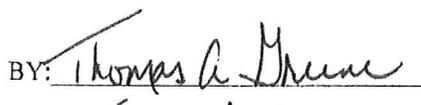
IN WITNESS WHEREOF, the parties have executed this Lease the day and year first mentioned above.

LESSOR:
National Railway Equipment Co.

LESSEE:
Paducah & Louisville Railway, Inc.

BY: 

Name: Leigh-Ann Ridgeway
Title: Sales Manager

BY: 

Name: Thomas A. Greene
Title: V.P. - COO + CFO

SCHEDULE "A"

Attached to and incorporated into the Locomotive Lease Agreement dated the _____ day of July, 2016 by and between National Railway Equipment Co. ("Lessor") and Paducah & Louisville Railway, Inc. ("Lessee").

The Type, Description, and Replacement Value of Locomotive(s)(including Marks and Numbers) leased by Lessee are as follows:

Unit No.	Type	Replacement Value	Lease Rate
NREX 4321	SD40-4	\$[REDACTED]	[REDACTED]

Lease Term and Rate:

The Lease Term shall be for a period of 30 days, commencing with the delivery of the above named unit, at a lease rate of \$1 (one dollar) per day per Locomotive. Lessee may terminate this Lease prior to the expiration of the Lease Term by returning the Locomotive to Lessor's facility, in accordance with paragraph 6 of this Lease. The Parties may extend the term of this Lease, in accordance with paragraph 14 (B) of this Lease.

LESSOR:
National Railway Equipment Co.

LESSEE:
Paducah & Louisville Railway, Inc.

BY: [Signature]
Name: Leigh-Ann Ridgeway
Title: Sales Manager

BY: [Signature]
Name: THOMAS A GREENE
Title: VP - COO + CFO





1100 Shawnee Street
Mount Vernon, Illinois
(P) 618.241.9270

I, Hal Burgan, certify that I am the General Counsel of National Railway Equipment Co., that the seal affixed to the forgoing instrument is the corporate seal of said corporation, that the instrument was signed and sealed on behalf of the corporation by the authority of its Board of Directors, and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the corporation. I further state under penalty of perjury that the foregoing is true and correct.

Executed on December 5, 2016

Signature

A handwritten signature in black ink, appearing to read 'H. Burgan', written over a horizontal line.

Hal Burgan
General Counsel
National Railway Equipment Co.