

Hartford & Slocomb

RAILROAD COMPANY

A Subsidiary of ITEL Corporation

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RECORDATION NO. Filed 1425

DEC 29 1982 - 2 50 PM

INTERSTATE COMMERCE COMMISSION October 20, 1982

Mr. D. D. Hagestad
Vice President, Car Management
Illinois Central Gulf Railroad Company
233 North Michigan Avenue
Chicago, IL 60601

Dear Mr. Hagestad:

Please accept this letter as the agreement ("Assignment Agreement") whereby the Hartford and Slocomb Railroad Company ("H&S") shall supply the Illinois Central Gulf Railroad Company ("ICG") with up to one hundred thirty (130) sixty foot, 100 ton XP boxcars bearing reporting marks HS 50001-60130 ("Boxcars") and the ICG shall place said Boxcars into an assignment pool on ICG's railroad line under Car Service Directive 155. During the term of this Assignment Agreement H&S shall supply the ICG with additional boxcars under the same terms and conditions hereof only upon the mutual agreement of the parties hereto.

The term ("Initial Term") of this Assignment Agreement, with respect to each Boxcar, shall commence upon the execution hereof, and shall expire as to all the Boxcars six (6) years from the date of the Initial Loading (as hereinafter defined). The "Initial Loading" shall be the earlier to occur of either the date the sixty-fifth (65th) Boxcar is loaded with freight by ICG and delivered to a connecting carrier for shipment or the thirty-first (31st) day after all the Boxcars are delivered pursuant to this Assignment Agreement. Each Boxcar shall be deemed delivered from H&S to ICG upon the interchange of such Boxcar to ICG. Immediately upon Initial Loading, ICG shall cause to be executed by a duly authorized representative and delivered to H&S Certificate of Initial Loading in the form set forth in Exhibit A attached hereto. This Assignment Agreement shall be automatically extended for an additional period of one (1) year ("Extended Term") provided, however, that either H&S or ICG may terminate this Assignment Agreement, effective as of the end of the Initial Term, upon written notice delivered to the other party not less than sixty (60) days prior to the end of the Initial Term.

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M. D. D. Hagestad

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[Handwritten signature]

upon

Each Boxcar shall be inspected and accepted by ICG ~~prior to~~ its delivery to ICG. The Boxcars shall be delivered empty to any ICG interchange by a mutually agreed upon date. ICG shall not make any alterations to the Boxcars without H&S's prior written consent.

It is understood and agreed that during the term of this Assignment Agreement, ICG's only obligation with regard to the Boxcars placed into assigned pool service hereunder shall be (i) compliance with the handling carrier's obligations under AAR Interchange Rules while the Boxcars are in ICG's possession, and (ii) the obligations upon expiration of termination of this Assignment Agreement set forth below. ICG shall be entitled to a per diem and mileage relief per Boxcar for each day such Boxcar is on ICG's line. Said relief shall be substantiated by car location movement (CLM) records provided by the ICG on a daily basis. H&S shall authorize the ICG to receive AAR Junction Advices on a daily basis by filing the appropriate UMLER format.

For the purposes hereof, the following definitions are provided:

- A. "Revenues" shall be the total per diem revenues earned and due from other railroad companies for the use or handling of the Boxcars.
- B. The "Utilization Rate" of the Boxcars shall be determined by a fraction, the numerator of which is the aggregate number of days in each calendar quarter that Revenues were earned on the Boxcars commencing from the Initial Loading, and the denominator of which is the aggregate number of days in each calendar quarter that the Boxcars are placed in an assignment pool on ICG, commencing from the Initial Loading.

If, in any calendar quarter or applicable portion thereof during the period commencing as of the Initial Loading through and including December 31, 1982 ("First Period"), Revenues earned exceed an amount equal to the Revenues which such Boxcars would have earned in the aggregate at a Utilization Rate of forty (40) percent ("First Period Base Amount"), H&S shall pay to ICG an amount equal to one hundred (100) percent of Revenues in excess of the First Period Base Amount.

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If, in any calendar quarter or applicable portion thereof during the period commencing January 1, 1983 through and including December 31, 1983 ("Second Period"), Revenues earned exceed an amount equal to the Revenues which such Boxcars would have earned in the aggregate at a Utilization Rate of fifty (50) percent ("Second Period Base Amount"), H&S shall pay to ICG an amount equal to fifty (50) percent of Revenues in excess of the Second Period Base Amount.

If, in any calendar quarter or applicable portion thereof during the period commencing January 1, 1984 through and including the expiration or earlier termination of this Assignment Agreement ("Final Period"), Revenues earned are equal to or greater than an amount equal to the Revenues which such Boxcars would have earned in the aggregate at a Utilization Rate of eighty (80) percent ("Lower Final Period Base Amount") and equal to or less than a Utilization Rate of eighty-five (85) percent ("Greater Final Period Base Amount"), H&S shall pay to ICG an amount equal to fifty (50) percent of Revenues in excess of the Lower Final Period Base Amount, provided, however, that if Revenues earned exceed an amount equal to the Revenues which such Boxcars would have earned in the aggregate at a Utilization Rate of eighty-five (85) percent ("Greater Final Period Base Amount"), H&S shall also pay to ICG an amount equal to one hundred (100) percent of Final Period Revenues in excess of the Greater Final Period Base Amount. LH
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H&S shall receive and retain all Revenues earned by the Boxcars prior to the date of Initial Loading. During the First Period and the Second Period, H&S shall receive and retain any and all mileage revenues earned and due from other railroad companies for the use or handling of the Boxcars. If, in any calendar quarter or applicable portion thereof during the Final Period, Revenues earned exceed the Greater Final Period Base Amount, then H&S shall also pay to ICG an amount as determined by the following calculation:

$$\frac{(100 \times \text{Utilization Rate in such calendar quarter or applicable portion thereof}) - 85}{(100 \times \text{Utilization Rate in such calendar quarter or applicable portion thereof})} \times \text{Mileage Revenue in such calendar quarter of applicable portion thereof}$$

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H&S shall, within three (3) months after the end of each calendar quarter, calculate on a quarter-to-date basis, the amount due either party pursuant to this Assignment Agreement. Any amount payable pursuant to the preceding sentence shall be paid promptly following such calculation, provided, however, that following the final calculation subsequent to the end of each calendar quarter, any amount paid to either party in excess of the amount required shall be promptly refunded to the appropriate party. Such final calculation shall be made within five (5) months after the end of each calendar quarter that this Assignment Agreement is in effect.

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H.A.H. If, with respect to any calendar quarter, Revenues are less than the applicable Base Amount for the First, Second, and Final Periods as the case may be, H&S may, at any time, at its option and upon not less than ten (10) days prior written notice to ICG, terminate this Assignment Agreement as to such Boxcars as H&S shall determine; provided, however, that ICG may, at its option, within ten (10) days of receipt of such notice from H&S, void such termination notice by agreeing to pay within thirty (30) days to H&S an amount equal to the difference between actual Revenues for such calendar quarter and the applicable Base Amount for such calendar quarter.

If, during the first five (5) years of this Assignment Agreement, damage beyond repair or destruction of a Boxcar has been reported in accordance with Rule 107 of the AAR Field Manual of the Interchange Rules and Rule 7 of the AAR Code of Car Hire Rules and Interpretations-Freight, H&S shall use its best efforts to replace said destroyed Boxcar with a similar boxcar, if available, of the same quality and value.

If, at any time during the Initial Term or Extended Term, the Car Service Rules or Car Hire Rules of the Association of American Railroads is terminated or amended in any material respect, or if any change occurs in payments made by railroads generally for the use or handling boxcars, the parties hereto shall negotiate a new assignment agreement to protect the revenue stream to the ICG and H&S, provided, however, if such a new assignment agreement cannot be mutually agreed upon, either H&S or ICG may terminate this Assignment Agreement upon not less than thirty (30) days prior written notice to the other party.

Upon the expiration or termination of this Assignment Agreement, ICG shall return the Boxcars to the condition as received at the beginning of the Initial Term, normal wear and tear excepted. ICG shall ensure that the Boxcars are in interchange condition and remove the Boxcars from Car Service Directive 165. Thereafter, ICG shall provide best efforts to find final outbound loads for each of the Boxcars and, if no loads are available, ICG will deliver each Boxcar to an interchange point of H&S's choice.

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ICG recognizes that H&S's rights and ICG's rights are subject and subordinate to the rights of any lessor, owner or secured party with respect to the Boxcars, but H&S hereby expressly represents and covenants that it has full authority to make this Assignment Agreement.

We trust this Assignment Agreement will assist you in meeting your equipment requirements in the coming months.

Please indicate your concurrence to the above terms and conditions by signing below and arrange to have the original returned to me.

Sincerely,


C. F. Fischer, III
President

I CONCUR:



D. D. Hagestad
Vice President Car Management
Illinois Central Gulf Railroad Company

EXHIBIT A

CERTIFICATE OF INITIAL LOADING

With respect to the Assignment Agreement dated October 20, 1982 by and between HARTFORD AND SLOCOMB RAILROAD COMPANY AND ILLINOIS CENTRAL GULF RAILROAD COMPANY, Date of Initial Loading is hereby agreed to be _____
_____.

ICG RAILROAD/TITLE/DATE

H&S RAILROAD/TITLE/DATE