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ONE CHASE MANHATTAN PLAZA

NEW YORK, N.Y. 10005

212 HANOVER 2-3000

INTERNATIONAL TELEX: 620976

TELETYPE: 710-581-0338

TELEX: 125547

RECORDATION NO. 9464 Filed & Recorded

JUN 28 1978 - 2 15 PM

INTERSTATE COMMERCE COMMISSION

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I.C.C.
FEE OPERATIONS

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CABLE ADDRESSES
CRAVATH, N. Y.
CRAVATH, PARIS
CRAVATH, LONDON E. C. 2

June 28, 1978

Dear Sir:

Herewith for recordation pursuant to Section 20c of the Interstate Commerce Act are counterparts of the following:

- (1) Conditional Sale Agreement dated as of May 15, 1978, between Exchange National Bank of Chicago, Trustee, as vendee, and Pullman Incorporated (Pullman Standard Division), as builder, vendor;
- (2) Lease of Railroad Equipment dated as of May 15, 1978, between William M. Gibbons, Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company, as lessee, and Exchange National Bank of Chicago, Trustee, as lessor;
- (3) Assignment of Lease and Agreement dated as of May 15, 1978, between Exchange National Bank of Chicago, Trustee, as lessor, vendee, and First Pennsylvania Bank N.A., Agent, assignee; and
- (4) Agreement and Assignment dated as of May 15, 1978, between Pullman Incorporated (Pullman Standard Division), as builder, and assignee.

Attached
Low
Quady

8-179A071
JUN 28 1978

Date
Fee \$ 1.00

CC Washington, D. C.

The addresses of the parties to the aforementioned agreements are:

Vendee-Lessor:

Exchange National Bank of Chicago, Trustee,
LaSalle and Adams Streets,
Chicago, Illinois 60690.

Builder-Vendor:

Pullman Incorporated (Pullman
Standard Division),
200 South Michigan Avenue,
Chicago, Illinois 60604.

Lessee:

William M. Gibbons, Trustee of the Property
of Chicago, Rock Island and Pacific Railroad
Company,
332 South Michigan Avenue,
Chicago, Illinois 60604.

Vendor-Assignee:

First Pennsylvania Bank N.A., as Agent,
1500 Chestnut Street,
Philadelphia, Pennsylvania 19101.

The Equipment covered by the aforementioned agreements consists of 500 4750 cubic feet, 100 ton, jumbo covered hopper cars, road numbers ROCK 800500 to ROCK 800999 inclusive, and also bearing the legend "Ownership Subject to a Security Agreement filed under the Interstate Commerce Act, Section 20c".

Enclosed is a check for \$100 for the required recordation fee. Please accept for recordation one counterpart of each of the enclosed agreements, stamp the remaining counterparts and the enclosed copy of this letter with your recordation number and return them to the delivering messenger along with your fee receipt, addressed to the undersigned.

Very truly yours,

Paul W. Voegeli
Paul W. Voegeli

The Honorable H. G. Homme, Esq.,
Acting Secretary,
Interstate Commerce Commission,
Washington, D. C. 20423

Encls.

3

BY HAND

Interstate Commerce Commission
Washington, D.C. 20423

6/28/78

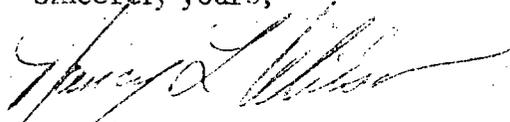
OFFICE OF THE SECRETARY

Paul W. Voegeli
Crabath, Swaine & Moore
One Chase Manhattan Plaza
New York, N.Y. 10005

Dear
Sir:

The enclosed document(s) was recorded pursuant to the
provisions of Section 20(e) of the Interstate Commerce Act,
49 U.S.C. 20(e), on **6/28/78** at **2:55pm**
and assigned recordation number(s) **9464, 9464-A, 9464-B 9464-C**

Sincerely yours,



Nancy L. Wilson
Acting Secretary

Enclosure(s)

9464

RECORDATION NO. Filed & Recorded

JUN 28 1978 - 2 52 PM

INTERSTATE COMMERCE COMMISSION

CONDITIONAL SALE AGREEMENT

Dated as of May 15, 1978

between

EXCHANGE NATIONAL BANK OF CHICAGO,
as Trustee under a Trust Agreement
dated as of May 15, 1978
with General Electric Credit Corporation

and

PULLMAN INCORPORATED
(Pullman Standard Division)

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CONDITIONAL SALE AGREEMENT dated as of May 15, 1978, between PULLMAN INCORPORATED (Pullman Standard Division) (hereinafter called the Vendor or Builder as more particularly set forth in Article 1 hereof), and EXCHANGE NATIONAL BANK OF CHICAGO, as Trustee (hereinafter called the Vendee), under a Trust Agreement dated as of May 15, 1978 (hereinafter called the Trust Agreement), with General Electric Credit Corporation (hereinafter called the Beneficiary).

WHEREAS the Builder agrees to construct, sell and deliver to the Vendee, and the Vendee agrees to purchase, the railroad equipment described in Annex B hereto (hereinafter called the Equipment); and

WHEREAS the Vendee is entering into a lease dated as of the date hereof with WILLIAM M. GIBBONS, as Trustee of the Property of CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY (hereinafter called the Lessee), in substantially the form annexed hereto as Annex C (hereinafter called the Lease), pursuant to which the Lessee will lease from the Vendee all the units of Equipment so purchased, or such lesser number of units as are delivered and accepted hereunder; and

WHEREAS FIRST PENNSYLVANIA BANK N.A., (hereinafter sometimes called the Assignee or the Vendor) is acting as agent for certain investors pursuant to the Participation Agreement dated as of the date hereof (hereinafter called the Participation Agreement), among the Assignee, the Beneficiary, the Lessee, North American Car Corporation (hereinafter called the Guarantor), the Vendee and such investors;

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. Assignment; Definitions. The parties hereto contemplate that the Vendee will furnish that portion of the Purchase Price (as hereinafter defined) for the Equipment as is required under subparagraph (a) of the third paragraph of Article 4 hereof and that an amount equal to the balance of such Purchase Price shall be paid to the Builder by the Assignee pursuant to an Agreement and Assignment dated

as of the date hereof between the Builder and the Assignee, as agent (such Agreement and Assignment being hereinafter called the Assignment).

The term "Vendor", whenever used in this Agreement, means, before any assignment of its rights hereunder, the party hereto which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment; and the term "Builder", whenever used in this Agreement, means, both before and after any such assignment, the party hereto which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business.

In case of such assignment, the Vendee will assign to the Vendor, as security for the payment and performance of all the Vendee's obligations hereunder, all right, title, and interest of the Vendee in and to the Lease, with the exceptions provided in and pursuant to an Assignment of Lease and Agreement in the form of Annex D hereto (hereinafter called the Lease Assignment), and the Lessee shall consent thereto pursuant to the Consent and Agreement in the form attached to Annex D (hereinafter called the Consent).

ARTICLE 2. Construction and Sale. Pursuant to this Agreement, the Builder shall construct the Equipment at its plant set forth in Annex B hereto, and will sell and deliver to the Vendee, and the Vendee will purchase from the Builder and accept delivery of and pay for (as hereinafter provided), the Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Annex B hereto and in accordance with such modifications thereof as may be agreed upon in writing between the Builder, the Vendee and the Lessee (which specifications and modifications, if any, are hereinafter called the Specifications). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture thereof, to all Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards, if any, recommended by the Association of American Railroads reasonably interpreted as then being applicable to each such unit of Equipment, and each such unit will be new railroad equipment.

ARTICLE 3. Inspection and Delivery. The Builder will deliver the units of the Equipment to the Vendee at the place or places specified in Annex B hereto (or if Annex B does not specify a place or places, at the place or places designated from time to time by the Vendee), freight and storage charges, if any, prepaid and included in the Purchase Price (as hereinafter defined), in accordance with the delivery schedule set forth in Annex B hereto; provided, however, that delivery of any unit of the Equipment shall not be made until this Agreement and the Lease have been filed pursuant to Section 20c of the Interstate Commerce Act; and provided, further, that the Builder shall not deliver any unit of Equipment hereunder (i) subsequent to the commencement of any proceedings specified in clause (c) of Article 15 hereof or the occurrence of any event of default (as described in Article 15 hereof), or event which, with the lapse of time and/or demand, could constitute such an event of default or (ii) unless the Builder shall have been notified by the Assignee that the conditions contained in Paragraph 8 of the Participation Agreement have been met and the Builder shall have been notified by the Vendee that the conditions contained in Paragraph 9 of the Participation Agreement have been met or waived. The Builder agrees not to deliver any unit of Equipment hereunder following receipt of written notice from the Vendee or the Assignee (a) of the commencement of any such proceedings or the occurrence of any such event, as aforesaid, or (b) that any of the conditions contained in Paragraph 8 or 9 of the Participation Agreement have not been met or waived.

Any Equipment not delivered at the time of receipt by the Builder of the notice specified in the second sentence of the first paragraph of this Article 3 and any Equipment not delivered and accepted hereunder on or prior to December 15, 1978, shall be excluded from this Agreement, and the Vendee shall be relieved of its obligation to purchase and pay for such Equipment. If any Equipment shall be excluded herefrom pursuant to the immediately preceding sentence, the parties hereto shall execute an agreement supplemental hereto limiting this Agreement to the Equipment not so excluded herefrom. NAC Leasing Corporation has agreed to purchase such excluded Equipment and any Equipment excluded from this Agreement pursuant to the first paragraph of Article 4 hereof from the Builder as provided in Paragraph 1 of the Participation Agreement.

The Builder's obligation as to the time of delivery

set forth in Schedule B is subject, however, to delays resulting from causes beyond the Builder's reasonable control, including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors.

During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Vendee (who may be employees of the Lessee), and the Builder shall grant to such authorized inspectors reasonable access to its plant. The Builder agrees to inspect the materials used in the construction of the Equipment in accordance with the standard quality control practices of the Builder. Upon completion of each unit or a number of units of the Equipment, such unit or units shall be presented to an inspector of the Vendee for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the Specifications, requirements and standards applicable thereto, such inspector or an authorized representative of the Vendee (who may be an employee of the Lessee) shall, provided that such unit or units of Equipment are not excluded from this Agreement pursuant to Article 3 or 4 hereof, execute and deliver to the Builder a certificate of acceptance (hereinafter called the Certificate of Acceptance), stating that such unit or units have been inspected and accepted on behalf of the Vendee and are marked in accordance with Article 9 hereof; provided, however, that the Builder shall not thereby be relieved of its warranty referred to in Article 13 hereof.

On delivery and acceptance of each such unit hereunder at the place specified for delivery, the Builder shall not have any further responsibility for, nor bear any risk of, any damage to or the destruction or loss of such unit; provided, however, that the Builder shall not thereby be relieved of its warranty referred to in Article 13 hereof.

Notwithstanding the foregoing or any other provision of this Agreement to the contrary, the delivery to and acceptance by or on behalf of the Vendee of any unit of Equipment excluded from this Agreement pursuant to the first paragraph of Article 3 or 4 hereof shall be ineffective, ab initio, to create in or transfer to the Vendee any legal or beneficial right or interest in such unit or (except as provided in the first

paragraph of Article 4 hereof) to impose on the Vendee any liability, obligation or responsibility with respect thereto.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Annex B hereto. Such base price or prices are subject to such increase or decrease as is agreed to by the Builder, the Vendee and the Lessee. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased as set forth in the Builder's invoice or invoices delivered to the Vendee and, if the Purchase Price is other than the base price or prices set forth in Annex B, the invoice or invoices shall be accompanied by, or have endorsed thereon, the agreement or approval of the Lessee and the Vendee (such invoice or invoices being hereinafter called the Invoices). If on any Closing Date (as hereinafter defined in this Article) the aggregate Purchase Price of Equipment for which settlement has theretofore been and is then being made under this Agreement would, but for the provisions of this sentence, exceed the Maximum Purchase Price specified in Item 5 of Annex A hereto (or such higher amount as the Vendee may at its option agree to prior to delivery of any unit or units of Equipment that, but for such agreement, would be excluded from this Agreement), the Builder (and any assignee of the Builder) and the Vendee will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for and specified by the Vendee, as will, after giving effect to such exclusion, reduce such aggregate Purchase Price under this Agreement to not more than the Maximum Purchase Price specified in Item 5 of Annex A hereto (or such higher amount as aforesaid), and the Vendee shall take such other steps, including the execution of instruments of transfer, as it may be reasonably requested by the Lessee for the purpose of acknowledging and perfecting the interest of the Lessee in any unit of Equipment so excluded from this Agreement, and the Vendee shall have no further obligation or liability in respect of units so excluded.

The Equipment shall be settled for in such number of groups of units of the Equipment delivered to and accepted by the Vendee as is provided in Item 2 of Annex A hereto (each such group being hereinafter called a Group). The term "Closing Date" with respect to any Group shall mean such date or dates (not earlier than July 15, 1978, and not later than December 15, 1978, such later date being herein called the Cut-Off Date), occurring not more than five business days following presentation by the Builder to the

Vendee of the Invoices and of the Certificate or Certificates of Acceptance for the Equipment and written notice thereof by the Builder to the Lessee, as shall be fixed by the Builder by written notice delivered to the Vendee and the Assignee at least six business days prior to the Closing Date designated therein. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, or Chicago, Illinois, are authorized or obligated to remain closed.

The Vendee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay in cash to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

(a) on the Closing Date with respect to each Group (i) an amount equal to 33.15% of the aggregate Purchase Price of such Group plus (ii) the amount, if any, by which (x) 66.85% of the Purchase Price of all units of the Equipment covered by this Agreement for which settlement has theretofore and is then being made, as set forth in the Invoice or Invoices therefor (said invoiced prices being herein called the Invoiced Purchase Prices), exceeds (y) the Maximum Conditional Sale Indebtedness specified in Item 6 of Annex A and any amount or amounts previously paid or payable with respect to the Invoiced Purchase Prices pursuant to this clause (ii); and

(b) in 180 monthly installments, as hereinafter provided, an amount equal to the aggregate Purchase Price of the units of Equipment for which settlement is then being made, less the aggregate amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph.

The portion of the Purchase Price payable pursuant to subparagraph (b) of the preceding paragraph (herein called the Conditional Sale Indebtedness) shall be payable on the 15th day of each of the 180 consecutive months immediately following December 1978 (or if any such date is not a business day, on the next succeeding business day, with no interest payable for the period from and after the nominal date for payment thereof to the next succeeding business day), each such date being hereinafter called a Payment Date. The unpaid balance of the Conditional Sale Indebtedness shall bear interest from the Closing Date in respect of which such indebtedness was incurred at the rate of 9-5/8% per annum.

Such interest shall be payable, to the extent accrued, on the 15th day of each month after the Closing Date through December 15, 1978, and on each Payment Date thereafter. The installments of principal payable on each Payment Date shall be calculated so that the amount and allocation of principal and interest payable on each Payment Date shall be substantially in proportion to the amount and allocation of principal and interest on such Payment Date set forth in Schedule I hereto, and the aggregate of such installments of principal will completely amortize the Conditional Sale Indebtedness. The Vendee will furnish to the Vendor and the Lessee promptly after the last Closing Date a schedule, in such number of counterparts as shall be requested by the Vendor, showing the respective amounts of principal and interest payable on each Payment Date.

Interest under this Agreement shall be determined on the basis of a 360-day year of twelve 30-day months.

The Vendee will pay, to the extent legally enforceable, interest upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof at the rate of 10-5/8% per annum.

All payments provided for in this Agreement shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Except as provided in Article 7 hereof, the Vendee shall not have the privilege of prepaying any portion of the Conditional Sale Indebtedness prior to the date it becomes due.

The obligation of the Vendee to pay to the Vendor the amount required to be paid pursuant to subparagraph (a) of the third paragraph of this Article 4 with respect to any Group shall be subject to the receipt by the Vendee of copies of the documents required to be furnished by the Builder pursuant to Section 4 of the Assignment in respect of such Group.

Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 15 and 16 hereof, subject to but not limiting the effect of Article 21 hereof) it is understood and agreed by the Vendor that the liability of the Vendee or any assignee of the Vendee for all payments to be made by it under and pursuant to this Agreement, including any liability arising

out of or in connection with its representations in the Participation Agreement (subject to the exception in Article 21 hereof contained), or the performance of its obligations hereunder (subject to the exception in Article 21 hereof contained) excluding only the payments to be made pursuant to subparagraph (a) of the third paragraph of this Article, shall not exceed an amount equal to, and shall be payable only out of, the "income and proceeds from the Equipment". As used herein the term "income and proceeds from the Equipment" shall mean (i) if one of the events of default specified in Article 15 hereof shall have occurred and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Vendee or any assignee of the Vendee at any time after any such event and during the continuance thereof: (a) all amounts of rental and amounts in respect of Casualty Occurrences (as defined in Article 7 hereof) paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under § 10 or any other provision of the Lease (except for amounts payable directly to the Beneficiary or to the Owner-Trustee pursuant to § 6 of the Lease and except for the sixth, seventh and eighth paragraphs of § 9 of the Lease) and (b) any and all payments or proceeds received for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition, and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) as are indefeasibly received by the Vendee or any assignee of the Vendee and as shall equal the portion of the Conditional Sale Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on the date such amounts were required to be paid pursuant to the Lease or as shall equal any other payments then due and payable under this Agreement; it being understood that "income and proceeds from the Equipment" shall in no event include amounts referred to in the foregoing clauses (a) and (b) received by the Vendee or any assignee of the Vendee prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the Conditional Sale Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on the date on which amounts with respect thereto received by the Vendee or any assignee of the Vendee were required to be paid to it pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were payable under the Lease. Notwithstanding anything to the contrary contained in Article 15 or 16 hereof, the Vendor agrees that

in the event it shall obtain a judgment against the Vendee for an amount in excess of the amounts payable by the Vendee pursuant to the limitations set forth in this paragraph, it will limit its execution of such judgment to amounts payable pursuant to the limitations set forth in this paragraph. Nothing contained herein limiting the liability of the Vendee shall derogate from the right of the Vendor to proceed against the Equipment for the full unpaid Purchase Price of the Equipment and interest thereon and all other payments and obligations hereunder.

ARTICLE 5. Title to the Equipment. The Vendor shall and hereby does retain its title to and interests in the Equipment until the Vendee shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding any provision of this Agreement limiting the liability of the Vendee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee and the Lessee as provided in this Agreement and the Lease.

Except as otherwise specifically provided in Article 7 hereof, when and only when the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment, together with interest and all other payments as herein provided, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee without further transfer or action on the part of the Vendor. However, the Vendor, if so requested by the Vendee at that time, will (a) execute a bill or bills of sale for the Equipment releasing its title to and interests therein to the Vendee or upon its order, free of all liens, interests and encumbrances created or retained hereby and deliver such bill or bills of sale to the Vendee at its address referred to in Article 20 hereof, (b) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records such transfer and release and (c) pay to the Vendee any money paid to the Vendor pursuant to Article 7 hereof and not theretofore applied as therein provided. The Vendee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time after written demand by the Vendee.

ARTICLE 6. Taxes. Whether or not any of the transactions contemplated hereby are consummated, the Vendee agrees to pay, and to indemnify and hold the Vendor harmless from all taxes, assessments, fees and charges of any nature whatsoever, together with any penalties, fines, additions to tax or interest thereon, howsoever imposed, whether levied or imposed upon the Vendee, the Beneficiary, the Vendor, the Lessee, the trust estate created by the Trust Agreement or otherwise, by any federal, state or local government or governmental subdivision in the United States or by any foreign country or subdivision thereof, upon or with respect to: any unit of the Equipment or any part thereof; the purchase, ownership, delivery, leasing, possession, use, operation, transfer of title, return or other disposition thereof; the rentals, receipts or earnings arising therefrom; or this Agreement, the Assignment, the Guaranty Agreement, the Lease, the Lease Assignment, the Participation Agreement, the Trust Agreement, any payment made pursuant to any such agreement, or the property, the income or other proceeds received with respect to the Equipment (all such taxes, assessments, fees, charges, penalties, fines, additions to tax and interest imposed as aforesaid being hereinafter called "Taxes"); excluding, however: (i) Taxes of the United States or of any state or political subdivision thereof and (if and to the extent that any person indemnified hereunder is entitled to a credit therefor against its United States Federal income taxes) of any foreign country or subdivision thereof, imposed or or measured solely by the net income or excess profits of the Vendor or taxes computed as a percentage of income tax liability, other than Taxes arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Agreement, provided that such Taxes of any foreign country or subdivision thereof incurred as a result of the indemnified party being taxed by such foreign country or jurisdiction on its world-wide income without regard to the transactions contemplated by this Agreement shall be excluded whether or not the indemnified party is entitled to a credit against its United States Federal income taxes; and (ii) any Taxes imposed on or measured by any fees or compensation received by the Vendor; provided, however, that the Vendee shall not be required to pay any Taxes during the period it or the Lessee may be contesting the same in the manner provided in the next succeeding paragraph or the Lease, as the case may be.

If claim is made against the Vendor for any Taxes indemnified against under this Article 6, the Vendor shall promptly notify the Vendee. If reasonably requested by the Vendee in writing, the Vendor shall, upon receipt of any indemnity satisfactory to it for all costs, expenses, losses, legal and accountants' fees and disbursements, penalties, fines, additions to tax and interest, and at the expense of the Vendee, contest in good faith the validity, applicability or amount of such Taxes by (a) resisting payment thereof if possible, (b) not paying the same except under protest, if protest is necessary and proper, and (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both. The Vendee may also contest, at its own expense, the validity, applicability or amount of such Taxes in the name of the Vendor; provided that no proceeding or actions relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of the Vendor in any such proceeding or action) without the prior written consent of the Vendor. If the Vendor shall obtain a refund of all or any part of such Taxes previously reimbursed by the Vendee in connection with any such contest or an amount representing interest thereon, the Vendor shall pay the Vendee the amount of such refund or interest net of expenses; provided, however, that no event of default set forth in Article 15 hereof and no event which with notice or lapse of time or both would constitute such an event of default shall have occurred and be continuing.

In case any report or return is required to be made with respect to any obligation of the Vendee under this Article 6 or arising out of this Article 6, the Vendee shall either make such report or return in such manner as will show the interest of the Vendor in the Equipment or shall promptly notify the Vendor of such requirement and shall make such report or return in such manner as shall be satisfactory to the Vendor. All costs and expenses (including legal and accountants' fees) of preparing any such return or report shall be borne by the Vendee.

All of the obligations of the Vendee under this Article 6 shall survive and continue, notwithstanding payment in full of all amounts due under this Agreement, but only with respect to periods included in the term of this Agreement.

ARTICLE 7. Maintenance; Casualty Occurrences. The Vendee shall, at its own cost and expense, maintain and keep each unit of the Equipment in good operating order, repair

and condition, ordinary wear and tear excepted.

In the event that any unit of the Equipment shall be or become worn out, lost, stolen, destroyed, irreparably damaged or rendered unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Lessee for a period of 90 consecutive days, except requisition for use by the United States Government for a period not in excess of the then remaining term of the Lease (such occurrences being herein called Casualty Occurrences), the Vendee shall, promptly after it shall have determined that such unit has suffered a Casualty Occurrence cause the Vendor to be fully informed in regard thereto. On the next succeeding Payment Date (or, in the event such Payment Date will occur within 15 days after such notification, on the following Payment Date) the Vendee shall pay to the Vendor a sum equal to the Casualty Value (as hereinafter defined in this Article) of such unit suffering a Casualty Occurrence as of the date on which such payment is made (regardless of the date on which the determination that the Unit has suffered a Casualty Occurrence is made) and shall file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of such unit. Any money paid to the Vendor pursuant to this paragraph shall be applied (after the payment of the interest and principal due on such date) to prepay without penalty or premium, ratably in accordance with the unpaid balance of each instalment, the Conditional Sale Indebtedness, and the Vendee will promptly furnish to the Vendor and the Lessee a revised schedule of payments of principal and interest thereafter to be made, in such number of counterparts as the Assignee may request. In the event of the requisition for use by the United States Government of any unit of the Equipment for a period not in excess of the then remaining term of the Lease, all the Vendee's obligations hereunder with respect to such unit shall continue to the same extent as if such requisition had not occurred.

Upon payment by the Vendee to the Vendor of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence, absolute right to the possession of, title to and property in such unit shall pass to and vest in the Vendee, without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Vendee, will execute and deliver to the Vendee, at the expense of the Vendee, an appropriate instrument confirming such passage to the Vendee of all the Vendor's right, title

and interest, and the release of the Vendor's security interest, in such unit, in recordable form, in order that the Vendee may make clear upon the public records the title of the Vendee to such unit.

The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original Purchase Price thereof remaining unpaid on the date as of which such Casualty Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other unit), plus interest accrued thereon but unpaid as of such date. For the purpose of this paragraph, each payment of the Purchase Price in respect of Equipment made pursuant to Article 4 hereof shall be deemed to be a payment on each unit of the Equipment in like proportion as the original Purchase Price of such unit bears to the aggregate original Purchase Price of the Equipment.

If the Vendor shall receive any insurance proceeds or condemnation payments in respect of such units suffering a Casualty Occurrence, the Vendor shall, subject to the Vendor having received payment of the Casualty Value hereunder, pay such insurance proceeds or condemnation payments to the Vendee. All insurance proceeds or condemnation payments received by the Vendor in respect of any unit or units of Equipment not suffering a Casualty Occurrence shall be paid to the Vendee upon proof satisfactory to the Vendor that any damage to such unit in respect of which such proceeds were paid has been fully repaired.

ARTICLE 8. Reports and Inspections. On or before April 1 in each year, commencing with the year 1979, the Vendee shall cause to be furnished to the Vendor an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all units of the Equipment then subject to this Agreement, the amount, description and numbers of all units of the Equipment that have suffered a Casualty Occurrence during the preceding calendar year or are then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Equipment as the Vendor may reasonably request and (b) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Article 9 hereof have

been preserved or replaced. The Vendor shall have the right, by its agents, to inspect the Equipment and the Vendee's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement.

ARTICLE 9. Marking of Equipment. The Vendee will cause each unit of the Equipment to be kept numbered with the road number of the Lessee as set forth in Annex B hereto, or, in the case of Equipment not there listed, such road number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, 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 words "Ownership Subject to a Security Agreement Filed under the Interstate Commerce Act, Section 20c" or other appropriate words designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's title to and interest in the Equipment and its rights under this Agreement. The Vendee will not permit any such unit to be placed in operation or exercise any control or dominion over the same until such markings shall have been made thereon and will replace or will cause to be replaced promptly any such markings which may be removed, obliterated, defaced or destroyed. The Vendee will not permit the identifying number of any unit of the Equipment to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor and filed, recorded and deposited by the Vendee in all public offices where this Agreement shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Vendee will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Equipment may be lettered with the names or initials or other insignia customarily used by the Lessee, the Guarantor or the affiliates of either of them (or any sublessee of either of them under a sublease authorized by § 12 of the Lease).

ARTICLE 10. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will comply, and will cause every lessee or user of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all laws of the jurisdictions in which its or such lessee's

or user's operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or modification of or to any part of any unit of the Equipment, the Vendee will conform therewith at its own expense; provided, however, that the Vendee or the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 11. Possession and Use. The Vendee, so long as an event of default shall not have occurred and be continuing under this Agreement, shall be entitled, from and after delivery of the Equipment by the Builder to the Vendee, to the possession of the Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement.

The parties hereto acknowledge that the Vendee simultaneously is leasing the Equipment to the Lessee as provided in the Lease, and the rights of the Lessee and its permitted assigns under the Lease shall be subordinated and junior in rank to the rights, and shall be subject to the remedies, of the Vendor under this Agreement. The Lease shall not be amended or terminated (except in accordance with its terms) without the prior written consent of the Vendor.

ARTICLE 12. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the Vendee's interests in the Lease and the payments to be made under the Lease equal or superior to the Vendor's title or interests therein, and will promptly discharge any such lien, charge or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the

opinion of the Vendor, adversely affect the title or interests of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

The foregoing provisions of this Article 12 shall be subject to the limitations set forth in the last paragraph of Article 4 hereof and the provisions of Article 21 hereof; provided, however, that the Vendee will pay or discharge any and all claims, liens, charges or security interests claimed by any party from, through or under the Vendee or its successors or assigns, not arising out of the transactions contemplated hereby (but including tax liens arising out of the receipt of the income and proceeds from the Equipment), equal or superior to the Vendor's title to or interests therein, which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the Vendee's interest in the Lease and the payments to be made thereunder, but the Vendee shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the title to or interests of the Vendor in or to the Equipment or otherwise under this Agreement or in and to the Lease and the payments to be made thereunder.

ARTICLE 13. Indemnities and Warranties. The Vendee agrees to indemnify, protect and hold harmless the Vendor 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, penalties and interest, arising out of or as the result of the entering into or the performance of this Agreement, the retention by the Vendor of title to or a security interest in the Equipment, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any of the Equipment, any accident, in connection with the opera-

tion, use, condition, possession, storage or return of any of the Equipment resulting in damage to property or injury or death to any person during the period when title thereto remains in the Vendor or the transfer of title to the Equipment by the Vendor pursuant to any of the provisions of this Agreement, except however, in the case of the Builder, any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort, breach of warranty or failure to perform any covenant hereunder by the Builder. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Purchase Price of, and the release of the security interest in, the Equipment, as provided in Article 5 hereof, or the termination of this Agreement in any manner whatsoever.

The Vendee will bear the responsibility for and risk of, and shall not be released from its obligations hereunder (except as provided in Article 21 hereof) in the event of, any damage to or the destruction or loss of any unit of or all the Equipment.

The Builder represents and warrants to the Vendee that, at the time of delivery and acceptance of each unit of the Equipment under this Agreement, the Vendee will have good and marketable title to such unit, free and clear of all claims, liens, security interests and other encumbrances of any nature except only the rights of the Vendor under this Agreement and the rights of the Lessee under the Lease and that the Equipment will be new and unused.

The Builder represents that it is not entering into this Agreement, or entering into any assignment of this Agreement, directly or indirectly in connection with any arrangement or understanding in any way involving any employee benefit plan (other than a governmental plan) with respect to which it is a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974.

The agreement of the parties relating to the Builder's warranty of material and workmanship and the agreement of the parties relating to patent indemnification are set forth in Items 3 and 4 of Annex A hereto.

ARTICLE 14. Assignments. Without the consent of the Vendor, the Vendee will not (a) transfer the right to possession of any unit of the Equipment (except as permitted

by the Lease) or (b) sell, assign, transfer or otherwise dispose of its rights under this Agreement without the prior written consent of the Vendor unless such sale, assignment, transfer or disposition is made expressly subject in all respects to the rights and remedies of the Vendor hereunder (including, without limitation, rights and remedies against the Vendee and the Lessee) to (i) a bank or trust company organized under the laws of Illinois, New York or the United States and having its principal office in either the State of Illinois or the State of New York, having a combined capital and surplus of not less than \$75,000,000 that is appointed pursuant to Article VII of the Trust Agreement, (ii) General Electric Company, a New York corporation or (iii) any corporation which is a subsidiary, wholly owned or otherwise of General Electric Company or the Beneficiary or any entity controlled by General Electric Company, and such bank or trust company or other authorized entity expressly assumes, in writing, in form satisfactory to the Vendor, all the obligations of the Vendee hereunder.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Vendee, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve the Builder from, any of the obligations of the Builder to construct and deliver the Equipment in accordance herewith or to respond to its warranties and indemnities referred to in Article 13 hereof, or relieve the Vendee of its obligations to the Builder contained in Articles 2, 3, 4, 6 and 13 hereof, Annex A hereto and this Article 14, or any other obligation which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment, either the assignor or the assignee shall give written notice to the Vendee and the Lessee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Vendee of the notification of any such assignment, all payments thereafter to be made by the Vendee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Vendee recognizes that this Agreement will be assigned to the Assignee as provided in the Assignment. The Vendee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder, and for the purpose of inducing such acquisition, that the rights of the Assignee to the entire unpaid indebtedness in respect of the Purchase Price of the Equipment or such part thereof as may be assigned together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of the Builder with respect to the Equipment or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee or the Lessee by the Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Vendee or the Lessee, as the case may be, against and only against the Builder.

ARTICLE 15. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Vendee shall fail to pay in full any sum payable by the Vendee when payment thereof shall be due hereunder (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) and such default shall continue for five business days after notice thereof; or

(b) the Vendee (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) or the Lessee shall, for more than 30 days after the Vendor shall have demanded in writing performance thereof, fail or refuse to comply with any other covenant, agreement, term or provision of this Agreement, or of any agreement entered into concurrently herewith relating to the financing of the Equipment, on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance; or

(c) any proceeding shall be commenced by or against the Vendee or the Guarantor for any relief which includes, or might result in, any modification of the obligations of the Vendee hereunder or of the Guarantor under the Guaranty Agreement (hereinafter called the Guaranty Agreement) in the form attached as Exhibit C to the Participation Agreement under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Vendee under this Agreement or of the Guarantor under the Guaranty Agreement as the case may be, shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Vendee or the Guarantor, as the case may be, or for their respective property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

(d) the Vendee shall make or permit any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment and the Vendee shall, for more than 30 days after demand in writing by the Vendor, fail to secure a reassignment or retransfer to the Vendee of such Agreement, interest or right; or

(e) an Event of Default shall have occurred under the Lease,

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Vendee, the Beneficiary and the Lessee and upon compliance with

any legal requirements then in force and applicable to such action by the Vendor, (i) cause the Lease immediately upon such notice to terminate (and the Vendee acknowledges the right of the Vendor to terminate the Lease), but without affecting the indemnities which by the provisions of the Lease survive its termination, provided, however, that such termination shall not be in derogation of or impair the rights of the Vendee to enforce compliance by the Lessee with any of its covenants and agreements under the Lease or to enforce any of its rights and remedies under Section 10 of the Lease (subject to the Vendor's rights to repossess and sell the Equipment as provided herein), including the rights of the Vendee to sue for and recover damages provided for in part A of Section 10 of the Lease upon the occurrence of an Event of Default under the Lease, and/or (ii) declare (hereinafter called a Declaration of Default) the entire unpaid Conditional Sale Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. Upon a Declaration of Default, subject to Article 4 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the Conditional Sale Indebtedness so payable, with interest as aforesaid, and to collect such judgment out of any property of the Vendee, subject to the provisions of Articles 4 and 21 hereof, wherever situated. The Vendee shall promptly notify the Vendor of any event which has come to its attention which constitutes, or with the giving of notice and/or lapse of time could constitute, an event of default under this Agreement.

The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Vendee and the Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default or notice of termination of the Lease had been made or given. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Vendee that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent

default or impair any rights or remedies consequent thereon.

Anything in this Agreement to the contrary notwithstanding, in the case of any event of default occurring hereunder due to the occurrence of an Event of Default under the Lease, the Vendor shall not, without the prior written consent of the Beneficiary, exercise any remedy or remedies (including terminating the Lease or declaring the unpaid Conditional Sale Indebtedness due and payable) provided herein or in the Lease in respect thereof during a fifteen-day period next following the giving of written notice to the Beneficiary constituting a declaration of default as above provided. During such fifteen-day period, the Vendee or the Beneficiary shall have the right to cure, on behalf of the Lessee, such Event of Default under the Lease. Such right to cure may be exercised by said parties or either of them any number of times (without regard to which of such two parties shall actually cure such Event of Default) during the term of the Lease whether or not the Lessee shall at any time repay any amounts so advanced in order to cure one or more of such defaults, and each such separate Event of Default occurring subsequent to an Event of Default which was theretofore cured by such parties or either of them shall be subject to the notice requirement and the fifteen-day period during which the Vendor may not exercise its remedies as hereinabove provided. No party exercising any right to cure shall obtain any lien, charge or encumbrance of any kind upon the Equipment or any rentals or other amounts payable therefor under the Lease in respect of any sums paid in connection with the exercise of such right or the curing of such Event of Default, nor shall any claims of such party against the Lessee for the repayment of such sums so advanced impair the prior right of the Vendor to the sums payable by the Lessee under the Lease; provided, however, that if no event of default hereunder shall then have occurred and be continuing and if all payments of Conditional Sale Indebtedness and interest thereon then due and owing shall have been made at the time of receipt by the Vendor from the Lessee of an overdue installment of rental or other sum under the Lease in respect of which the Vendee or the Beneficiary shall have made payment to the Vendor pursuant to this paragraph and/or any interest payable by the Lessee in respect of the late payment thereof, such installment or other sum and interest thereon shall be released to or at the written direction of the Vendee.

ARTICLE 16. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, and

upon such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Vendee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 16 expressly provided, and may remove the same from possession and use of the Vendee or any other person and for such purpose may enter upon the premises of the Vendee or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Vendee, subject to all mandatory requirements of due process of law.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Vendor, the Vendee shall, at its own expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, causing prompt telegraphic and written notice to be given to the Association of American Railroads and all railroads to which any unit or units of the Equipment have been interchanged to return the unit or units so interchanged) cause the Equipment to be placed upon such storage tracks of the Lessee or other storage tracks within a 150 mile radius of Chicago, Illinois, as the Vendor reasonably may designate;

(b) permit the Vendor to store the Equipment on such tracks at the risk of the Vendee without charge for rent or storage until the Equipment has been sold, leased or otherwise disposed of by the Vendor but not for longer than 270 days; and

(c) cause the Equipment to be transported to any reasonable place on the lines of railroad operated by the Lessee or any of its affiliates or to any connecting carrier for shipment, all as directed by the Vendor.

During any storage period, the Vendee will, at its own cost and expense, insure, maintain and keep each such unit in good order and repair and will permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers, lessees and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and,

upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree against the Vendee requiring specific performance hereof. The Vendee hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

As soon as reasonably possible after an event of default under Article 15 hereof and during the continuance thereof or upon the taking by the Vendee of the action specified in the last sentence of the first paragraph of Paragraph 1 of the Lease Assignment, the Vendor, with or without retaking possession thereof, upon reasonable notice to the Vendee, the Lessee and any other persons to whom the law may require notice of the time and place, shall sell the Equipment, free from any and all claims of the Vendee, the Lessee or any other party claiming from, through or under the Vendee or the Lessee, at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Vendee should tender full payment of the total unpaid balance of the Conditional Sale Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then upon receipt of such payment, expenses and fees by the Vendor, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee. The proceeds of such sale or other disposition, less the attorneys' fee and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at New York, New York (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify), at such time or times as the Vendor may specify (the Vendor to use its best efforts to cause such sale to occur as promptly as practically and economically feasible taking into account the applicability of any local taxes) in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in

such manner as the Vendor may determine, so long as such sale shall be in a commercially reasonable manner. The Vendor, the Vendee or the Lessee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Vendee and the Lessee shall be given written notice of such sale not less than ten days prior thereto, by telegram or registered mail addressed as provided in Article 20 hereof. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 railroads have been solicited in writing to submit bids), it shall be subject to the rights of the Lessee, the Guarantor and the Vendee to purchase or provide a purchaser, within ten days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Vendee or the Lessee (except to the extent of surplus money received as hereinafter provided in this Article 16), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of sums due to the Vendor hereunder. From and after the date of any such sale, the Vendee shall pay to the Vendor an amount equal to the interest rate on the unpaid Conditional Sale Indebtedness with respect to any such unit which shall not have been assembled, as hereinabove provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser at such sale.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Vendee or the Lessee shall not otherwise alter or affect the Vendor's rights or the Vendee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall

not be deemed to alter or affect the Vendee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Vendee shall pay the amount of such deficiency to the Vendor upon demand, together with interest thereon from the date of such demand to the date of payment at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, and, if the Vendee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations of the last paragraph of Article 4 hereof, be entitled to recover a judgment therefor against the Vendee. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Vendee.

The Vendee will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment.

No event of default pursuant to the first paragraph of Article 15 hereof caused by default by the Lessee pursuant to the first paragraph of § 10 of the Lease (other than an event of default caused by a proceeding commenced by or against the Guarantor specified in subparagraph (c) of the first paragraph of Article 15 hereof) shall be deemed to exist if, and so long as, the Owner-Trustee shall be required to forbear exercising its remedies under § 10 of the Lease or if the Guarantor shall have cured a default by the Lessee of the type described in item (d) or (e) of § 10 of the Lease.

The foregoing provisions of this Article 16 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 17. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any

jurisdiction (which is not overridden by applicable federal law) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Vendee to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Vendee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 18. Recording. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed and recorded in accordance with Section 20c of the Interstate Commerce Act; and the Vendee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Vendee will promptly furnish or cause to be furnished to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 19. Article Headings; Effect and Modification of Agreement. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

Except for the Participation Agreement, this Agreement, including the Annexes hereto, exclusively and completely states the rights of the Vendor and the Vendee with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor

and the Vendee and consented to in writing by the Guarantor, which consent shall not be unreasonably withheld.

ARTICLE 20. Notice. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it by first class mail, postage prepaid, at the following addresses

(a) to the Vendee, at LaSalle and Adams Streets, Chicago, Illinois 60690, attention of Corporate Trust Officer; with a copy to the Beneficiary at P. O. Box 8300, Stamford, Connecticut 06904, attention of Manager-Operations Leasing and Industrial Loans and separately to the attention of Manager--Contracts Administration--Air/Rail Financing,

(b) to the Assignee at 1500 Chestnut Street, Philadelphia, Pennsylvania 19101, attention of Corporate Trust Department,

(c) to the Lessee, William M. Gibbons, Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company, Debtor, 332 South Michigan Avenue, Chicago, Illinois 60604, attention of Chief Financial Officer,

(d) to the Builder, at the address specified in Item 1 of Annex A hereto,

(e) to any assignee of the Vendor, or of the Vendee, at such address as may have been furnished in writing to the Vendee, or the Vendor, as the case may be, and to the Lessee, by such assignee,

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement. A copy of each notice hereunder shall be sent to the Guarantor at 222 South Riverside Plaza, Chicago, Illinois 60606, attention of Vice President-Finance.

ARTICLE 21. Immunities; Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise,

of such incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Agreement.

The obligations of the Vendee under the second and eighth paragraphs of Article 16 and under Articles 3, 6, 7 (other than the second and third sentences of the second paragraph thereof to the extent that certificates or payment schedules are required to be prepared and furnished therein), 8, 9, 10, 12 (other than the proviso to the last paragraph thereof), 13 and 18 hereof shall be deemed in all respects satisfied by the Lessee's undertakings contained in the Lease. The Vendee shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed they shall constitute the basis for an event of default hereunder pursuant to Article 15 hereof. No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor.

It is expressly understood and agreed by and between the parties hereto, anything in this Agreement to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Vendee, are made and intended not as personal representations, undertakings and agreements by Exchange National Bank of Chicago, or for the purpose or with the intention of binding said national association personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, except for the representations of the Vendee in Paragraph 6 of the Participation Agreement and the obligations of the Vendee set forth in the proviso in the third paragraph of Article 12 hereof, and this Agreement is executed and delivered by said national association not in its own right but solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and except in the case of gross negligence or wilful misconduct, no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said national association on account of this Agreement or on account of any representation, undertaking or agreement of the said national association, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor.

The Vendee agrees that it will not enter into any

amendment to or modification of the Trust Agreement except as provided in Article VIII thereof.

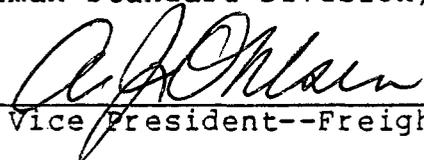
ARTICLE 22. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 23. Execution. This Agreement may be executed in any number of counterparts, such counterparts together constituting but one and the same contract, but the counterpart delivered to the Assignee pursuant to the Assignment shall be deemed the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Agreement is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

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

PULLMAN INCORPORATED
(Pullman Standard Division),

by


Vice President--Freight Unit

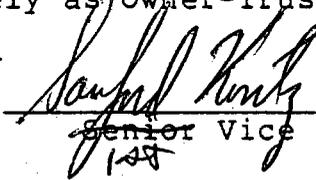
[CORPORATE SEAL]

Attest:


Assistant Secretary

EXCHANGE NATIONAL BANK OF CHICAGO,
not in its individual capacity but
solely as Owner-Trustee,

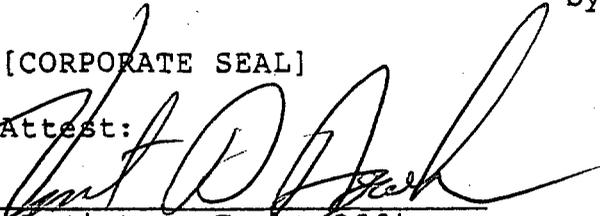
by



Senior Vice President
128

[CORPORATE SEAL]

Attest:



Assistant Trust Officer

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this *27th* day of June 1978, before me personally appeared *A. J. Ohlsen*, to me personally known, who, being by me duly sworn, says that he is a Vice President-- Freight Unit of Pullman Incorporated (Pullman Standard Division), 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.

Sharon A. Olson
Notary Public

My Commission expires *Aug. 3, 1980*

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this 27th day of June 1978, before me personally appeared SANFORD KOVITZ, to me personally known, who, being by me duly sworn, says that he is a Senior Vice President of Exchange National Bank of Chicago, that one of the seals affixed to the foregoing instrument is the corporate seal of said national association, that said instrument was signed and sealed on behalf of said national association 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 national association.



Notary Public

My Commission expires
4/27/82

SCHEDULE I

Allocation Schedule of Each
\$1,000,000 of Conditional
Sale Indebtedness Payable
in Monthly Installments

| <u>Period</u> | <u>Beginning Principal</u> | <u>Interest Payment</u> | <u>Principal Payment</u> | <u>Ending Principal</u> |
|---------------|--------------------------------|-----------------------------|------------------------------|-----------------------------|
|---------------|--------------------------------|-----------------------------|------------------------------|-----------------------------|

[The detail of the allocation is set forth on
pages ii through iv of this Schedule I.]

| ERICD | BEGINNING PRINCIPAL | INTEREST PAYMENT | PRINCIPAL PAYMENT | ENDING PRINCIPAL |
|-------|------------------------|---------------------|----------------------|---------------------|
| 1 | \$1000000.00 | \$8020.83 | \$2496.98 | \$997503.02 |
| 2 | 997503.02 | 8000.81 | 2517.00 | 994986.03 |
| 3 | 994986.03 | 7980.62 | 2537.19 | 992448.84 |
| 4 | 992448.84 | 7960.27 | 2557.54 | 989891.31 |
| 5 | 989891.31 | 7939.75 | 2578.06 | 987313.25 |
| 6 | 987313.25 | 7919.08 | 2598.73 | 984714.52 |
| 7 | 984714.52 | 7898.23 | 2619.58 | 982094.95 |
| 8 | 982094.95 | 7877.22 | 2640.59 | 979454.36 |
| 9 | 979454.36 | 7856.04 | 2661.77 | 976792.60 |
| 10 | 976792.60 | 7834.69 | 2683.12 | 974109.48 |
| 11 | 974109.48 | 7813.17 | 2704.64 | 971404.84 |
| 12 | 971404.84 | 7791.48 | 2726.33 | 968678.52 |
| 13 | 968678.52 | 7769.61 | 2748.20 | 965930.32 |
| 14 | 965930.32 | 7747.57 | 2770.24 | 963160.09 |
| 15 | 963160.09 | 7725.35 | 2792.46 | 960367.63 |
| 16 | 960367.63 | 7702.95 | 2814.86 | 957552.77 |
| 17 | 957552.77 | 7680.37 | 2837.44 | 954715.34 |
| 18 | 954715.34 | 7657.61 | 2860.20 | 951855.14 |
| 19 | 951855.14 | 7634.67 | 2883.14 | 948972.01 |
| 20 | 948972.01 | 7611.55 | 2906.26 | 946065.75 |
| 21 | 946065.75 | 7588.24 | 2929.57 | 943136.18 |
| 22 | 943136.18 | 7564.74 | 2953.07 | 940183.12 |
| 23 | 940183.12 | 7541.05 | 2976.76 | 937206.36 |
| 24 | 937206.36 | 7517.18 | 3000.63 | 934205.74 |
| 25 | 934205.74 | 7493.11 | 3024.70 | 931181.04 |
| 26 | 931181.04 | 7468.85 | 3440.84 | 927740.20 |
| 27 | 927740.20 | 7441.25 | 3468.44 | 924271.75 |
| 28 | 924271.75 | 7413.43 | 3496.26 | 920775.49 |
| 29 | 920775.49 | 7385.39 | 3524.30 | 917251.19 |
| 30 | 917251.19 | 7357.12 | 3552.57 | 913698.61 |
| 31 | 913698.61 | 7328.62 | 3581.07 | 910117.54 |
| 32 | 910117.54 | 7299.90 | 3609.79 | 906507.75 |
| 33 | 906507.75 | 7270.95 | 3638.74 | 902869.00 |
| 34 | 902869.00 | 7241.76 | 3667.93 | 899201.07 |
| 35 | 899201.07 | 7212.34 | 3697.35 | 895503.72 |
| 36 | 895503.72 | 7182.69 | 3727.00 | 891776.71 |
| 37 | 891776.71 | 7152.79 | 3756.90 | 888019.81 |
| 38 | 888019.81 | 7122.66 | 4139.21 | 883880.60 |
| 39 | 883880.60 | 7089.46 | 4172.41 | 879708.20 |
| 40 | 879708.20 | 7055.99 | 4205.88 | 875502.32 |
| 41 | 875502.32 | 7022.26 | 4239.61 | 871262.71 |
| 42 | 871262.71 | 6988.25 | 4273.62 | 866989.10 |
| 43 | 866989.10 | 6953.98 | 4307.89 | 862681.21 |
| 44 | 862681.21 | 6919.42 | 4342.45 | 858338.76 |
| 45 | 858338.76 | 6884.59 | 4377.28 | 853961.49 |
| 46 | 853961.49 | 6849.48 | 4412.39 | 849549.10 |
| 47 | 849549.10 | 6814.09 | 4447.78 | 845101.33 |
| 48 | 845101.33 | 6778.42 | 4483.45 | 840617.88 |
| 49 | 840617.88 | 6742.46 | 4519.41 | 836098.47 |
| 50 | 836098.47 | 6706.21 | 4555.66 | 831542.82 |
| 51 | 831542.82 | 6669.67 | 4592.20 | 826950.62 |
| 52 | 826950.62 | 6632.83 | 4629.04 | 822321.58 |
| 53 | 822321.58 | 6595.70 | 4666.17 | 817655.42 |
| 54 | 817655.42 | 6558.28 | 4703.59 | 812951.83 |
| 55 | 812951.83 | 6520.55 | 4741.32 | 808210.51 |
| 56 | 808210.51 | 6482.52 | 4779.35 | 803431.17 |
| 57 | 803431.17 | 6444.19 | 4817.68 | 798613.49 |
| 58 | 798613.49 | 6405.55 | 4856.32 | 793757.18 |
| 59 | 793757.18 | 6366.59 | 4895.28 | 788861.90 |
| 60 | 788861.90 | 6327.33 | 4934.54 | 783927.36 |

| PERIOD | BEGINNING PRINCIPAL | INTEREST PAYMENT | PRINCIPAL PAYMENT | ENDING PRINCIPAL |
|--------|---------------------|------------------|-------------------|------------------|
| 61 | \$783927.36 | \$6287.75 | \$4974.12 | \$778953.25 |
| 62 | 778953.25 | 6247.85 | 5014.02 | 773939.23 |
| 63 | 773939.23 | 6207.64 | 5054.23 | 768885.00 |
| 64 | 768885.00 | 6167.10 | 5094.77 | 763790.24 |
| 65 | 763790.24 | 6126.23 | 5135.64 | 758654.60 |
| 66 | 758654.60 | 6085.04 | 5176.83 | 753477.77 |
| 67 | 753477.77 | 6043.52 | 5218.35 | 748259.43 |
| 68 | 748259.43 | 6001.66 | 5260.21 | 742999.22 |
| 69 | 742999.22 | 5959.47 | 5302.40 | 737696.82 |
| 70 | 737696.82 | 5916.94 | 5344.93 | 732351.90 |
| 71 | 732351.90 | 5874.07 | 5387.80 | 726964.10 |
| 72 | 726964.10 | 5830.86 | 5431.01 | 721533.10 |
| 73 | 721533.10 | 5787.30 | 5474.57 | 716058.53 |
| 74 | 716058.53 | 5743.39 | 5518.48 | 710540.05 |
| 75 | 710540.05 | 5699.12 | 5562.75 | 704977.31 |
| 76 | 704977.31 | 5654.51 | 5607.36 | 699369.95 |
| 77 | 699369.95 | 5609.53 | 5652.34 | 693717.61 |
| 78 | 693717.61 | 5564.19 | 5697.68 | 688019.94 |
| 79 | 688019.94 | 5518.49 | 5743.38 | 682276.56 |
| 80 | 682276.56 | 5472.43 | 5789.44 | 676487.12 |
| 81 | 676487.12 | 5425.99 | 5835.88 | 670651.25 |
| 82 | 670651.25 | 5379.18 | 5882.69 | 664768.56 |
| 83 | 664768.56 | 5332.00 | 5929.87 | 658838.70 |
| 84 | 658838.70 | 5284.44 | 5977.43 | 652861.27 |
| 85 | 652861.27 | 5236.49 | 6025.38 | 646835.89 |
| 86 | 646835.89 | 5188.16 | 6073.71 | 640762.19 |
| 87 | 640762.19 | 5139.45 | 6122.42 | 634639.77 |
| 88 | 634639.77 | 5090.34 | 6171.53 | 628468.24 |
| 89 | 628468.24 | 5040.84 | 6221.03 | 622247.22 |
| 90 | 622247.22 | 4990.94 | 6270.93 | 615976.29 |
| 91 | 615976.29 | 4940.64 | 6321.23 | 609655.06 |
| 92 | 609655.06 | 4889.94 | 6371.93 | 603283.14 |
| 93 | 603283.14 | 4838.83 | 6423.04 | 596860.10 |
| 94 | 596860.10 | 4787.32 | 6474.55 | 590385.55 |
| 95 | 590385.55 | 4735.38 | 6526.49 | 583859.07 |
| 96 | 583859.07 | 4683.04 | 6578.83 | 577280.24 |
| 97 | 577280.24 | 4630.27 | 6631.60 | 570648.65 |
| 98 | 570648.65 | 4577.08 | 6044.85 | 564603.79 |
| 99 | 564603.79 | 4523.59 | 6093.34 | 558510.45 |
| 100 | 558510.45 | 4479.72 | 6142.21 | 552368.24 |
| 101 | 552368.24 | 4430.45 | 6191.48 | 546176.75 |
| 102 | 546176.75 | 4380.79 | 6241.14 | 539935.61 |
| 103 | 539935.61 | 4330.73 | 6291.20 | 533644.41 |
| 104 | 533644.41 | 4280.27 | 6341.66 | 527302.75 |
| 105 | 527302.75 | 4229.41 | 6392.52 | 520910.22 |
| 106 | 520910.22 | 4178.13 | 6443.80 | 514466.42 |
| 107 | 514466.42 | 4126.45 | 6495.48 | 507970.94 |
| 108 | 507970.94 | 4074.35 | 6547.58 | 501423.35 |
| 109 | 501423.35 | 4021.83 | 6600.10 | 494823.25 |
| 110 | 494823.25 | 3968.89 | 5549.16 | 489274.09 |
| 111 | 489274.09 | 3924.39 | 5593.66 | 483680.42 |
| 112 | 483680.42 | 3879.52 | 5638.53 | 478041.89 |
| 113 | 478041.89 | 3834.29 | 5683.76 | 472358.12 |
| 114 | 472358.12 | 3788.71 | 5729.34 | 466628.78 |
| 115 | 466628.78 | 3742.75 | 5775.30 | 460853.48 |
| 116 | 460853.48 | 3696.43 | 5821.62 | 455031.85 |
| 117 | 455031.85 | 3649.73 | 5868.32 | 449163.53 |
| 118 | 449163.53 | 3602.67 | 5915.38 | 443248.14 |
| 119 | 443248.14 | 3555.22 | 5962.83 | 437285.31 |
| 120 | 437285.31 | 3507.39 | 6010.66 | 431274.65 |

| PERIOD | BEGINNING PRINCIPAL | INTEREST PAYMENT | PRINCIPAL PAYMENT | ENDING PRINCIPAL | iv |
|--------|------------------------|---------------------|----------------------|---------------------|----|
| 121 | \$431274.65 | \$3459.18 | \$6058.87 | \$425215.77 | |
| 122 | 425215.77 | 3410.58 | 5029.08 | 420186.69 | |
| 123 | 420186.69 | 3370.25 | 5069.41 | 415117.28 | |
| 124 | 415117.28 | 3329.59 | 5110.07 | 410007.21 | |
| 125 | 410007.21 | 3288.60 | 5151.06 | 404856.16 | |
| 126 | 404856.16 | 3247.28 | 5192.38 | 399663.78 | |
| 127 | 399663.78 | 3205.64 | 5234.02 | 394429.76 | |
| 128 | 394429.76 | 3163.66 | 5276.00 | 389153.76 | |
| 129 | 389153.76 | 3121.34 | 5318.32 | 383835.44 | |
| 130 | 383835.44 | 3078.68 | 5360.98 | 378474.46 | |
| 131 | 378474.46 | 3035.68 | 5403.98 | 373070.48 | |
| 132 | 373070.48 | 2992.34 | 5447.32 | 367623.16 | |
| 133 | 367623.16 | 2948.64 | 5491.02 | 362132.14 | |
| 134 | 362132.14 | 2904.60 | 4488.16 | 357643.98 | |
| 135 | 357643.98 | 2868.60 | 4524.16 | 353119.82 | |
| 136 | 353119.82 | 2832.32 | 4560.44 | 348559.37 | |
| 137 | 348559.37 | 2795.74 | 4597.02 | 343962.35 | |
| 138 | 343962.35 | 2758.86 | 4633.90 | 339328.45 | |
| 139 | 339328.45 | 2721.70 | 4671.06 | 334657.38 | |
| 140 | 334657.38 | 2684.23 | 4708.53 | 329948.85 | |
| 141 | 329948.85 | 2646.46 | 4746.30 | 325202.55 | |
| 142 | 325202.55 | 2608.40 | 4784.36 | 320418.19 | |
| 143 | 320418.19 | 2570.02 | 4822.74 | 315595.44 | |
| 144 | 315595.44 | 2531.34 | 4861.42 | 310734.02 | |
| 145 | 310734.02 | 2492.35 | 4900.41 | 305833.61 | |
| 146 | 305833.61 | 2453.04 | 5593.08 | 300240.53 | |
| 147 | 300240.53 | 2408.18 | 5637.94 | 294602.59 | |
| 148 | 294602.59 | 2362.96 | 5683.16 | 288919.43 | |
| 149 | 288919.43 | 2317.37 | 5728.75 | 283190.68 | |
| 150 | 283190.68 | 2271.43 | 5774.69 | 277415.99 | |
| 151 | 277415.99 | 2225.11 | 5821.01 | 271594.98 | |
| 152 | 271594.98 | 2178.42 | 5867.70 | 265727.29 | |
| 153 | 265727.29 | 2131.35 | 5914.77 | 259812.52 | |
| 154 | 259812.52 | 2083.91 | 5962.21 | 253850.31 | |
| 155 | 253850.31 | 2036.09 | 6010.03 | 247840.28 | |
| 156 | 247840.28 | 1987.89 | 6058.23 | 241782.05 | |
| 157 | 241782.05 | 1939.29 | 6106.83 | 235675.22 | |
| 158 | 235675.22 | 1890.31 | 9371.56 | 226303.67 | |
| 159 | 226303.67 | 1815.14 | 9446.73 | 216856.94 | |
| 160 | 216856.94 | 1739.37 | 9522.50 | 207334.44 | |
| 161 | 207334.44 | 1663.00 | 9598.87 | 197735.58 | |
| 162 | 197735.58 | 1586.00 | 9675.87 | 188059.71 | |
| 163 | 188059.71 | 1508.40 | 9753.47 | 178306.24 | |
| 164 | 178306.24 | 1430.16 | 9831.71 | 168474.54 | |
| 165 | 168474.54 | 1351.31 | 9910.56 | 158563.98 | |
| 166 | 158563.98 | 1271.82 | 9990.05 | 148573.94 | |
| 167 | 148573.94 | 1191.69 | 10070.18 | 138503.76 | |
| 168 | 138503.76 | 1110.92 | 10150.95 | 128352.81 | |
| 169 | 128352.81 | 1029.50 | 10232.37 | 118120.45 | |
| 170 | 118120.45 | 947.42 | 10314.45 | 107806.00 | |
| 171 | 107806.00 | 864.69 | 10397.18 | 97408.83 | |
| 172 | 97408.83 | 781.30 | 10480.57 | 86928.26 | |
| 173 | 86928.26 | 697.24 | 10564.63 | 76363.63 | |
| 174 | 76363.63 | 612.50 | 10649.37 | 65714.27 | |
| 175 | 65714.27 | 527.08 | 10734.79 | 54979.48 | |
| 176 | 54979.48 | 440.98 | 10820.89 | 44158.60 | |
| 177 | 44158.60 | 354.19 | 10907.68 | 33250.92 | |
| 178 | 33250.92 | 266.70 | 10995.17 | 22255.75 | |
| 179 | 22255.75 | 178.51 | 11083.36 | 11172.40 | |
| 180 | 11172.40 | 89.61 | 11172.40 | 0. | |

Annex A

to

Conditional Sale Agreement

- Item 1: Pullman Incorporated (Pullman Standard Division), 200 South Michigan Avenue, Chicago, Illinois 60604.
- Item 2: The Equipment shall be settled for in one Group of units of the Equipment delivered to and accepted by the Vendee unless a greater number shall be agreed to by the parties hereto.
- Item 3: The Builder warrants that the Equipment will be built in accordance with the Specifications and the standards and requirements set forth in Article 2 of the Conditional Sale Agreement to which this Annex is attached (hereinafter called the Agreement) and warrants the Equipment will be free from defects in material (except as to specialties incorporated therein and workmanship with respect thereto specified by the Lessee and not manufactured by the Builder) and workmanship under normal use and service. The Builder's liability under this Item 3 is limited to making good at its plant any part or parts of any unit of Equipment which shall, within one year after the delivery of such unit of Equipment to the Vendee (except that with respect to the roof structure described as the trough and in the corner termination only, the Builder's liability under this item 3 shall extend for five years after delivery of such Unit to the Vendee), be returned to the Builder with transportation charges prepaid and which examination by the Builder shall disclose to its satisfaction to have been thus defective. The foregoing warranty is expressly in lieu of all other warranties, expressed or implied, including any implied warranty of merchantability or fitness for a particular purpose, and the Builder neither assumes nor authorizes any person to assume for it any other liability in connection with the construction and delivery of the Equipment, except for the patent indemnification included in Item 4 hereof and as aforesaid. The Builder further agrees with the Vendee that neither the inspection as provided in Article 3 of the Agreement, nor any examination, nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Vendee of any of its rights under this Item 3.

Item 4: Except in cases of designs, processes or combinations specified by the Lessee and not manufactured by the Builder and in cases of designs, systems, processes, formulae or combinations specified by the Lessee and not developed or purported to be developed by the Builder, the Builder agrees to indemnify, protect and hold harmless the Vendee, the Beneficiary, the Guarantor, the Assignee and the Lessee from and against any and all liability, claims, costs, charges and expense, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendee, the Beneficiary, the Guarantor, the Lessee or the Assignee, their assigns or the users of the Equipment, because of the use in or about the construction or operation of any of the Equipment of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right. The Lessee likewise will indemnify, protect and hold harmless the Builder, the Vendee, the Beneficiary, the Guarantor and the Assignee, its or their assigns, from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Builder, the Vendee, the Beneficiary, the Guarantor or the Assignee or their respective assigns, or the users of the Equipment, as the case may be, because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design, system, process, formula or combination specified by the Lessee and not developed or purported to be developed by the Builder, or article or material specified by the Lessee and not manufactured by the Builder, which infringes or is claimed to infringe on any patent or other right. The Vendee, any Beneficiary, the Guarantor, the Lessee and the Assignee will give prompt notice to the Builder of any claim known to them, respectively, from which liability may be charged against the Builder hereunder. At its expense and cost, the Builder with its counsel shall defend such claim. The Vendee, any Beneficiary, the Guarantor, the Lessee and the Assignee shall provide such information as they may possess reasonably to enable the Builder to defend such claim. The Builder agrees to and hereby does, to the extent legally possible without impairing

any claim, right or cause of action hereinafter referred to, assign, set over and deliver to the Vendee, the Beneficiary, the Guarantor, the Lessee and the Assignee every claim, right and cause of action which the Builder has or hereafter shall have against the seller or sellers of any designs, systems, processes, formulae, combinations, articles or materials specified by the Lessee and purchased or otherwise acquired by the Builder for use in or about the construction or operation of any of the Equipment on the ground that any such design, system, process, formula, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right. The Builder further agrees to execute and deliver to the Vendee, the Beneficiary, the Guarantor, the Lessee and the Assignee or the users of the Equipment all and every such further assurance as may be reasonably requested more fully to effectuate the assignment and delivery of every such claim, right and cause of action. Such covenants of indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under this Agreement, or the satisfaction, discharge or termination of this Agreement in any manner whatsoever.

- Item 5: The Maximum Purchase Price referred to in Article 4 of the Conditional Sale Agreement to which this Annex A is attached is \$15,575,000 or such greater amount as shall be approved in writing by the Owner-Trustee.
- Item 6: The Maximum Conditional Sale Indebtedness referred to in Article 4 of the Conditional Sale Agreement to which this Annex A is attached is \$10,411,890.

Annex B

to

Conditional Sale Agreement

| Type | Builder's Specifications | Builder's Plant | Quantity | Lessee's Road Numbers (Both Inclusive) | Unit Base Price | Total Base Price | Estimated Time and Place of Delivery |
|----------------------------------------------------|-------------------------------------------------------|----------------------|----------|----------------------------------------|-----------------|------------------|----------------------------------------------------|
| 4750 cubic feet, 100 ton jumbo covered hopper cars | Builder's No. 3745 dated November 8, 1977, as amended | Butler, Pennsylvania | 500 | ROCK 800500- ROCK 800999 | \$31,250 | \$15,575,000 | June through December 1978 at Butler, Pennsylvania |

AAR Mechanical Designation: LO