



SEABOARD COAST LINE RAILROAD COMPANY

Treasury Department
P. O. Box 27581
Richmond, Virginia 23261

100 copies

LEONARD G. ANDERSON
VICE PRESIDENT AND TREASURER

10875 October 5, 1979

RECORDATION NO. Filed 1425

OCT 10 1979 -4 00 PM

9-283A210

INTERSTATE COMMERCE COMMISSION

Honorable Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
Washington, D. C. 20423

No.

Date OCT 10 1979

Fee \$ 50.00 + 150.

ICC Washington, D. C.

OCT 10 3 57 PM '79
RECEIVED
FEE OPERATION BR.
I.C.C.

Dear Mrs. Mergenovich:

I am enclosing for filing and recordation under the provisions of 49 U.S.C. § 11303 counterparts Nos. 1 through 6 of a Reconstruction and Conditional Sale Agreement, dated as of June 1, 1979, described in detail below. Such document by its terms provides that each counterpart shall be deemed an original and, accordingly, counterpart No. 2 may be treated as the original and the others as counterparts thereof.

1. Names and addresses of the parties to the Reconstruction and Conditional Sale Agreement
 - (a) Vendor - LaSalle National Bank, 135 South LaSalle Street, Chicago, Illinois 60690
 - (b) Builder - Seaboard Coast Line Railroad Company, 3600 West Broad Street, Richmond, Virginia 23230
 - (c) Vendee - The Connecticut Bank and Trust Company, One Constitution Plaza, Hartford, Connecticut 06115

2. Description of the equipment

Identifying marks

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

*Counterpart 2
5 - Agatha
H.V. Brazley*

1941

1942

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<u>General Description</u>	<u>Type of Equipment</u>	<u>A.A.R. Mech. Design.</u>	<u>Number</u>	<u>To Be Assigned From Series Bearing SCL Road Numbers</u>
Box cars	70- and 90-ton	XL	900	39640-39999 79600-79999 94840-94999 98885-98999
Hopper cars	100-ton	LO	200	239800-239999 259925-259999

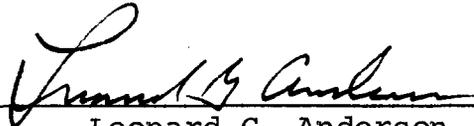
Counterparts Nos. 2 through 6 of the above mentioned document should be returned to Mr. K. K. Hyers, P. O. Box 27581, Richmond, Virginia 23261.

I am enclosing this company's check in the amount of \$50.00 payable to the Commission covering the recordation fee for the above mentioned document.

Very truly yours,

SEABOARD COAST LINE RAILROAD COMPANY

By



Leonard G. Anderson
Vice President and Treasurer

Interstate Commerce Commission
Washington, D.C. 20423

10/10/79

OFFICE OF THE SECRETARY

Mr. K.K. Hyers
Seaboard Coast Line RR.Co.
P.O.Box 27581
Richmond, Virginia 23261

Dear Sir:

The enclosed document (s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 10/10/79 at 4:00pm, and assigned re-
recording number (s). 10875, 10875-A, 10875-B, 10875-C & 10875-D

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure (s)

SE-30
(7/79)

all #s changed
by -H

10875

RECORDATION NO. Filed 1425

OCT 10 1979 -4 00 PM

COUNTERPART NO. 1 OF
9 COUNTERPARTS.

INTERSTATE COMMERCE COMMISSION

[CS&M Ref. No. 2043-929]

RECONSTRUCTION AND CONDITIONAL SALE
AGREEMENT

Dated as of June 1, 1979

among

LASALLE NATIONAL BANK,
not in its individual capacity but
solely as Agent,

SEABOARD COAST LINE RAILROAD COMPANY

and

THE CONNECTICUT BANK AND TRUST COMPANY,
not in its individual capacity but
solely as Trustee

RECONSTRUCTION AND CONDITIONAL
SALE AGREEMENT

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* This Table of Contents has been included in this document for convenience only and does not form a part of, or affect any construction or interpretation of, this document.

RECONSTRUCTION AND CONDITIONAL SALE AGREEMENT dated as of June 1, 1979, among LASALLE NATIONAL BANK, a national banking association, not in its individual capacity but solely as Agent (the "Vendor") under a Participation Agreement dated as of the date hereof (the "Participation Agreement"), SEABOARD COAST LINE RAILROAD COMPANY, a Virginia corporation (in its capacity as builder hereinafter called the "Builder"), and THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut banking corporation, not in its individual capacity but solely as trustee (the "Vendee") under a Trust Agreement (the "Trust Agreement") dated as of the date hereof with Twenty-Second HFC Leasing Corporation (the "Owner").

The Vendee proposes to acquire all right, title and interest in certain railroad equipment (the "Hulks") from the Builder pursuant to a Hulk Purchase Agreement (the "Hulk Purchase Agreement") substantially in the form of Exhibit D hereto and will subject the same to security title in favor of the Vendor for the purpose of causing the Hulks to be reconstructed.

The Vendor will acquire a security interest in the Hulks pursuant to a transfer agreement (the "Transfer Agreement") substantially in the form of Exhibit A hereto, for the purpose of causing the same to be reconstructed as described herein and thereupon selling its interest in the same to the Vendee, and the Vendee has agreed to purchase the Hulks as so reconstructed (the reconstructed equipment described in Schedule A hereto being hereinafter called the "Equipment").

The Hulks will be delivered to the Builder, and the Builder has agreed with the Vendor to cause the Hulks to be reconstructed in accordance with specifications of the Owner and as required hereby to enable delivery of the Equipment to be made to the Vendee in accordance herewith.

The Vendee and the Builder (in its capacity as a railroad hereinafter called the "Lessee") are entering into a Lease of Railroad Equipment (the "Lease") substantially in the form of Exhibit B hereto, pursuant to which the Vendee is leasing the Equipment to the Lessee, subject to this

Agreement, and the Vendee is assigning for security purposes certain of its rights in, to and under the Lease to the Vendor pursuant to an Assignment of Lease and Agreement (the "Lease Assignment") substantially in the form of Exhibit C hereto. The rights acquired by the Vendor pursuant to this Agreement shall be and are acquired for the benefit of the investors (the "Investors") identified in the Participation Agreement for whom the Vendor is acting as Agent pursuant to the terms of such Participation Agreement.

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

ARTICLE 1. Reconstruction and Sale. The Vendee will deliver Hulks to the Builder immediately after the purchase thereof under the Hulk Purchase Agreement, such delivery to be made at the locations specified by the Builder for the delivery of Hulks pursuant to the second paragraph of the Hulk Purchase Agreement. Pursuant to this Agreement, the Builder will then cause the Hulks to be reconstructed into the Equipment as described in Schedule A hereto and will deliver the Equipment to the Vendee on behalf of the Vendor, and the Vendee will accept delivery of and pay for the Equipment as hereinafter provided, each unit of which shall be standard gauge railroad equipment reconstructed in accordance with the specifications referred to in the Memorandum of Understanding among the Owner and the Builder dated as of June 1, 1979, and in accordance with such modifications thereof as may be agreed upon in writing by the parties hereto (which specifications and modifications, if any, are by reference made a part of this Agreement as fully as if expressly set forth herein and are hereinafter called the "Specifications"). The Builder warrants to the Vendor and the Vendee that the design, quality and component parts of the Equipment will conform, on the date of delivery of each thereof, to all Department of Transportation and Interstate Commerce Commission requirements and specifications, and to all standards recommended by the Association of American Railroads reasonably interpreted as being applicable to railroad equipment of the character of the Equipment as of the date of such delivery.

ARTICLE 2. Inspection and Delivery. The Builder will deliver the units of the Equipment, on behalf of the Vendor, to the Vendee at such point or points within the

United States of America specified in Schedule A hereto (or if not designated, at such place or places designated from time to time by the Builder) on or prior to June 30, 1980, freight charges, if any, prepaid. The Builder agrees not to tender for sale any Hulk under the Hulk Purchase Agreement or to commence any reconstruction of any Hulk if the Builder (A) does not reasonably anticipate that such Hulk will be fully reconstructed within 90 days following such commencement of reconstruction, and in any event on or before June 30, 1980, or (B) has received written notice from the Vendee or the Vendor (a) of the occurrence of any event of default as defined in Article 14 hereof or any event (including the commencement of any proceeding or the filing of any petition of the nature specified in subparagraphs (c) and (d) of Article 14 hereof) which, with lapse of time, failure to take affirmative action and/or demand, could constitute an event of default hereunder shall have occurred, or (b) that any of the conditions contained in Paragraph 7 or 8 of the Participation Agreement have not been met or waived or (c) that the Vendee is no longer obligated under the terms of the Hulk Purchase Agreement to accept delivery of and to pay for any additional Hulks thereunder for any of the reasons therein provided.

In the event that the Builder fails to perform its obligations set forth in the preceding paragraph, the third paragraph of the Hulk Purchase Agreement shall apply and this shall be the sole liability of the Builder for failure to perform such obligations.

During reconstruction, including, without limitation, all phases of fabrication and assembly, the Hulks and all work thereon shall be subject to inspection and approval by the Owner. The Builder shall grant to the authorized inspectors of the Owner access to all portions of its plants where Hulks are being reconstructed. The authorized inspectors of the Owner may be employees of the Lessee. The Builder agrees to inspect all materials used in the reconstruction of the Equipment in accordance with the standard quality control practices of the Builder. Upon completion of each unit or of 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 execute and deliver to the Builder a certificate of acceptance (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 8 hereof; provided, however, that the Builder shall not thereby be relieved of its warranties set forth or referred to in Article 12 hereof.

ARTICLE 3. Purchase Price and Payment. The cost of the Hulks (the "Hulk Purchase Price") and the estimated base reconstruction cost per unit of the Equipment are set forth in Schedule A hereto. The term "Reconstruction Cost" as used herein shall mean the base reconstruction cost per unit set forth in Schedule A hereto, as increased or decreased by agreement among the Builder, the Vendor and the Vendee, but the aggregate Reconstruction Cost and the aggregate Hulk Purchase Price shall in no event exceed the lesser of (i) the Hulk Purchase Price and the actual cost to the Builder of doing the reconstruction work plus a reasonable overhead and profit factor or (ii) \$25,588,200 (such \$25,588,200 being hereinafter called the "Maximum Purchase Price") in the aggregate. The term "Purchase Price" as used herein means the sum of the Hulk Purchase Price and the Reconstruction Cost.

For the purpose of settlement therefor, the Equipment shall be divided into not more than four groups of units of the Equipment unless the Vendee, the Vendor and the Builder shall otherwise agree (each such group being hereinafter called a "Group"). The parties hereto agree to use their best efforts to comply with the schedule of closing dates (each such date being called a "Closing Date") set forth in Schedule B hereto; provided, however, that the Vendee, the Vendor and the Builder may agree on such other dates as occur before June 30, 1980 (the "Cut-Off Date"). The Group for which settlement shall be made on any Closing Date shall consist of such units of Equipment with respect to which the Builder shall have presented to the Vendee an invoice and a Certificate or Certificates of Acceptance, not more than 10 business days prior to such Closing Date; provided further, however, that the aggregate Purchase Prices of all units of Equipment to be settled for on a Closing Date shall not exceed an amount equal to 132% of Available Investors' Funds (as hereinafter defined) on such Closing Date. The Builder shall give the Vendee and the Vendor three business days' prior written notice of any Closing Date. The term

"business days" as used herein means calendar days, excluding Saturdays, Sundays, holidays and any other day on which banking institutions in Chicago, Illinois, Hartford, Connecticut, Richmond, Virginia, or New York, New York, are authorized or obligated to remain closed. If any Closing Date is not a business day, the next succeeding business day shall be substituted for such date.

The Vendee hereby acknowledges itself to be indebted to the Vendor in the amount of, and agrees to pay (and the Builder is hereby constituted a third party beneficiary of such obligation) to the Vendor at such place as the Vendor may designate, the Purchase Price of each Group of the Equipment, as follows:

(a) in 20 semiannual installments, as hereinafter provided, an amount (the "CSA Indebtedness") equal to the lesser of (y) 76% of the aggregate Purchase Price of the units of Equipment in the Group for which settlement is then being made as set forth in the invoice or invoices therefor (the "Invoiced Purchase Prices") and (z) the Available Investors' Funds; and

(b) on the Closing Date with respect to each Group an amount (the "Down Payment") equal to the aggregate Purchase Price of the units of Equipment in such Group, less the amount payable pursuant to subparagraph (a) of this paragraph; provided, however, that the Vendee shall not be required to make such payment until there shall have been delivered to the Vendor on or prior to such date the documents required to be delivered thereto pursuant to the eighth paragraph of this Article 3.

The installments of the CSA Indebtedness shall be payable on each January 1 and July 1 commencing January 1, 1981, to and including July 1, 1990 (or, if any such date is not a business day, on the next succeeding business day), each such date being hereinafter called a "Payment Date". The unpaid balance of the CSA Indebtedness shall bear interest from the Closing Date upon which such CSA Indebtedness was incurred at the rate of 10-1/4% per annum, and such interest shall be payable, to the extent accrued and not theretofore paid, on July 1, 1980, and on each Payment Date. 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 C hereto (subject to the provisions of Article 6 hereof) and the aggregate of such installments of principal will completely amortize the CSA Indebtedness. Promptly following the earlier of the last Closing Date or the Cut-Off Date, the Vendee will furnish to the Vendor and the Lessee a payment schedule 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, except that the interest payment due on July 1, 1980, shall be determined on an actual elapsed day, 365-day or 366-day year, basis, as the case may be.

The Vendee will pay interest at the rate of 11-1/4% per annum, to the extent legally enforceable, upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof, anything herein to the contrary notwithstanding.

All payments provided for in this Agreement to be made by the Vendee 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 by bank wire transfer of Federal or other immediately available funds in the city where such payments are due not later than 11:00 a.m., Chicago time, on the date due. The Vendee shall not have the privilege of prepaying any portion of the CSA Indebtedness prior to the date it becomes due; provided, however, that the CSA Indebtedness may be prepaid as provided for in Article 6 hereof and that the Vendee may also prepay, without premium, all of the CSA Indebtedness if an Event of Default shall have occurred under the Lease causing an Event of Default under this Agreement and the Vendor shall have given written notice to the Vendee that it intends to make a Declaration of Default (as defined in Article 14 hereof).

On the Closing Date with respect to each Group, an amount equal to the Invoiced Purchase Prices of such Group shall be paid in Federal or other immediately available funds by the Vendor to the Builder from the proceeds of (y) the amounts (the "Available Investors' Funds") available to the Vendor under and pursuant to the terms of the Participation Agreement to make payments on such Closing Date in amounts equal to the CSA Indebtedness and (z) the Down Payment payable by the Vendee pursuant to clause (b) of the third paragraph of this Article 3 against the obligation of the

Vendee to pay to the Lessee or the Builder the Hulk Purchase Price and Reconstruction Cost with respect to such Group; provided that there shall have been delivered to the Vendor the following documents, in form and substance satisfactory to it and its special counsel:

(a) the Certificate or Certificates of Acceptance contemplated by Article 2 hereof and Section 1 of the Lease with respect to the Equipment in such Group;

(b) invoices of the Builder (addressed to the Vendor) for the reconstruction of the units of Equipment in the Group and invoices of the Lessee for the Hulks, accompanied by, or having endorsed on such invoices or copies thereof, the approval of the Vendee of the price stated therein if the Hulk Purchase Price or Reconstruction Cost of any Hulk or unit of Equipment in such Group is other than as stated in Schedule A hereto and a certification by the Builder that the Invoiced Purchase Prices have been calculated as provided in the first paragraph of this Article 3 and do not exceed the prices that would be charged by an independent car builder for comparable equipment;

(c) a favorable opinion of counsel for the Builder, dated as of such Closing Date, stating that, at the time of delivery of the units of the Equipment in such Group on behalf of the Vendor to the Vendee hereunder, title thereto was free of all claims, liens, security interests and other encumbrances of the Builder or of anyone claiming through the Builder; and

(d) a favorable opinion of counsel for the Lessee, dated as of such Closing Date, stating that, as of such date, title to the Hulks from which such units of the Equipment in such Group were reconstructed was vested in the Vendee and was free of all claims, liens, security interests and encumbrances of any nature whatsoever except for those arising under this Agreement or the Exhibits hereto.

The obligation of the Vendor to make payment for the Equipment is expressly conditioned on the Vendee having made the Down Payment to the Vendor required by subparagraph (b) of the third paragraph of this Article 3. Notwithstanding anything to the contrary herein expressed or implied, the parties hereto agree that the Vendor shall have no obligation with respect to the reconstruction of the Hulks and delivery of the Equipment hereunder to the Vendee.

Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 14 and 15 hereof), but not limiting the effect of Article 21 hereof, the Vendor agrees that the liability of the Vendee or any assignee of the Vendee for all payments to be made by it under this Agreement (including, without limitation, amounts to be paid as interest pursuant to the sixth paragraph of this Article 3), with the exception only of the payments to be made pursuant to subparagraph (b) of the third paragraph of Article 3 and the obligations set forth in the proviso in the third paragraph of Article 11 hereof, 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 14 hereof shall have occurred and while it shall be continuing, so much of the following amounts as are indefeasibly received by 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 hereinafter defined in Article 6 hereof) paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under Section 9 or any other provision of the Lease and (b) any and all payments or proceeds received by the Vendee under the Lease or received by the Vendee for or with respect to the Equipment as the result of the sale, lease or other disposition thereof and 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 and as shall be required to discharge the portion of the CSA 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 be required to discharge 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 (A) amounts referred to in the foregoing clauses (a) and (b) which were received by the Vendee prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the CSA 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 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 due and payable under the Lease or (B) amounts excluded from the Lease Assignment pursuant to the first paragraph of Paragraph 1 thereof. Notwithstanding anything to the contrary contained in Articles 14 and 15 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 against the Vendee 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 as provided for herein for the full unpaid Purchase Price of the Equipment and interest thereon and all other payments and obligations hereunder or to proceed against the Lessee under the Lease or the Consent.

ARTICLE 4. Title to the Equipment. The Vendor shall and hereby does retain a security interest in the Hulks delivered to the Builder hereunder for reconstruction and shall continue to retain such security interest during the entire period that the Hulks are being reconstructed and thereafter in the Equipment until the Vendee shall have made all its payments under this Agreement in respect of the Equipment and shall have kept and performed all its agreements herein contained in respect thereof, 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. Any and all additions, modifications and improvements to the Hulks and the Equipment, and any and all parts installed on and additions and replacements made to any unit of the Hulks prior to their delivery and acceptance hereunder, shall constitute accessions thereto and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement, except for any additions, modifications and improvements which, under the provisions of Section 8 of the Lease, are owned by the Lessee.

Except as otherwise specifically provided in Article 6 hereof, when and only when the Vendor shall have been paid the full CSA Indebtedness, together with interest and all other payments as herein provided, and all the

Vendee's obligations herein contained shall have been performed, 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 and deliver to the Vendee bills of sale for the Equipment releasing its security interest therein to the Vendee, free of all claims, rights, liens, security interests and other encumbrances created or retained hereby, (b) execute and deliver to the Vendee, for filing, recording or depositing in all necessary public offices, such instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Vendee to such Equipment and (c) pay to the Vendee any money paid to the Vendor pursuant to Article 6 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 for failure to execute and deliver such bills of sale or instruments or to file any such certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bills of sale or instruments or to file such certificate within a reasonable time after written demand by the Vendee.

ARTICLE 5. Taxes. All payments to be made by the Vendee hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any local, state, Federal or foreign taxes (other than taxes measured by net income, gross receipts taxes (except gross receipts taxes in the nature of or in lieu of sale, use or rental taxes), franchise taxes measured by net income based upon such receipts, excess profits taxes and similar taxes) or license fees, assessments, documentary stamp taxes, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "impositions") hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, rental, use, payment, shipment, delivery or transfer of title or return or other disposition of the Equipment under the terms hereof, all of which impositions the Vendee assumes and agrees to pay on demand in addition to the Purchase Price of the Equipment. The Vendee will also pay promptly all impositions which may be imposed upon the Equipment delivered to it

or for the use or operation thereof or upon the earnings arising therefrom or upon the Vendor solely by reason of its ownership thereof and will keep at all times all and every part of the Equipment free and clear of all impositions which might in any way affect the security interest of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Vendee shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith (after written notice to the Vendor) and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the title, property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, the Vendee shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by the Vendor shall be secured by and under this Agreement; provided, however, that the Vendee shall not be obligated to reimburse the Vendor for any impositions so paid unless the Vendor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Vendor acceptable to Vendee) or unless the Vendee shall have approved the payment thereof.

ARTICLE 6. Maintenance and Repair; Casualty Occurrences; Insurance. The Vendee agrees that, at its own cost and expense, it will maintain and keep each unit of the Equipment in good operating order, repair and condition, ordinary wear and tear excepted, and eligible for use in interchange in accordance with the interchange rules of the Association of American Railroads or any successor thereof.

In the event that any unit of the Equipment shall be or become worn out, lost, stolen, destroyed or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States government for a period which shall exceed the then remaining term of the Lease or by any other governmental entity resulting in loss of possession by the Lessee for a period of 90 consecutive days or until the end of the term of the Lease (each such occurrence being herein called a "Casualty Occurrence"), the Vendee shall, within 30 days after it shall have determined that such unit has suffered a Casualty Occurrence, cause the Vendor to be fully informed in regard thereto. Notwithstanding any such Casualty Occurrence, the Vendee shall continue making payment of all installments of principal and interest in respect of

such unit until the next succeeding date for the payment of interest on the CSA Indebtedness (a "Casualty Payment Date"). On such Casualty Payment Date, the Vendee shall pay to the Vendor a sum equal to the Casualty Value (as hereinafter defined) of such unit suffering a Casualty Occurrence as of the date of such payment 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 on the date that such Casualty Value is paid (after the payment of the interest and principal due on such date) to prepay without penalty or premium the unpaid balance of the CSA Indebtedness with respect to such unit (in the manner provided in the second paragraph of Paragraph 11 of the Participation Agreement), 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 respect of the remaining units in such number of counterparts as the Vendor may request.

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 and at the expense of the Vendee, will execute and deliver to 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 Vendee's title thereto.

The Vendee will at all times prior to the payment of the full indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon and all other payments required hereby, cause to be carried and maintained insurance in respect of the Equipment as provided in the sixth paragraph of Section 6 of the Lease.

The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original CSA Indebtedness with respect to such unit 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 CSA Indebtedness made pursuant to Article 3 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 all the units of 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 7. Reports and Inspections. On or before March 31 in each year, commencing with the calendar year 1980, the Vendee shall cause to be furnished to the Vendor an accurate statement to the effect set forth in Section 7 of the Lease.

ARTICLE 8. Marking of Equipment. The Vendee will cause each unit of the Equipment to be kept numbered and marked as provided in Section 4 of the Lease. The Vendee will not knowingly permit any such unit to be placed in operation or exercise any control over the same until such markings have been made thereon and will replace or will cause to be replaced promptly any such legend which may be removed, obliterated, defaced or destroyed. The Vendee will not knowingly permit the identifying number of any unit of the Equipment to be changed except in accordance with a statement of a new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor and filed by the Vendee in all public offices where this Agreement shall have been filed.

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 Vendee

may allow the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by them of the same or a similar type for convenience of identification of the rights of the Lessee or its affiliates to use the Equipment as permitted under the Lease.

ARTICLE 9. 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 applicable laws of the jurisdictions in which such lessees' or users' operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the 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 on 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 opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 10. 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 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 and the Lease.

The parties hereto acknowledge that the Vendee simultaneously herewith 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 subordinate 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.

Subject to the provisions of the preceding paragraph of this Article 10, the Equipment may be used as provided in Section 11 of the Lease. Except as otherwise provided in the Lease, the Vendee may also lease the Equipment to any other railroad company with the prior written consent of the Vendor; provided, however, that (i) such lease shall provide that the rights of such lessee are made expressly subordinate to the rights and remedies of the Vendor under this Agreement, (ii) such lessee shall expressly agree not to assign or permit the assignment of any unit of the Equipment to service involving the regular operation and maintenance thereof outside the United States of America and (iii) a copy of such lease shall be furnished to the Vendor.

ARTICLE 11. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee, the Owner or their respective successors or assigns (other than the Vendor) which, if unpaid, might become a lien, charge, security interest or other encumbrance upon or with respect to the Equipment, or any unit thereof, or the Vendee's interests in the Lease or the payments due and to become due thereunder, or any part thereof, and will promptly discharge any such lien, charge, security interest or other encumbrance which arises, but shall not be required to pay or discharge any such lien, charge, security interest or other encumbrance so long as the validity thereof shall be contested in good faith and by any appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of any claims, 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 11 shall be subject to the limitations set forth in the last paragraph of Article 3 hereof and the provisions of Article 21 hereof; provided, however, that the Vendee will pay or discharge any and all taxes, claims, liens, charges or security interests claimed by any party from, through or

under the Vendee or the Owner or their respective successors and assigns (other than the Vendor), not arising out of the transactions contemplated hereby (but including liens for gross receipts taxes (except gross receipts taxes in the nature of or in lieu of sales or use or rental taxes), taxes measured by net income, excess profits taxes and similar taxes to the extent that the same arise out of the rentals and other payments under the Lease and any other proceeds from the Equipment) 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 or priority 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 counsel to the Vendor, adversely affect the security interest 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 12. Indemnities and Warranties. The Vendee agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, including, without limitation, strict or absolute liability in tort or by statute imposed, 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 security title to or a security interest in the Equipment, the ordering, acquisition, use, operation, condition, reconstruction, maintenance, purchase, delivery, rejection, storage or return of any of the Equipment, any accident in connection with the operation, use, condition, reconstruction, 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, 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 the last paragraph of Article 4 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 in the event of, any damage to or the destruction or loss of any unit of or all the Equipment.

THE VENDOR MAKES NO WARRANTIES WHETHER WRITTEN, ORAL, STATUTORY OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE HULKS OR THE EQUIPMENT OR IN CONNECTION WITH THIS AGREEMENT OR THE DELIVERY AND SALE OF THE EQUIPMENT HEREUNDER.

The Builder warrants that the Hulks will be reconstructed in accordance with the Specifications and standards set forth or referred to in Article 1 hereof and warrants that the Equipment will be free from defects in material or workmanship or design under normal use and service. This warranty is expressly in lieu of all other warranties, with respect to reconstruction, expressed or implied, including any implied warranty of merchantability or fitness for a particular purpose. The Builder agrees to and does hereby, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, transfer, assign, set over and deliver to the Vendor and, subject to the rights of the Vendor under this Agreement, to the Vendee, every claim, right and cause of action which the Builder has or hereafter shall have against any party who shall perform any of the reconstruction of the Hulks, and the Builder agrees to execute and deliver to the Vendor and the Vendee all and every such further assurance as may be reasonably requested more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action.

The Builder agrees to indemnify, protect and hold harmless the Vendor and the Vendee from and against any and all liability, including, without limitation, strict or absolute liability in tort or by statute imposed, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon the Vendor or the Vendee (i) because of the use in or about the construction or operation of the Equipment or the reconstruction of the Hulks, or any unit thereof, of any design, article or material infringing or claimed to infringe on any patent or other right or (ii) arising out of any accident or tort in connection with the reconstruction, operation, use, condition, possession or storage by the Builder of any of the Hulks or any unit of the Equipment resulting in damage to property or

injury or death to any person. The Vendor or the Vendee will give notice to the Builder of any claim as to which it has received actual written notice from which liability may be charged against the Builder under this paragraph.

The indemnities made in this Article 12 by the Builder shall not be modified, abated, postponed or in any other way or in any manner diminished or reduced as a consequence of any action or inaction of the Owner in connection with, relating to, or arising out of the rights (whether or not exercised) of any such party to inspect or approve the reconstruction to be performed by the Builder pursuant to this Agreement. Such indemnities shall in all events, and in addition to the agreements contained elsewhere in this Article 12, extend to and apply to any allegation against any indemnified party that it has been negligent, either actively or passively, or is guilty of a breach of other duty, including, without limitation, any breach of warranty or breach of contract, to any person or organization.

The warranties and indemnities contained or referred to in this Article 12 and in any other Articles hereof and all other covenants and obligations of the Builder contained in this Agreement shall inure to the benefit of, and be enforceable by the Vendee (in both its individual and fiduciary capacities), the Owner, the Vendor, any lessor, lessee, assignee or transferee of this Agreement or of any units of the Equipment.

ARTICLE 13. Assignments. The Vendee will not (a) except as provided in Article 10 hereof or in the Trust Agreement, transfer the right to possession of any unit of the Equipment or (b) sell, assign, transfer or otherwise dispose of its rights under this Agreement unless such sale, assignment, transfer or disposition (i) 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 (ii) is made to a bank or trust company having capital and surplus aggregating at least \$50,000,000, and such bank or trust company expressly assumes, in writing, in form reasonably satisfactory to the Vendor, all the obligations of the Vendee under this Agreement.

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 reconstruct and deliver the Equipment in accordance herewith or to respond to its warranties and indemnities contained or referred to in Article 12 hereof or relieve the Vendee of its obligations to the Builder or diminish the rights of the Vendee contained or referred to in this Agreement.

Upon any such assignment, either the assignor or the assignee shall give written notice to the Vendee, 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 and shall constitute full compliance with the terms of this Agreement. The Vendee may rely upon instruments or documents which it believes in good faith to be true and authentic.

ARTICLE 14. Defaults. In the event that any one or more of the following events of default shall occur and be continuing (without regard to the limitations provided for in the last paragraph of Article 3 hereof or in Article 21 hereof):

(a) the Vendee shall fail to pay in full any sum payable by the Vendee when payment thereof shall be due hereunder and such default shall continue for five days; or

(b) the Vendee 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) a petition for reorganization under the Federal Bankruptcy Act or under Title 11 of the United States Code, as now constituted or as it may be hereafter amended, shall be filed by or against the Lessee and, unless such petition 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 Lessee under the Lease shall not have been (and shall not continue to be) duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, or in accordance with the provisions of 11 U.S.C. § 1168, within 60 days after the filing of such petition or the commencement of the case; or

(d) any proceeding shall be commenced by or against the Vendee, the Owner or the Lessee for any relief 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 the obligations hereunder or under the Lease, the Lease Assignment, the Consent or the Participation Agreement of the Vendee, the Owner or the Lessee, as the case may be), 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, the Owner or the Lessee under this Agreement, the Lease, the Lease Assignment, the Consent and/or the Participation Agreement, as the case may be, shall not have been (and shall not continue to be) duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Vendee, the Owner or the Lessee, as the case may be, or for its or their property in connection with any such proceedings in such manner that such obligations have the same status as expenses of administration and obligations incurred by such trustee or trustees or receiver or

receivers, within 60 days after such proceedings shall have been commenced;

(e) the Vendee shall make or permit any unauthorized assignment or transfer of this Agreement or any interest herein; or

(f) an Event of Default (as defined in the Lease) shall have occurred; provided, however, that any Event of Default under clause (a) or (c) of § 9 of the Lease shall not be deemed to be an event of default hereunder (1) if there is no other event of default under this Article 14 and (2) if the Vendee shall, in the case of an Event of Default that arises under clause (a) of § 9 of the Lease, make payment, within the five-day period provided by subparagraph (a) of this Article 14, of all amounts in default under such subparagraph (a), or if the Vendee shall, in the case of an Event of Default that arises under clause (c) of § 9 of the Lease, cause to be performed or observed, within the period specified in said clause (c), the provisions in respect of which the Lessee is in default; provided, however, that the Vendee shall not have the right so to prevent such Event of Default under clauses (a) and (c) of § 9 of the Lease from becoming an event of default hereunder if (x) more than five such Events of Default shall have occurred or (y) more than two such Events of Default shall have occurred consecutively;

then at any time after the occurrence of such an event of default the Vendor may upon 10 days' prior written notice to the Vendee (such 10-day period to commence on the day upon which the Vendee shall receive such written notice) and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, if such event of default shall be continuing, (i) cause the term of 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 or other agreements of the Lessee which by the provisions of the Lease survive the termination of its term and/or (ii) declare (a "Declaration of Default") the entire unpaid CSA 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 3 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 3 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the CSA Indebtedness, with interest as aforesaid, and to collect such judgment out of any property of the Vendee, subject to the limitations of Article 21 and the final paragraph of Article 3 hereof, wherever situated. The Vendee agrees to notify the Vendor promptly of any event of which it has knowledge which constitutes, or with the giving of notice and/or lapse of time could constitute, an event of default under this Agreement. For the purposes of the preceding sentence, "knowledge" of the Vendee shall mean actual knowledge of an officer or employee in the corporate trust department of the Vendee.

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 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 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.

ARTICLE 15. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, upon such further notice and action, 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 15 expressly provided, and may remove the same from possession and use of the Vendee, the Lessee or any other person and for such purpose may enter upon the premises of the Vendee or the Lessee 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 or the Lessee, 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 its affiliates 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 insurance, rent or storage until the Equipment has been sold, leased or otherwise disposed of by the Vendor; 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.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 15 provided) may, at its election and upon such notice as is hereinafter set forth, retain the Equipment in satisfaction of the entire CSA Indebtedness and make such disposition thereof as the

Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Vendee by telegram or registered mail, addressed as provided in Article 20 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor should elect to retain the Equipment and no objection is made thereto within the 30-day period described in the first proviso below, all the Vendee's rights in the Equipment shall thereupon terminate and all payments made by the Vendee may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that, if the Vendee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law; provided, further, however, that if the Vendee, before the expiration of the 30-day period described in the proviso above, should pay or cause to be paid to the Vendor the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 15.

At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon reasonable notice to the Vendee and any other persons to whom the law may require notice of the time and place, may sell the Equipment, or one or more of the units thereof, free from any and all claims of the Vendee or any other party claiming from, through or under the Vendee 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 indebtedness in respect of the Purchase Price of the Equipment, 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 in such event 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' fees 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, 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 or the Vendee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Vendee shall be given written notice of such sale not less than 10 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 offerees have been solicited in writing to submit bids), it shall be subject to the right of the Vendee to purchase or provide a purchaser, within 10 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 thereof, it shall not be accountable to the Vendee (except to the extent of surplus money received as hereinafter provided in this Article 15), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all sums due to the Vendor hereunder.

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 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, subject to the provisions of the last paragraph of Article 3 hereof, pay the amount of such deficiency to the Vendor upon demand, together with interest from the date of such demand to the date of payment, at the rate per annum specified in Article 3 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 3 and in Article 21 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.

The foregoing provisions of this Article 15 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 16. 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 17. Recording. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be duly filed with the Interstate Commerce Commission; 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 special counsel for the Vendor, of its security title to 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 to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 18. Article Headings. The table of contents and all article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

ARTICLE 19. Effect and Modification of Agreement. Except for the Participation Agreement, this Agreement, including any annexes or schedules or exhibits hereto and thereto, exclusively and completely states the rights of the parties hereto with respect to the Hulks and the Equip-

ment and supersedes all other agreements, oral or written, with respect to the Hulks and 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 parties hereto.

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 at its place of business at the following specified addresses:

(a) to the Vendor, at 135 South LaSalle Street, Chicago, Illinois 60690, Attention of Corporate Trust Department,

(b) to the Vendee, at One Constitution Plaza, Hartford, Connecticut 06115, Attention of Corporate Trust Department, with copy to Twenty-Second HFC Leasing Corporation at 2700 Sanders Road, Prospect Heights, Illinois 60070, Attention of John C. Salomone, Vice President.

(c) to the Builder, at 3600 West Broad Street, Richmond, Virginia 23230, Attention of L. G. Anderson, Vice President and Treasurer,

(d) 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, 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.

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, beneficiary, 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 (except with respect to the Owner Parent (as defined in the Participation Agreement) pursuant to Paragraph 15 of the Participation Agreement), all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators,

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

The obligations of the Vendee under the second, seventh and eighth paragraphs of Article 15 and under Articles 2, 5, 6 (other than the second, third and fourth sentences of the second paragraph thereof to the extent requiring delivery of certificates and payment schedules as therein provided and other than the payment obligations which are limited under the last paragraph of Article 3 hereof), 7, 8, 9, 11 (other than the proviso to the last paragraph thereof), 12 and 17 hereof, or any other obligations hereunder, except under Article 13 hereof not covered by the provisions of the last paragraph of Article 3 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 obligations of the Vendee shall not be performed they shall constitute the basis for an event of default hereunder pursuant to Article 14 hereof. No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor.

Each of the representations, warranties, undertakings and agreements herein made on the part of the Vendee are made and intended not as personal representations, warranties, undertakings and agreements by The Connecticut Bank and Trust Company or for the purpose or with the intention of binding such bank personally but are made and intended for the purpose of binding only the Trust Estate, as such term is used in the Trust Agreement; this Agreement is executed and delivered by such bank 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 wilful misconduct or gross negligence on the part of such bank, no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against such bank or the Owner hereunder (except, with respect to each such party, in connection with the payment or discharge of taxes, claims, liens, charges or security interests claimed from, through or under such party or its successors and assigns pursuant to the proviso to the last paragraph of Article 11 of this Agreement and except, with respect to the Owner, pursuant to Section 1.03 and the last paragraph of Section 5.01 of the Trust Agreement), on account of this Agreement or the Trust Agreement or on account of any repre-

sentation, warranty, undertaking or agreement of such bank or the Owner hereunder, either expressed or implied, all such personal liability (except as aforesaid), if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under it making claim hereunder, may look to the Trust Estate for satisfaction of the same.

This Agreement is executed and delivered by the Agent not in its individual capacity but solely as Agent under the Participation Agreement.

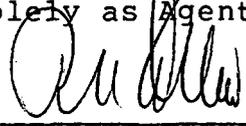
ARTICLE 22. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Connecticut; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303 and such additional rights arising out of the filing, 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, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Although this Agreement is dated as of the date set forth on the cover hereof, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed. The schedules and the footnotes thereto annexed to this Agreement are an integral part of this Agreement and are incorporated herein by reference.

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

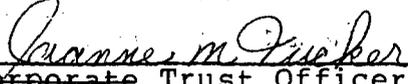
LASALLE NATIONAL BANK,
not in its individual capacity
but solely as Agent,

by

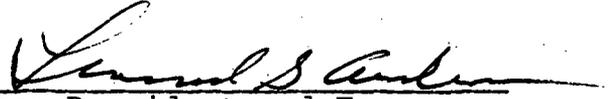

Assistant Vice President

[Corporate Seal]

Attest:


Corporate Trust Officer

SEABOARD COAST LINE RAILROAD
COMPANY,

by 
Vice President and Treasurer

[Corporate Seal]

Attest:


THE CONNECTICUT BANK AND TRUST
COMPANY, not in its individual
capacity but solely as Trustee,

by 
Authorized Officer

[Corporate Seal]

Attest:


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

On this *9th* day of October 1979, before me personally appeared R. K. WEBER, to me personally known, who, being by me duly sworn, says that he is a Vice President of LASALLE NATIONAL BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of such corporation and that such instrument was signed and sealed on behalf of such 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 such corporation.

[Notarial Seal]

My Commission expires

Patricia M. Kennedy
Notary Public
My Commission Expires August 24, 1982

COMMONWEALTH OF VIRGINIA,)
) ss.:
CITY OF RICHMOND,)

On this day of October 1979, before me personally appeared Leonard G. Anderson, to me personally known, who, being by me duly sworn, says that he is Vice President and Treasurer of SEABOARD COAST LINE RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of such corporation and that such instrument was signed and sealed on behalf of such 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 such corporation.

[Notarial Seal]

My Commission expires

Notary Public

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

On this day of October 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of LASALLE NATIONAL BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of such corporation and that such instrument was signed and sealed on behalf of such 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 such corporation.

[Notarial Seal]

Notary Public

My Commission expires

COMMONWEALTH OF VIRGINIA,)
) ss.:
CITY OF RICHMOND,)

On this ^{5TH} day of October 1979, before me personally appeared Leonard G. Anderson, to me personally known, who, being by me duly sworn, says that he is Vice President and Treasurer of SEABOARD COAST LINE RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of such corporation and that such instrument was signed and sealed on behalf of such 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 such corporation.

[Notarial Seal]



Notary Public

My Commission expires APR 26 1982

Reconstruction and Conditional Sale Agreement

SCHEDULE A

Specifications of the Equipment*

<u>Quantity</u>	<u>AAR Mechanical Designation</u>	<u>Description</u>	<u>Railroad Road Numbers</u>	<u>Hulk Purchase Price</u>		<u>Base Reconstruction Cost</u>		<u>Total Hulk Purchase Price and Reconstruction Cost</u>	
				<u>Per Unit</u>	<u>Total</u>	<u>Per Unit</u>	<u>Total</u>	<u>Per Unit</u>	<u>Total</u>
900	XL	70- and 90-ton Box Cars	SCL 39640-39999 SCL 79600-79999 SCL 94840-94999 SCL 98885-98999	\$9,073	\$8,165,700	\$14,189	\$12,770,100	\$23,262	\$20,935,800
200	LO	100-ton Hopper Cars	SCL 239800-239999 SCL 259925-259999	9,073	1,814,600	14,189	2,837,800	23,262	4,652,400
<u>1,100</u>					<u>\$9,980,300</u>		<u>\$15,607,900</u>		<u>\$25,588,200</u>

* It is agreed that, notwithstanding anything to the contrary contained in this Schedule A or in the Agreement to which this Schedule A is annexed ("this Agreement"), this Agreement will only cover those units of Equipment that are reconstructed from Hulks that are delivered pursuant to the Hulk Purchase Agreement by the Lessee and accepted pursuant to the Hulk Purchase Agreement by the Vendee on or after the First Delivery Date (as defined in the Participation Agreement), and on or before June 13, 1980, and that have an aggregate Purchase Price not in excess of the Maximum Purchase Price. After delivery of all of the Equipment covered by this Agreement, this Schedule A will be appropriately amended to describe only those units of Equipment covered by this Agreement, and will designate the particular road numbers thereof.

Reconstruction and Conditional Sale Agreement

SCHEDULE B

Schedule of Closings

<u>Date</u>	<u>Cumulative Maximum Total Purchase Price</u>
November 14, 1979	\$ 5,001,300
December 14, 1979	12,212,550
March 14, 1980	18,144,360
June 13, 1980	25,588,200

Reconstruction and Conditional Sale Agreement

SCHEDULE C

Allocation Schedule of
Each \$1,000,000 of 10-1/4% CSA Indebtedness

<u>Payment Date</u>	<u>Debt Service</u>	<u>Interest Payment</u>	<u>Principal Recovery</u>	<u>Ending Principal</u>
7/1/80	\$ *	\$ *	\$ -0-	\$1,000,000.00
1/1/81	62,139.47	51,250.00	10,889.47	989,110.53
7/1/81	82,679.82	50,691.91	31,987.91	957,122.62
1/1/82	82,679.82	49,052.53	33,627.29	923,495.33
7/1/82	82,679.82	47,329.14	35,350.68	888,144.65
1/1/83	82,679.82	45,517.41	37,162.41	850,982.24
7/1/83	82,679.82	43,612.84	39,066.98	811,915.26
1/1/84	82,679.82	41,610.66	41,069.16	770,846.10
7/1/84	82,679.82	39,505.86	43,173.96	727,672.14
1/1/85	82,679.82	37,293.20	45,386.62	682,285.52
7/1/85	82,679.82	34,967.13	47,712.69	634,572.83
1/1/86	82,679.82	32,521.86	50,157.96	584,414.87
7/1/86	82,679.82	29,951.26	52,728.56	531,686.31
1/1/87	82,679.82	27,248.92	55,430.90	476,255.41
7/1/87	82,679.82	24,408.09	58,271.73	417,983.68
1/1/88	82,679.82	21,421.66	61,258.16	356,725.52
7/1/88	82,679.82	18,282.18	64,397.64	292,327.88
1/1/89	82,679.82	14,981.80	67,698.02	224,629.86
7/1/89	82,679.82	11,512.28	71,167.54	153,462.32
1/1/90	82,679.82	7,864.94	74,814.88	78,647.44
7/1/90	82,678.12	4,030.68	78,647.44	-0-

* Interest only on the CSA Indebtedness shall be payable to the extent accrued on this date in accordance with the fourth paragraph of Article 3 hereof.

EXHIBIT A
TO RECONSTRUCTION AND
CONDITIONAL SALE AGREEMENT
[CS&M Ref. No. 2043-929]

TRANSFER AGREEMENT

As of June 1, 1979

LaSalle National Bank,
not in its individual capacity
but solely as Agent,
135 South LaSalle Street,
Chicago, Illinois 60690.

Attention of Corporate Trust Department

The undersigned proposes to acquire the used railroad equipment described in Annex I hereto (the "Hulks") from Seaboard Coast Line Railroad Company (the "Builder") and desires to have such Hulks reconstructed. The undersigned hereby agrees with you as follows:

1. In order to cause the Hulks to be reconstructed and sold to us by you on conditional sale, the undersigned hereby assigns and transfers to you (WITHOUT ANY WARRANTIES, INCLUDING, BUT NOT LIMITED TO, WARRANTIES AS TO TITLE, FITNESS, MERCHANTABILITY OR WORKMANSHIP) security title to the Hulks.

2. You will hold security title under and pursuant to the Reconstruction and Conditional Sale Agreement dated as of the date hereof (the "RCSA"), among you, the Builder and us, and you will request that the Hulks be reconstructed pursuant thereto in accordance with the specifications referred to in Article 1 thereof. In accordance with the RCSA the undersigned will cause the Hulks to be delivered to the Builder on your behalf.

3. Upon completion of the reconstruction, the reconstructed Hulks will be delivered and conditionally sold by you to us in accordance with the RCSA.

4. If Hulks are excluded from the RCSA you shall release and reassign to us your security interest in such Hulks, without warranty.

5. This Agreement is being entered into solely to permit you to effectuate the foregoing. Your interest in the Hulks, in present form or as reconstructed, is a security interest, and we shall at all times be the owner

of the same. We shall have no personal liability under this Agreement, our obligations being solely as set forth in that certain Participation Agreement dated as of the date hereof, among us, the Builder and the other parties thereto, and the other agreements annexed to such Participation Agreement.

6. This Agreement may be executed by you and us in any number of counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Annex I and the footnotes thereto are an integral part of this Agreement and are incorporated herein by reference.

7. Each and all of the representations, warranties, undertakings and agreements herein made on the part of the undersigned are made and intended not as personal representations, warranties, undertakings and agreements by the undersigned in its individual capacity or for the purpose or with the intention of binding the undersigned personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in a Trust Agreement dated as of the date hereof between Twenty-Second HFC Leasing Corporation and the undersigned (the "Trust Agreement"); this Agreement is executed and delivered by the undersigned 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 on the part of the undersigned, no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the undersigned on account of this Agreement or on account of any representation, warranty, undertaking or agreement of the undersigned herein either expressed or implied, all such personal liability, if any, being expressly waived and released by you and by all persons claiming by, through or under you; provided, however, that you or any person claiming by, through or under you, making claim hereunder, may look to the Trust Estate for satisfaction of the same.

If the foregoing is in accordance with your understanding, please sign each of the enclosed counterparts of

this letter in the space provided and return one counterpart to us.

Very truly yours,

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as trustee under a Trust Agreement dated as of June 1, 1979, with TWENTY-SECOND HFC LEASING CORPORATION,

[Seal]

by

Authorized Officer

Attest:

by

ACCEPTED:

LASALLE NATIONAL BANK,
not in its individual
capacity but solely
as Agent,

by

Vice President

[Corporate Seal]

Attest:

by

Corporate Trust Officer

STATE OF CONNECTICUT,))
) ss.:
 COUNTY OF HARTFORD,)

On this _____ day of October 1979, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that the seal affixed to the foregoing instrument is the seal of such corporation and that such instrument was signed and sealed on behalf of such 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 such corporation.

Notary Public

[Notarial Seal]

My commission expires _____

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

On this _____ day of October 1979, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is a Vice President of LASALLE NATIONAL BANK, that the seal affixed to the foregoing instrument is the corporate seal of such corporation and that such instrument was signed and sealed on behalf of such corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was a free act and deed of such corporation.

Notary Public

[Notarial Seal]

My commission expires _____

TRANSFER AGREEMENT

ANNEX I*

<u>Quantity</u>	<u>Description</u>	<u>Railroad Road Numbers</u>
900	70-ton box cars	SCL 20000-20749
	70-ton box cars	20771-23149
	70-ton box cars	23160-25699
	70-ton box cars	60000-60299
	90-ton box cars	95000-95349
	90-ton box cars	99100-99349
	70-ton box cars	635000-636199
	70-ton box cars	637000-638299
	70-ton box cars	638305-638789
	70-ton box cars	815000-815499
	70-ton box cars	816000-816299
	70-ton box cars	816550-816749
	70-ton box cars	828000-828799
	70-ton box cars	40000-41149
	70-ton box cars	80000-80599
	70-ton box cars	615000-615399
	70-ton box cars	815500-815599
	70-ton box cars	816300-816549
	70-ton box cars	860000-860024
200	100-ton hopper cars	420000-422399
	100-ton hopper cars	689200-689799
	100-ton hopper cars	830750-832499
	100-ton hopper cars	240000-242699
	100-ton hopper cars	260000-260079
	100-ton hopper cars	689000-689199
	100-ton hopper cars	835805-835999
<u>1,100</u>		

* It is agreed that, notwithstanding anything to the contrary contained in this Annex I or in the Transfer Agreement to which this Annex I is annexed ("this Agreement"), this Agreement will only cover such of the Hulks as are delivered by the Seller (as defined in the Hulk Purchase Agreement) and accepted by the Buyer (as defined in the Hulk Purchase Agreement) on or after the First Delivery Date (as defined in the Participation Agreement), and on or before June 13, 1980, having an aggregate Purchase Price (as defined in the RCSA) when reconstructed not in excess of the Maximum Purchase Price (as defined in the RCSA). After delivery of all the Hulks covered by this Agreement, this Annex I will be appropriately amended to describe only those Hulks covered by this Transfer Agreement and will designate the particular road numbers thereof.

EXHIBIT B
to the
RECONSTRUCTION AND
CONDITIONAL SALE
AGREEMENT

[CS&M Ref: 2043-929]

LEASE OF RAILROAD EQUIPMENT

Dated as of June 1, 1979

Between

SEABOARD COAST LINE RAILROAD COMPANY

and

THE CONNECTICUT BANK AND TRUST COMPANY,
not in its individual capacity but solely
as Trustee,

LEASE OF RAILROAD EQUIPMENT

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* This Table of Contents has been included in this document for convenience only and does not form a part of, or affect any construction or interpretation of, this document.

LEASE OF RAILROAD EQUIPMENT dated as of June 1, 1979, between SEABOARD COAST LINE RAILROAD COMPANY, a Virginia corporation (the "Lessee" or the "Builder"), and THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut banking corporation, not in its individual capacity but solely as trustee (the "Lessor") under a trust agreement dated as of the date hereof (the "Trust Agreement") with TWENTY-SECOND HFC Leasing Corporation (the "Owner").

The Builder, the Lessor and LASALLE NATIONAL BANK, not in its individual capacity but solely as Agent (such bank, as so acting, being hereinafter, together with its successors and assigns, called the "Vendor") under a Participation Agreement dated as of the date hereof (the "Participation Agreement") with the Lessor, the Lessee, the Owner, HFC Leasing Inc. and the parties named in Schedule A thereto, are entering into a Reconstruction and Conditional Sale Agreement dated as of the date hereof (the "RCSA") wherein the Vendor has agreed to sell to the Vendee its interest in the railroad equipment described in Schedule A thereto (the "Equipment") after it has been reconstructed pursuant to the terms of the RCSA.

The Lessee desires to lease all the units of the Equipment, or such lesser number as are delivered, accepted and settled for under the RCSA (the "Units"), at the rentals and for the terms and upon the conditions hereinafter provided.

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions, but subject to all the rights and remedies of the Vendor under the RCSA:

Section 1. Delivery and Acceptance of Units.
Subject to the rights of the Owner to inspect the Hulks (as defined in the Hulk Purchase Agreement) and the Equipment as provided in the RCSA, the Lessor hereby appoints the Lessee (and any employee thereof designated by the Lessee) as its agent and the agent for the Owner for inspection and accep-

tance of the Units pursuant to the RCSA. The Lessor will cause each Unit to be tendered to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Lessor under the RCSA. Upon such tender, the Lessee will cause an authorized representative of the Lessee to inspect the same and, if such Unit is found to be in good order, to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance and delivery (the "Certificate of Acceptance"), whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

Section 2. Rental. The Lessee agrees to pay to the Lessor as rental for each Unit subject to this Lease one interim and 20 consecutive semiannual payments in arrears. The interim payment is payable on July 1, 1980. The 20 semiannual payments are payable on January 1 and July 1 in each year, commencing January 1, 1981, to and including July 1, 1990. The interim payment payable on July 1, 1980, shall be in an amount equal to the product of the Purchase Price (as defined in the RCSA) for each Unit subject to this Lease multiplied by .02808% for each calendar day elapsed in the calendar year 1979 and .02801% for each calendar day elapsed in the calendar year 1980 from and including the Closing Date (as defined in the RCSA) with respect to such Unit and to, but not including, July 1, 1980. The 20 semiannual rental payments with respect to each Unit then subject to this Lease shall each be in an amount equal to 6.283667% of the Purchase Price of each such Unit.

In addition to the foregoing rental, the Lessee agrees to pay to the Lessor, as additional rental, an amount equal to the amounts described in the first and fourth paragraphs of Paragraph 10 of the Participation Agreement as being payable by the Lessor to the Agent, on the date or dates payable pursuant thereto.

The Lessee and the Lessor agree that the rentals payable hereunder and the Casualty Value percentages set forth in Schedule B hereto will be adjusted in the event that (A) any amendment to, or change in, the Internal Revenue Code of 1954, as amended (the "Code"), the income tax regulations thereunder or the Revenue Procedures with respect to ADR Class Lives is enacted or has an effective date on or prior to July 1, 1980, (B) the aggregate Reconstruction Cost of the Units is more or less than 60.99647% of the aggregate Purchase Price of the Units, (C) any Closing

Date is held on a date other than the date specified therefor in Schedule B of the RCSA, (D) the amount settled for on any Closing Date is different from the amount specified therefor in Schedule B of the RCSA, (E) the number of Units delivered is fewer by 100 or more than the quantity specified in Schedule A hereto, (F) more or less than 52.27272% of the Units are delivered on or prior to December 31, 1979, or (G) the Lessee pays additional rental to the Lessor pursuant to the preceding paragraph of this Section 2 in respect of amounts described in the first paragraph of Paragraph 10 of the Participation Agreement. Any such adjustment shall be effective as of the first rental payment date following the event giving rise to such adjustment, and shall be made in such manner as will result, in the Owner's reasonable judgment, in preserving for the Owner both the after-tax rate of return and the after-tax cash flow that would have been realized by such Owner had such event not occurred, based on the assumptions and methods of calculation utilized by the Owner in originally evaluating the transaction described in this Lease and related documents. Notwithstanding the foregoing, the rentals payable and Casualty Value percentages will never be less than those amounts and percentages required (y) to enable the Lessor to satisfy its obligations under the RCSA and (z) to enable the Owner to satisfy the profit and positive cash flow requirements set forth in Section 4(6) of Rev. Proc. 75-21, 1975-1 Cum. Bull. 715, as such requirements may be modified or adjusted as of the applicable rental payment date. The Owner shall, if requested in writing by the Lessee, furnish the Lessee and the Vendor prior to the effective date of any such adjustment with a notice setting forth in reasonable detail the computations and methods used in computing such adjustment.

If any of the rental payment dates referred to above is not a business day the rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in Richmond, Virginia, Hartford, Connecticut, Chicago, Illinois, or New York, New York, are authorized or obligated to remain closed.

This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due to, or by reason of, any past, present or future claims of

the Lessee against the Lessor under this Lease or under the RCSA or the Builder or the Vendor or the Owner or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or failure of title of the Lessor to any of the Units or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, any prohibition of or other restriction against the Lessee's use of all or any of the Units, the taking or requisitioning of any of the Units by condemnation or otherwise, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency, bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final, and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever. All payments under the Lease shall be made by bank wire transfer of Federal or other funds immediately available at, and not later than 11:00 a.m. Chicago time in, the city where such payments are due.

Section 3. Term of Lease. The term of this Lease as to each Unit shall begin on the date of the delivery to and acceptance by the Lessee of such Unit and, subject to the provisions of Sections 6, 9, 12 and 13 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due hereunder; provided, however, that all obligations of the Lessee, except for the payment of rent and the furnishing of annual reports, shall continue until surrender of the Units in accordance with Section 13 hereof.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this

Lease and in and to the Units are subject to the rights of the Vendor under the RCSA. If an event of default should occur under the RCSA, the Vendor may terminate this Lease (or rescind its termination), all as provided therein.

Section 4. Identification Marks. The Lessee, so long as this Lease shall remain in effect, will cause each Unit to be kept numbered with the road number set forth in Schedule A hereto and will keep and maintain plainly, distinctly, permanently and conspicuously marked on each side of such Unit, in letters not less than one inch in height, the following legend: "Ownership Subject to a Security Agreement Filed with the Interstate Commerce Commission" or other appropriate markings 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 Lessor's and Vendor's title to and property in such Unit and the rights of the Lessor under this Lease and of the Vendor under the RCSA. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such legend shall have been so marked on both sides thereof and will replace promptly any such legend which may be removed, obliterated, defaced or destroyed. The Lessee will not change the road number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease and the RCSA shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to that effect and to the further effect that such filing, recordation and deposit will protect the Vendor's and the Lessor's interests in such Units and that no filing, recording, depositing or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Vendor and the Lessor in such Units.

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

Section 5. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor (in both its individual and fiduciary capacities) for collection or other charges and will be free of expense to the Lessor in each such capacity with respect to the amount of any local, state, Federal or foreign taxes (other than any United States Federal income tax and, to the extent that the Lessor receives credit therefor against its United States Federal income tax liability, any foreign income tax payable by the Lessor in consequence of the receipt of payments provided herein and other than the aggregate of all (i) state and city income taxes and franchise taxes measured by net income, (ii) state and city taxes computed on a basis other than net income and imposed as a direct alternative to any taxes described in clause (i) above and (iii) any other state and city taxes, to the extent such taxes are actually credited against taxes which are described in clause (i) above and which are otherwise payable to such states and cities, except any taxes described in clause (i), (ii) or (iii) above which are in substitution for or relieve the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided), assessments, documentary stamp taxes or license fees and any charges, fines or penalties in connection therewith (hereinafter called "impositions") now or hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title or return or other disposition of the Units under the terms hereof or the RCSA, all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all impositions which might in any way affect the title of the Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any impositions so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the reasonable opinion of the Lessor, adversely affect the title, property or rights of the Lessor hereunder or of the Vendor or the Vendee under the RCSA. If any impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of an invoice therefor.

In the event that the Lessor shall become obligated to make any payment to the Vendor pursuant to Article 5 of the RCSA not covered by the foregoing paragraph of this Section 5, the Lessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to such Article 5.

In the event any reports with regard to impositions are required to be made on the basis of individual Units or otherwise, the Lessee will, where permitted to do so under applicable rules or regulations, make and timely file such reports in such manner as to show the interest of the Lessor and the Vendor in the Units as shall be satisfactory to the Lessor and the Vendor or, where not so permitted, will notify the Lessor and the Vendor of such requirement and will prepare and deliver such reports to the Lessor and the Vendor within a reasonable time prior to the time such reports are to be filed in such manner as shall be satisfactory to the Lessor and the Vendor.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any impositions, pursuant to this Section 5, such liability shall continue, notwithstanding the expiration of this Lease, until all such impositions are paid or reimbursed by the Lessee.

The Lessee shall, whenever reasonably requested by the Lessor, submit to the Lessor copies of evidence satisfactory to the Lessor of the Lessee's performance of its duties under this Section 5. The Lessee shall also make available upon request such data as the Lessor reasonably may require to permit the Lessor's compliance with the requirements of taxing jurisdictions, including but not limited to information relating to the use of any Unit or Units outside the United States of America.

The parties hereto acknowledge that the Units become a part of the mass of property used by the Lessee in its operations as a common carrier by rail. Consequently, the parties agree that the Lessee shall include the Units in the ad valorem tax returns to be filed by the Lessee in the applicable states or localities and that neither the Vendor nor the Lessor shall include the Units in any ad valorem tax returns filed by them in such states or localities.

The amount which the Lessee shall be required to pay with respect to any imposition which is subject to indemnification under this Section 5 shall be an amount sufficient to restore the Lessor to the same net after-tax rate of return and after-tax cash position, after considering the effect of such payment and such imposition on its United States Federal income taxes and state and local income taxes or franchise taxes based on net income, that the Lessor would have had or been in had such imposition not been imposed.

Section 6. Maintenance; Payment for Casualty Occurrences; Insurance. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good operating order, repair and condition, ordinary wear and tear excepted and eligible for use in interchange in accordance with the interchange rules of the Association of American Railroads or any successor thereto.

In the event that any Unit shall be or become worn out, lost, stolen, destroyed or, in the good faith and reasonable opinion of the Lessee, irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States Government for a period which shall exceed the then remaining term of this Lease or by any other governmental entity resulting in loss of possession by the Lessee for a period of 90 consecutive days or until the end of the term of this Lease (each such occurrence being hereinafter called a "Casualty Occurrence") prior to the return of such Unit in the manner set forth in Section 13 hereof and the expiration of the storage period provided therein, the Lessee shall, within 30 days after it shall have determined that such Unit has suffered a Casualty Occurrence, fully notify the Lessor and the Vendor in writing with respect thereto. Notwithstanding any such Casualty Occurrence, the Lessee shall continue making all payments provided for in this Lease in respect of such Unit until the rental payment date listed in Table 1 of Schedule B hereto next succeeding such notice. On such rental payment date, the Lessee shall, in addition to other amounts due, pay to the Lessor the Casualty Value (as hereinafter defined) of such Unit as of the date of such payment in accordance with Schedule B hereto. Upon the making of all such payments by the Lessee in respect of any Unit, the rental for such Unit shall thereafter cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the

loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit or abandon the same. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable under the circumstances on an "as is, where is, and with all faults" basis in accordance with the Lessee's normal procedures. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the net proceeds of such sale after deductions of any cost or expense incurred in disposing of such Unit to the extent they do not exceed the Casualty Value of such Unit and shall pay any excess to the Lessor.

The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be an amount equal to the sum of (a) that percentage of the Purchase Price of such Unit as is set forth in Table 1 of Schedule B hereto opposite such date with respect to such Unit plus (b) if applicable to such Unit, that percentage of the Purchase Price thereof as set forth in Table 2 of such Schedule B with respect to such Unit.

Whenever any Unit shall suffer a Casualty Occurrence at the end of the term of this Lease or after termination of this Lease and before such Unit shall have been returned in the manner provided in Section 13 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit set forth in Schedule B hereto as of the rental payment date immediately preceding such termination. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering such Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is, and with all faults" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit and shall pay any excess to the Lessor.

Except as hereinabove in this Section 6 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the responsibility

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for and risk of, any Casualty Occurrence to any Unit after delivery to and acceptance thereof by the Lessee hereunder.

The Lessee will, at all times prior to the return of the Units to the Lessor, at its own expense, cause to be carried and maintained (i) property insurance in respect of the Units at the time subject hereto; provided, however, that the Lessee may self-insure such Units to the extent it self-insures equipment similar to the Units and to the extent such self-insurance is consistent with prudent industry practice and (ii) public liability insurance with respect to third party personal injury, death and property damage, in amounts, upon terms and conditions, and against risks comparable to that carried by railroad companies in respect of similar equipment, and in any event, in amounts, upon terms and conditions, and against risks insured against by the Lessee in respect of similar equipment owned or leased by it. The proceeds of any property insurance shall be paid to the Vendor and the Lessee, as their interests may appear, so long as the indebtedness, if any, evidenced by the RCSA shall not have been paid in full, and thereafter paid to the Lessor and the Lessee as their interests may appear. The Lessee shall give the Owner and the Vendor at least 30 days' prior written notice of any cancelation of such insurance. The Lessee shall furnish to the Lessor and the Vendor at least once in each calendar year a detailed statement setting forth the insurance maintained as of a recent date by the Lessee in compliance with the provisions of this paragraph. In addition, the Lessee shall notify the Lessor in writing if, at any time, and for any reason, the aggregate amount of public liability insurance coverage carried by the Lessee shall fall below 50% of the amount of such coverage as of the first date of delivery of any Unit hereunder. The Owner, at its own expense and for its exclusive benefit, may carry insurance covering the Units in addition to the insurance required to be carried by the Lessee hereunder, but nothing herein contained shall be deemed to imply that the Owner shall be required to carry such insurance.

In the event that the Lessee shall fail to maintain insurance as herein provided, the Lessor may at its option provide such insurance (giving the Lessee prompt written notice thereof), and in such event the Lessee shall, upon demand from time to time, reimburse the Lessor for the cost thereof together with interest, on the amount of the cost to the Lessor of such insurance which the Lessee shall have failed to maintain, at the rate of 11-1/4% per annum.

Section 7. Annual Reports. On or before March 31 in each year, commencing with the calendar year 1980, the Lessee will cause to be furnished to the Lessor, the Owner and the Vendor (at the address shown in Section 17 hereof) an accurate statement, as of the preceding December 31, showing the amount, description and numbers of the Units (a) then leased hereunder and/or covered by the RCSA, (b) that have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Lease in the case of the first such statement) and (c) then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs and setting forth such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request and stating that, in the case of all Units repainted or repaired during the period covered by such statement, the markings required by Section 4 hereof and by Article 8 of the RCSA shall have been preserved or replaced. The Lessor shall have the right at its sole cost, risk and expense, by its authorized representatives, to inspect the Units and the Lessee's records with respect thereto (including those relating to any use of the Units outside the United States) at such reasonable times as the Lessor may request during the continuance of this Lease.

Section 8. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE, OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation, or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, mainte-

nance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that all Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Vendor, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all applicable laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and, in the event that, prior to the expiration of this Lease or any renewal thereof or the return of all the Units, as provided in Section 10 or 13 hereof, such laws or rules require any alteration, replacement, addition or modification of or to any part of any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense, 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 Lessor or the Vendor, adversely affect the property or rights of the Lessor or the Vendor, respectively, under this Lease or under the RCSA. The Lessee, at its own cost and expense, may furnish other additions, modifications and improvements to the Units during the term of this Lease provided that such additions, modifications and improvements are readily removable without causing material damage to the Units. The additions, modifications and improvements made by the Lessee under the first sentence of this paragraph shall be owned by the Lessor, and the additions, modifications and improvements made by the Lessee under the second sentence of this paragraph shall be owned by the Lessee.

The Lessee agrees to indemnify, protect and hold harmless the Lessor (individually and in its fiduciary capacity), the Owner and 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, patent liabilities, penalties and interest, arising out of or as a result of (i) the entering into or the performance of, or the occurrence of a default, an event of default or an Event of Default under, the RCSA, the Participation Agreement, the Hulk Purchase Agreement, or this Lease or any sublease, or any of the instruments or agreements referred to therein or herein or contemplated thereby or hereby, (ii) the ownership of any Hulk or any Unit, (iii) the ordering, acquisition, use, operation, maintenance, condition, reconstruction, purchase, delivery, rejection, storage or return of any Hulk or any Unit, (iv) any accident in connection with the operation, use, condition, reconstruction, possession, storage or return of any Hulk or any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in Section 13 of this Lease, including, without limitation, any claim based upon the doctrines of product liability or strict or absolute liability in tort or by statute imposed, or (v) the transfer of title to the Equipment by the Vendor pursuant to any provision of the RCSA. The Lessor agrees to give the Lessee, promptly upon obtaining knowledge thereof, written notice of any claim or liability to be indemnified against hereunder. As used in this Section 8, "knowledge" of the Lessor shall mean actual knowledge of an officer or employee in the corporate trust department of the Lessor. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the delivery of the Equipment or the full payment and performance of all obligations under this Lease and the Hulk Purchase Agreement or the expiration or termination of the term of this Lease and/or the Hulk Purchase Agreement; provided, however, that the foregoing indemnification shall not apply to any failure of payment of any of the principal of or interest on the CSA Indebtedness. Nothing in this Section 8 shall constitute a guarantee by the Lessee of the principal of or interest on the CSA Indebtedness of the Lessor under the RCSA or a guarantee of the residual value of any Unit. The amount the Lessee shall be required to pay with respect to any of its obligations under this paragraph shall include a payment to the indemnified party sufficient to restore such party to the same position, after considering the effect of such payment on its United States Federal income taxes and state and local income taxes or franchise taxes based on net income, that the indemnified party would have been in had the liability or expense indemnified against not been incurred.

The indemnities made by the Lessee in this Section 8 shall not be modified, abated, postponed or in any other way or in any manner diminished or reduced as a consequence of any action or inaction of the Owner in connection with, relating to, or arising out of the rights (whether or not exercised) of any such party to inspect or approve the reconstruction to be performed by the Builder pursuant to the RCSA. Such indemnities shall in all events, and in addition to the agreements contained elsewhere in this Section 8, extend to and apply to any allegation against any indemnified party that it has been negligent, either actively or passively, or is guilty of a breach of other duty, including without limitation any breach of warranty or breach of contract, to any person or organization.

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

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

(a) default shall be made in the payment of any amount provided for in Section 2, 6 or 12 hereof and such default shall continue for five days;

(b) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest therein;

(c) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in the Participation Agreement, and such default shall continue for 30 days after written notice from the Lessor or the Vendor to the Lessee specifying the default and demanding that the same be remedied;

(d) a petition for reorganization under the Federal Bankruptcy Act or under Title 11 of the United States

Code, as now constituted or as it may hereafter be amended, shall be filed by or against the Lessee, and, unless such petition 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 Lessee under this Lease shall not have been (and shall not continue to be) duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, or in accordance with the provisions of 11 U.S.C. § 1168, within 60 days after the filing of the petition or the commencement of the case;

(e) any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee under this Lease, the Participation Agreement or the Lessee's Consent and Agreement dated as of June 1, 1979 (the "Consent"), under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder, under the Participation Agreement or under the Consent), 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 Lessee under this Lease, under the Participation Agreement or under the Consent, as the case may be, shall not have been (and shall not continue to be) duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced; or

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(f) any of the Lessee's representations or warranties made in the Participation Agreement, herein or in any statement or certificate at any time given in writing pursuant hereto or thereto or in connection herewith or therewith shall be breached or found to be false or misleading in any material respect;

then, in any such case, the Lessor, at its option, may:

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof including amounts sufficient to restore the Owner to the same net after-tax rate of return and after-tax cash position, after considering the effect of the receipt of such damages and amounts on its United States Federal income tax and state and local taxes or franchise taxes based on net income, that the Owner would have realized or would have been in had such breach not occurred; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents or employees enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion,

shall specify: (y) a sum, with respect to each Unit, equal to the excess of the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over the then present value of the rental which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 6.00% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated; or (z) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the net proceeds realizable upon the sale of such Unit at such time; provided, however, that, in the event the Lessor shall have sold any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (y) and (z) of this part (b) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale (in addition to the amounts payable pursuant to Sections 5 and 8 hereof) as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination, over the net proceeds of such sale.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return or disposition of any Unit.

Should the Lessee fail to make any payment or to do any act as provided by this Lease, then the Lessor shall have the right (but not the obligation), without notice to the Lessee of its intention to do so and without releasing the Lessee from any obligation hereunder to make or to do

the same, to make advances to preserve the Equipment or the Lessor's title thereto, and to pay, purchase, contest or compromise any insurance premium, encumbrance, charge, tax, lien or other sum which in the judgment of the Lessor appears to affect the Equipment, and in exercising any such rights the Lessor may insure any liability and expend whatever amounts in its absolute discretion it may deem necessary therefor. All sums so incurred or expended by the Lessor shall be due and payable by the Lessee within ten (10) days of notice thereof, together with interest thereon from the date of expenditure at the rate of 11-1/4% per annum.

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

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

Section 10. Return of Units upon Default. If this Lease shall terminate pursuant to Section 9 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged to return the Unit or Units so interchanged) place such Units upon such storage

tracks of the Lessee or its affiliates as the Lessor reasonably may designate;

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Lessor; and

(c) transport the same to any place on the lines of railroad operated by it or any of its affiliates or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own cost and expense, insure, maintain and keep the Equipment in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same.

The Lessee hereby expressly waives any and all claims against the Vendor or the Lessor and their agents for damages of whatever nature in connection with any retaking of the Units in any reasonable manner.

All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which .034917% of the Purchase Price of such Unit exceeds the actual earnings received by the Lessor on such Unit for each such day.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 10, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney-in-fact of the Lessee, with full power

and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

Section 11. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. The rights of the Lessor hereunder (including, but not limited to, the rights under Sections 5, 6, 8 and 9 and the rights to receive the rentals and Casualty Value payments payable under this Lease) shall inure to the benefit of the Vendor as assignee under the Assignment of Lease and Agreement dated as of the date hereof between the Vendor and the Lessor (the "Lease Assignment") in the manner and to the extent therein provided.

So long as the Lessee shall not be in default under this Lease and no event of default exists under the RCSA, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease, but, without the prior written consent of the Lessor and the Vendor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them, or sublease the Units or any of them, except to the extent permitted by the provisions of the next succeeding paragraph hereof; and any such assignment, transfer or sublease without such consent shall be void. The Lessee, at its own expense, will promptly discharge or cause to be duly discharged any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or the Vendor after the date hereof or resulting from claims against the Lessor or the Vendor not related to the ownership of the Units) upon or with respect to any Unit or the interest of the Lessor, the Vendor or the Lessee therein and will promptly discharge any such lien, charge, security interest or other encumbrance which arises. The Lessee shall not, without the prior written consent of the Lessor and the Vendor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the next succeeding paragraph hereof.

Subject to the terms of this Lease, the Lessee shall be entitled to the possession of the Units and to the use thereof by it or any affiliate upon lines of railroad owned or operated by it or any such affiliate or upon the lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract, and also to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic and equipment, and to assign its rights to the Units or to sublease the Units to any of its affiliates which at the time of such assignment or sublease is a Class I, Class II or Class III line-haul railroad, but only upon and subject to all the terms and conditions of this Lease, including the last paragraph of this Section 11, and the RCSA. The Lessee may receive and retain compensation for such use from other railroads so using any of the Units. Any sublease permitted by this paragraph may provide that the sublessee, so long as it shall not be in default under such sublease, shall be entitled to the possession of the Units included in such sublease and the use thereof; provided, however, that every such sublease shall be subject to the rights and remedies of the Vendor under the RCSA and the Lessor under this Lease in respect of the Units covered by such sublease upon the occurrence of an event of default or Event of Default thereunder or hereunder.

Nothing in this Section 11 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any Class I line-haul railroad incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder and under the Consent) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the railroad properties of the Lessee as an entirety or substantially as an entirety; provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease.

The Lessee agrees that during the term of this Lease it will not assign any Unit to service involving the regular operation and maintenance thereof outside the United States of America.

Section 12. Renewal Option; Right of First Refusal. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may, by written notice delivered to the Lessor not less than 180 days prior to the end of the original term or the first extended term of this Lease, elect to extend such original or extended term of this Lease, as the case may be, in respect of all but not less than all the Units then covered by this Lease for an additional two-year period commencing on the scheduled expiration of such original term or the extended term, as the case may be, of this Lease.

Each such extended term of the Lease shall be on the same terms and conditions as are contained in the Lease, except (y) as to the amount of rentals, which shall be at a "Fair Market Rental" payable, in arrears, in semiannual payments on the months and day such rentals were payable for the Units in each year of the original term and (z) that the Casualty Value of each Unit on the first day of such extended term shall be equal to the greater of the Fair Market Value of such Unit on such date or the present value, as of such date, of all rentals payable during such extended term, discounted at a rate of 10-1/4% per annum, compounded semiannually, from the respective dates upon which such rentals are payable hereunder; and thereafter such Casualty Value shall be reduced on a straight line basis over the estimated remaining useful life of such Unit, all as determined by the procedures hereinafter established.

Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, in the event the Lessor elects to sell any Units to third parties at the expiration of the original or, if extended, any extended term of this Lease, the Lessee shall be given written notice of such intention prior to the expiration of such term. In the event that the Lessor shall receive, prior to removal of the Units at the end of such original or extended term of the Lease, a bona fide offer in writing from another party unrelated to the Lessee to purchase some or all of the Units and the Lessor elects to sell such Units pursuant to such offer at the expiration of such term of this Lease, the Lessor shall give written notice to the Lessee of such offer. Such notice shall include the price and the terms and conditions of payment offered by the other party in writing to the Lessor. The Lessee shall have the sole right and option to purchase such Units at the higher of (y) the Fair Market Value, in cash, of such Units and (z) the price at which the

Units are proposed to be sold and under the terms and conditions of payment offered by the other party, as hereinafter provided. Within 10 business days of receipt of notice from the Lessor, the Lessee shall exercise such purchase right by delivery to the Lessor of a written notice specifying a date of purchase, which date shall not be later than the later of (i) 15 days after the date of delivery of such notice by the Lessee to the Lessor and (ii) 90 days after the expiration of such term of this Lease. In the event that the Lessee shall have delivered a notice of its election to purchase such Units, this Lease (including the obligation to pay rent) shall be further extended with respect to such Units upon the same terms and conditions set forth herein from the date such notice is delivered to the Lessor until the date of such purchase.

Fair Market Rental, Fair Market Value and estimated remaining useful life shall be agreed upon by the Lessor and the Lessee or determined as provided in the next paragraph on the basis of (and shall be equal in amount to) the rental or sale value which would obtain in an arm's-length transaction between an informed and willing lessee or vendee, as the case may be (other than a lessee currently in possession), and an informed and willing lessor or vendor, as the case may be, under no compulsion to lease or sell, as the case may be, and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental or sale value, but there shall be excluded any rental value or sale value attributable to additions, modifications and improvements which the Lessee is entitled to remove pursuant to Section 8 hereof; provided, however, that Fair Market Rental shall be determined as provided in this sentence on the basis of the term and other terms and conditions of the lease being considered; and provided, further, that, in the determination of Fair Market Value, the existence of the Lessee's purchase right pursuant to this Section 12 shall be disregarded. Fair Market Rental, Fair Market Value and estimated remaining useful life of the Units shall be determined upon the assumption that the Units shall have been maintained in accordance with the provisions of Section 6 hereof.

If after 45 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, as provided in the first paragraph of this Section 12, or to exercise its purchase right, as provided in the third paragraph of this Section 12, as the case may be, the Lessor and the Lessee are unable to agree upon a determination of Fair Market Rental, Fair Market Value or estimated remaining

useful life, as the case may be, such Fair Market Rental or Fair Market Value or such remaining useful life, as the case may be, shall be determined in accordance with the following procedure: If either party to such determination shall have given written notice to the other requesting determination of Fair Market Rental, Fair Market Value or estimated remaining useful life by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 business days after such notice is given, each party shall appoint an independent appraiser within 25 business days after such notice is given, and the two appraisers so appointed shall within 35 business days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 35 business days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine Fair Market Rental, Fair Market Value or estimated remaining useful life, as the case may be, of the Units subject to the proposed extended lease term or sale within 90 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of a single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged, and such average shall be final and binding upon the parties hereto. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental, Fair Market Value and estimated remaining useful life, unless these are agreed upon by the Lessor and the Lessee as provided for herein, and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne by the Lessee.

Section 13. Return of Units upon Expiration of Term. Upon the expiration of the original or any extended term of this Lease, the Lessee will, at its own cost and

expense, deliver the Units to the Lessor; provided, however, that, unless otherwise agreed to by the Lessor and the Lessee, the Lessee will not deliver to the Lessor less than 150 nor more than 550 Units in any 30-day period. Any Units delivered to the Lessor pursuant to the preceding sentence shall be delivered upon such storage tracks of the Lessee as the Lessee may designate, and the Lessee shall permit the Lessor to store each such Unit on such tracks for a period not exceeding 180 days after delivery of each such Unit to such storage tracks, and shall transport the same, on a one-time basis at any time within such 180-day period, to any connecting carrier or carriers for shipment, all as directed by the Lessor, the movement and storage of such Unit to be at the expense and risk of the Lessee until such time as such Unit shall have been delivered to such connecting carrier. Subsequent to the expiration of the term of this Lease and prior to delivery of any Unit to the Lessor, all terms and conditions of this Lease (other than term and period of payment of rent therefor) shall continue to apply to such Unit. During any storage period provided for in this paragraph, the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this Section 13 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, (ii) be then eligible for interchange service under the rules of the American Association of Railroads or any successor organization thereto, (iii) be capable of being moved unloaded by the Lessee to any purchaser or subsequent lessee and (iv) have removed therefrom by the Lessee without cost or expense to the Lessor all additions, modifications and improvements which the Lessee owns pursuant to Section 8 hereof. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and, upon application to any court having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units.

All amounts earned (other than freight charges) in respect of the Units after the date of expiration of the original or any extended term of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In respect of any Unit not delivered to the Lessor within 60 days after the expiration of the original or any extended term of this Lease, the Lessee shall promptly pay to the Lessor, on a monthly basis after the end of such 60-day period, an amount for each day after the end of such 60-day period equal to .034909% of the Purchase Price of such Unit. If, within the 180-day storage period with respect to any Unit the Lessor has not given the Lessee notice to transport each such Unit to a connecting carrier for shipment, the Lessor will pay to the Lessee for storage a reasonable storage rate for each such Unit beginning the first day after the 180-day storage period with respect to each such Unit.

Section 14. Recording; Expenses. The Lessee, at its own expense, will cause this Lease, the Lease Assignment, the Transfer Agreement, the RCSA (all as defined in the Participation Agreement) and any assignment hereof or thereof to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303. The Lessee will undertake the filing, recording and depositing and refile, rerecording and repositing required of the Lessor under the RCSA and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, reregister, rerecord or reposit whenever required) any and all further instruments or supplements required by law or reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective interests in the Units, or for the purpose of carrying out the intention of this Lease or the assignment hereof to the Vendor, or the RCSA; and the Lessee will promptly furnish or cause to be furnished to the Vendor and the Lessor evidences of all such filing, registering, recording or depositing, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor. This Lease, the Lease Assignment, the Transfer Agreement and the RCSA shall be filed with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

Section 15. Tax Indemnities. (a) Loss of Assumed Tax Benefits. If:

(i) the Owner is not allowed for its calendar taxable year in which each Unit is accepted hereunder by the Lessee an investment credit under Section 38 and related sections of the Code with respect to such Unit of not less than 10% of the Reconstruction Cost of such Unit; or

(ii) the Owner is not allowed the benefit of current deductions for depreciation, commencing with the first day of the second half of its calendar 1979 taxable year in respect of Units delivered during that year, and commencing with the first day of its calendar 1980 taxable year in respect of Units delivered during that year, on any one or more of the Units under Section 167(a) of the Code (x) computed pursuant to the asset depreciation range system of Section 167(m) of the Code and Section 1.167(a)-11 of the income tax regulations, (y) computed on the basis (A) of a net salvage value of zero, (B) that the basis of such Unit or Units under Section 167(g) of the Code is not less than the Purchase Price with respect to such Unit or Units and (C) that such Unit or Units have an asset depreciation period of 12 years and (z) computed (A) pursuant to the double declining balance method of depreciation, switching to the sum of the years-digits method of depreciation, with respect to the Reconstruction Cost and (B) pursuant to the 150% declining balance method of depreciation, switching to the straight line method of depreciation, with respect to the Hulk Purchase Price; or

(iii) the Owner is not allowed the benefit of current deductions under Section 163 of the Code for interest payable under the RCSA; or

(iv) any investment credits or deductions for depreciation with respect to any one or more of the Units are recaptured in whole or in part pursuant to Section 47 or Section 1245 of the Code or any successor provision or provisions thereto; or

(v) any amount includible in the gross income of the Owner with respect to any one or more of the Units or any deduction allowable to the Owner with respect to such Unit or Units or with respect to any interest

payable under the RCSA shall be treated as derived from, or allocable to, sources outside the United States; or

(vi) any amount is included, at any time prior to the end of the term of this Lease (including any renewal terms), in the gross income of the Owner as a result of any repair, improvement, alteration, modification or addition (including replacement of parts) to such Unit or Units made by the Lessee (herein called a "Capital Expenditure");

(any such failure to allow, such recapture, such treatment of income or deductions as derived from or allocable to sources without the United States or such inclusion in gross income as a result of a Capital Expenditure being herein called a "Loss"), then, subject to paragraph (b) of this Section, the Lessee shall pay to the Owner as an indemnity the amount or amounts set forth in paragraph (d) of this Section at the time or times set forth therein.

(b) Indemnification and Exceptions. Except as hereinafter provided, the Lessee shall be required to indemnify the Owner with respect to any Loss that results from:

(i) a Loss described in clause (i) or (ii) of paragraph (a) of this Section, if such Loss results from the use of a Unit by any person following its reconstruction until after it has been delivered to the Lessor pursuant to the RCSA and leased to the Lessee pursuant to this Lease;

(ii) the failure of an amount not less than the Reconstruction Cost of any Unit or Units to qualify for the investment credit and double declining balance depreciation in the hands of the Owner by reason of the reconstructed portion of any Unit or Units not constituting property described in Sections 48(b) and 167(c) of the Code in the hands of the Owner (notwithstanding the Owner being the lessor thereof);

(iii) the Lessee's use of a Unit or Units in such a manner as to result in a Loss described in clause (i), (ii), (iv) or (v) of paragraph (a) of this Section;

(iv) a Capital Expenditure; or

(v) any act, or failure to act, at any time, by the Lessee or any of its officers, employees or agents (including, without limitation, any act, or failure to act, in respect of the income tax returns of the Lessee insofar as they relate to the transaction contemplated by this Lease and related documents, it being understood that the Lessee will not take or fail to take any action that is inconsistent with the Owner being treated as the owner, and the Lessee being treated as the lessee, of the Units for Federal, state and local income tax purposes).

However, the Lessee shall not be required to indemnify the Owner with respect to any Loss that results solely and directly from:

(i) a Casualty Occurrence, if the Lessee has made all payments with respect thereto that are required to be made pursuant to Section 6 hereof;

(ii) a voluntary disposition by the Owner of its beneficial interest in any Unit or Units, if such disposition (x) shall be the direct cause of such Loss with respect to such Unit or Units, (y) shall occur at a time while no Event of Default (and no event that, with the lapse of time or the giving of notice, or both, would constitute an Event of Default) has occurred and is continuing and (z) shall not be pursuant to the written consent of the Lessee;

(iii) the failure of the Owner to claim in a timely and proper manner on its income tax returns for the appropriate years any credits or deductions contemplated by paragraph (a) of this Section, unless the Owner shall have been advised by Donovan Leisure Newton & Irvine, or other independent tax counsel selected by the Owner and approved by the Lessee (which approval shall not be unreasonably withheld), that there is no reasonable basis for claiming any such deduction or credit;

(iv) the failure of the Owner to have sufficient Federal income tax liability against which to apply such credits or sufficient income to benefit from such depreciation or interest deductions;

(v) the failure of the Owner to take timely

action in contesting a claim made by the Internal Revenue Service, but only if such action is required by the terms of paragraph (c) of this Section;

(vi) any amendment to, or change in, the Code, the income tax regulations thereunder or the Revenue Procedure with respect to ADR Class Lives, which change or amendment is not enacted and does not have an effective date on or prior to July 1, 1980; or

(vii) any act, or failure to act, at any time, by the Owner or any of its officers, employees or agents, which is inconsistent with the Owner's obligations under the Trust Agreement and the Participation Agreement, except at a time when an Event of Default (or an event that, with the lapse of time or the giving of notice, or both, would constitute an Event of Default) has occurred and is continuing.

(c) Proceedings. If at the conclusion of any audit the Owner receives a preliminary or "30 day" letter from the Internal Revenue Service proposing an adjustment in any item that, if agreed to by the Owner, would result in a Loss with respect to which the Lessee would be required to indemnify the Owner pursuant to this Section, the Owner shall promptly notify the Lessee of such proposed adjustment and shall furnish to the Lessee a statement describing such Loss in reasonable detail. If requested to do so by the Lessee, within 20 days after receipt of such statement, the Owner shall promptly request from Donovan Leisure Newton & Irvine, or such other independent tax counsel as may be selected by the Owner and approved by the Lessee (which approval shall not be unreasonably withheld) (the "Special Tax Counsel"), their opinion as to whether there is a meritorious basis for contesting such proposed adjustment. If the opinion is to the effect that there is a meritorious basis for contesting such proposed adjustment, the Owner shall contest such proposed adjustment beyond the level of the Internal Revenue Service auditing agent by such administrative proceedings, if any, as may be determined by the Owner in its sole discretion. Upon the conclusion of such administrative proceedings, if any, the Owner shall promptly notify the Lessee of the final adjustment proposed by the Internal Revenue Service and, if the Owner receives within 30 days after such notice a written request to do so from the Lessee, the Owner shall contest such final adjustment in a court of competent jurisdiction. If the Lessee requests

the Owner to appeal the decision of such a court or of any intermediate appellate court, the Owner shall promptly request from Special Tax Counsel their opinion as to whether there is a meritorious basis for appealing such decision. If the opinion is to the effect that there is a meritorious basis for appealing such decision, the Owner shall appeal such decision. The Owner, in its sole discretion, shall determine the initial and any appellate court and shall determine whether the proceedings shall be for redetermination of the deficiency proposed to be assessed by the Internal Revenue Service or for refund of taxes paid based on such deficiency. The Owner shall not be required to take any action as set forth in this paragraph (c) unless and until the Lessee shall have agreed to indemnify the Owner in a manner satisfactory to it for any Loss that results from an adverse determination with respect to the proposed adjustment and shall have agreed to pay to the Owner on demand all reasonable out-of-pocket costs and expenses, including without limitation attorneys' fees and expenses incurred by it in connection with the taking of such action. If the Owner elects to pay taxes based on a proposed deficiency and sue for a refund thereof, and if the proposed deficiency would be a Loss with respect to which the Lessee would be required to indemnify the Owner, then the Lessee shall pay to the Owner on demand the amount of such taxes and interest thereon which the Owner shall have paid, which amount of such taxes and interest plus the amount of any interest received by the Owner from the United States Government with respect to any refund of such taxes and interest will be repaid by the Owner to the Lessee 30 days after the day on which the contest with respect thereto is finally concluded or, in the case of interest from the United States government, upon receipt thereof. Notwithstanding anything to the contrary contained in this paragraph (c), the Owner may at any time, whether before or after commencing to take any action with respect to a proposed adjustment, decline to take any further action with respect thereto, provided that, if the Lessee has properly requested such action pursuant to this paragraph (c), the Owner notifies the Lessee that it waives its right to any indemnity with respect to any Loss that will result from acceptance of such proposed adjustment.

(d) Amount and Time of Payment of Indemnity. The amount of indemnity payable by the Lessee pursuant to this Section with respect to a Loss shall be such amount as will result, in the Owner's reasonable judgment, in preserving for the Owner both the after-tax rate of return and the after-tax

cash flow that would have been realized by the Owner if such Loss had not occurred, (i) based on the rates of Federal, state and local taxes on, based on, or measured by, net income in effect from time to time and (ii) in all other respects based on the assumptions and methods of calculation utilized by the Owner in originally evaluating the transaction described in this Lease and related documents. The amount of such payment of indemnity shall reflect (A) the amount of interest, additions to tax and penalties payable by the Owner with respect to such Loss and (B) the amount of Federal, state and local taxes on, or measured by, net income (at the rates in effect from time to time), interest, additions to tax and penalties incurred by the Owner as a result of the receipt of such indemnity payment. The Owner shall furnish the Lessee with a notice setting forth in reasonable detail the computations and methods used in computing such amount of indemnity.

In determining the amount of indemnity payable by the Lessee pursuant to this Section with respect to a Loss which results from a Capital Expenditure, there shall be taken into account any investment credits and depreciation deductions to which the Owner is or expects to be entitled with respect to such Capital Expenditure in the year in which the Capital Expenditure is made and in subsequent years, but, if any such investment credits or depreciation deductions are subsequently disallowed, recaptured or treated as derived from or allocable to sources outside the United States, such disallowance, recapture or allocation shall be treated as a Loss described in clause (i), (ii), (iv) or (v) of paragraph (a) of this Section, as the case may be.

The Lessee's obligation to pay any indemnity payable pursuant to this Section with respect to a Loss shall become unconditional (1) in the case of a Loss that is required to be reflected on a tax return of the Owner, 30 days after the date such tax return is filed, (2) in the case of a Loss that results from a proposed adjustment of the Internal Revenue Service that is not contested pursuant to paragraph (c) of this Section, 30 days after the Lessee's receipt of the statement referred to in the first sentence of paragraph (c) of this Section and (3) in the case of a Loss that results from a proposed adjustment of the Internal Revenue Service that is contested pursuant to paragraph (c) of this Section, 30 days after the day on which such contest is finally concluded.

The Lessee shall pay to the Owner a lump-sum indemnity at the time its obligation to pay indemnity pursuant to this Section becomes unconditional, with respect to any Loss, if the Lessee's obligation to pay indemnity pursuant to this Section becomes unconditional on or after the termination of this Lease. Any other indemnity payable pursuant to this Section shall be structured as level future rent increases, and the Lessee shall commence payment of such increased rent on the first rental payment date after the Lessee's obligation to pay indemnity pursuant to this Section becomes unconditional. The amount of increased rental resulting from any one Loss shall be adjusted from time to time for each change in the rates of Federal, state and local taxes on, based on, or measured by, net income which affects the Owner's net after-tax rate of return and after-tax cash flow.

(e) Adjustment of Casualty Values. In the event that the Lessee shall be required to indemnify the Owner pursuant to this Section with respect to a Loss relating to a Unit or Units, upon payment of such indemnity the Casualty Value of such Unit or Units shall be appropriately adjusted so as to reflect, among other things, the reduction (if any) in taxes that will be payable upon a Casualty Occurrence with respect thereto, and so that the Casualty Value of the Unit or Units as adjusted shall preserve for the Owner the after-tax rate of return and after-tax cash flow that the Owner expects to realize from the transaction described in this Lease and related documents; provided, however, that such Casualty Values shall not be reduced below the amounts required to satisfy the obligations of the Lessor under the RCSA.

(f) Definition of Owner. For purposes of this Section, the term "Owner" shall include any affiliated group, within the meaning of Section 1504 of the Code, of which the Owner is a member, if consolidated returns are filed for such affiliated group for Federal income tax purposes.

(g) Payments of Indemnity. All payments of indemnity made pursuant to this Section, whether payable in a lump sum or in the form of increases in future rental payments, shall be made by the Lessee directly to the Owner by transfer of immediately available funds to the account of the Owner specified in Section 2.01(c) of the Trust Agreement or to such other account or in such other manner as Owner from time to time shall have identified in written instructions given to the Lessee.

Section 16. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations when due hereunder shall result in the obligation on the part of the Lessee promptly to pay also an amount equal to 11-1/4% per annum of the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

Section 17. Notices. Any instruction or notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States mails, first-class postage prepaid, addressed as follows:

if to the Lessor, at

One Constitution Plaza
Hartford, Connecticut 06115

Attention of Corporate Trust Department,

if to the Lessee, at

3600 West Broad Street
Richmond, Virginia 23230

Attention of L. G. Anderson,
Vice President and Treasurer,

if to the Vendor, at

135 South LaSalle Street
Chicago, Illinois 60690

Attention of Corporate Trust Department,

if to the Owner, at its address specified in the Trust Agreement,

or addressed to any such party at such other address as such party shall hereafter furnish to the other party in writing. Copies of each such notice shall be given to the Lessor and the Vendor.

Section 18. Effect and Modification of Lease. Except for the Participation Agreement, this Lease exclu-

sively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supercedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and the Lessee.

Section 19. Definitions. If and so long as this Lease is assigned to the Vendor (or any successor thereto) for collateral purposes, wherever the term "Lessor" is used in this Lease it shall include the Vendor and any successors thereto unless the context shall otherwise require and except that the Vendor shall not be subject to any liabilities or obligations under this Lease; and the fact that the Vendor is specifically named in certain provisions shall not be construed to mean that the Vendor (and any successors thereto) is not entitled to the benefits of other provisions where only the Lessor is named. Whenever the term "Lessor" is used in this Lease, it shall also include the Owner and any assignee of the Owner.

Section 20. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor shall be deemed to be the original counterpart. Although this Lease is dated as of the date first set forth above for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed. The schedules and the footnotes thereto annexed to this Lease are an integral part of this Lease and are incorporated herein by reference.

Section 21. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the Commonwealth of Virginia; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

Section 22. Immunities; No Recourse; Severability. It is expressly agreed, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, warranties, undertakings and agreements by The Connecticut Bank and Trust

Company, or for the purpose or with the intention of binding such bank personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement; and this Lease is executed and delivered by such bank 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 wilful misconduct or gross negligence by such bank, no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against such bank or the Owner hereunder on account of any representation, warranty, undertaking or agreement hereunder of the Lessor or the Owner or the Owner Parent hereunder, either expressed or implied, all such personal liability (except as aforesaid), if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee; provided, however, that the Lessee or any person claiming by, through or under it, making claim hereunder, may look to said Estate for satisfaction of the same.

Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this instrument to be executed in their respective corporate names by duly authorized officers, and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

THE CONNECTICUT BANK AND TRUST
COMPANY, not in its individual
capacity but solely as Trustee,

by

[Corporate Seal]

Authorized Officer

Attest:

SEABOARD COAST LINE RAILROAD
COMPANY,

by

[Corporate Seal]

Vice President and Treasurer

Attest:

Assistant Secretary

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On this day of October 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of such Corporation and that such instrument was signed and sealed on behalf of such 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 such Corporation.

[Notarial Seal]

Notary Public

My Commission expires

COMMONWEALTH OF VIRGINIA,)
) ss.:
CITY OF RICHMOND,)

On this day of October 1979, before me personally appeared Leonard G. Anderson, to me personally known, who, being by me duly sworn, says that he is Vice President and Treasurer of SEABOARD COAST LINE RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of such Corporation, that such instrument was this day signed and sealed on behalf of such 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 such Corporation.

[Notarial Seal]

Notary Public

My Commission expires

Lease of Railroad Equipment

SCHEDULE A

Specifications of the Equipment*

<u>Quantity</u>	<u>Description</u>	<u>Railroad Road Numbers</u>
900	70- and 90-ton Box Cars	SCL 39640-39999 SCL 79600-79999 SCL 94840-94999 SCL 98885-98999
200	100-ton Hopper Cars	SCL 239800-239999 SCL 259925-259999
<u>1,100</u>		

* It is agreed that, notwithstanding anything to the contrary contained in this Schedule A or in the Lease of Railroad Equipment to which this Schedule A is annexed ("this Lease"), this Lease will only cover those Units that are reconstructed from Hulks that are delivered pursuant to the Hulk Purchase Agreement by the Lessee and accepted pursuant to the Hulk Purchase Agreement by the Lessor on or after the First Delivery Date (as defined in the Participation Agreement), and on or before June 13, 1980, and that have an aggregate Purchase Price not in excess of the Maximum Purchase Price (as defined in the RCSA). After delivery of all of the Units covered by this Lease, this Schedule A will be appropriately amended to describe only those Units covered by this Lease, and will designate the particular road numbers thereof.

Lease of Railroad Equipment

SCHEDULE B

Casualty Value Percentages ScheduleTable 1

<u>Rental Payment Date</u>	<u>Percentage</u>
7/1/80	97.2127%
1/1/81	95.3281
7/1/81	93.4821
1/1/82	91.4261
7/1/82	89.1622
1/1/83	86.6965
7/1/83	84.0302
1/1/84	81.1682
7/1/84	78.1115
1/1/85	74.8644
7/1/85	71.4275
1/1/86	67.8040
7/1/86	63.9947
1/1/87	60.0030
7/1/87	55.8305
1/1/88	51.4816
7/1/88	46.9590
1/1/89	42.2682
7/1/89	37.4134
1/1/90	32.4016
7/1/90 (and for any applicable period, including any storage period, thereafter)	27.2500

Table 2

The percentages set forth in Table 1 of this Schedule B have been computed without regard to recapture of the investment tax credit (as referred to in Section 15 relating to certain tax indemnities). Consequently, the Casualty Value of any Unit suffering a Casualty Occurrence on or before the third, fifth or seventh anniversary of the date of delivery and acceptance of such Unit shall be increased by the applicable percentage of the Purchase Price set forth below:

<u>Anniversary of Delivery and Acceptance</u>	<u>Percentage of Purchase Price</u>
Third	11.8269
Fifth	7.8846
Seventh	3.9423

EXHIBIT C to the
RECONSTRUCTION
AND CONDITIONAL
SALE AGREEMENT

[CS&M Ref. No. 2043-929]

ASSIGNMENT OF LEASE AND AGREEMENT

Dated as of June 1, 1979

between

THE CONNECTICUT BANK AND TRUST COMPANY,
not in its individual capacity but
solely as Trustee

and

LASALLE NATIONAL BANK,
not in its individual capacity but solely
as Agent

ASSIGNMENT OF LEASE AND AGREEMENT

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LESSEE'S CONSENT AND AGREEMENT

* This Table of Contents has been included in this document for convenience only and does not form a part of, or affect any construction or interpretation of, this document.

ASSIGNMENT OF LEASE AND AGREEMENT dated as of June 1, 1979, by and between THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut banking corporation, not in its individual capacity but solely as trustee (the "Lessor") under a Trust Agreement dated as of the date hereof (the "Trust Agreement"), with TWENTY-SECOND HFC LEASING CORPORATION (the "Owner"), and LASALLE NATIONAL BANK, not in its individual capacity but solely as Agent (the "Vendor"), under a Participation Agreement dated as of the date hereof (the "Participation Agreement").

The Lessor and the Vendor have entered into a Reconstruction and Conditional Sale Agreement dated as of the date hereof (the "RCSA"), with Seaboard Coast Line Railroad Company, in its capacity as builder, providing for the sale to the Lessor of the interest of the Vendor in such units of railroad equipment (the "Units") described in Schedule A thereto as are delivered to and accepted by the Vendee thereunder.

The Lessor and Seaboard Coast Line Railroad Company (the "Lessee") have entered into a Lease of Railroad Equipment dated as of the date hereof (the "Lease"), providing for the leasing by the Lessor to the Lessee of the Units.

In order to provide security for the obligations of the Lessor under the RCSA and as an inducement to the Vendor to invest on behalf of the Investors as defined in the Participation Agreement in the CSA Indebtedness (as defined in the RCSA), the Lessor has agreed to assign for security purposes certain of its rights in, to and under the Lease to the Vendor.

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Lessor under the RCSA, all the Lessor's right, title and interest, powers, privileges and other benefits under the Lease (and those

inuring to the benefit of the Owner by reason of Section 19 of the Lease), including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessor from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, indemnity (except such amounts of indemnity payable to or receivable by the Owner pursuant to Section 15 of the Lease), liquidated damages, or otherwise (such moneys being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease. Notwithstanding the foregoing, Payments shall not be deemed to include (i) payments made by the Lessee to the Lessor or the Owner pursuant to Sections 5 and 8 of the Lease (except indemnification payments intended to satisfy the obligations of the Lessor to indemnify the Vendor pursuant to Article 5 of the RCSA or the obligation of the Lessee to indemnify LaSalle National Bank in its capacity as assignee of the Lease and except to the extent that the Lessor is obligated to pay and discharge claims, liens, charges or security interests under Paragraph 9 of this Assignment) and (ii) payments made by the Lessee to the Lessor in its individual capacity pursuant to Sections 5 and 8 of the Lease. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Lessor or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Lessor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Lessor pursuant to the Lease. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Lessor under the RCSA due and payable at the time such Payments are due and payable under the Lease, and, so long as no event of default (or event which, with notice or lapse of time, or both, could constitute an event of default) under the RCSA shall have occurred and be continuing, any balance shall be paid to the Lessor, or to such other party as the Lessor may direct in writing, in Federal or other immediately available funds, not later than the first business day following receipt of such balance. If the Vendor shall not receive any rental

payment under Section 2 of the Lease when due, the Vendor shall promptly notify the Lessor and the Owner at the addresses set forth in the Lease; provided, however, that the failure of the Vendor to so notify the Lessor shall not affect the obligations of the Lessor hereunder or under the RCSA; except that the Vendor may not make a Declaration of Default (as defined in the RCSA) with respect to, or terminate the Lease pursuant to clause (i) of the first paragraph of Article 14 of the RCSA by reason of, an event of default under subparagraph (a) or (f) of Article 14 of the RCSA arising solely by reason of the failure of the Lessee to make any such rental payment, which failure, pursuant to subparagraph (f) of Article 14 of the RCSA, would not constitute an event of default thereunder if the Lessor complies with the provisions thereof, unless such event of default is not remedied within 10 business days after notification is given to the Lessor as aforesaid.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify the liability of the Lessor under the Lease, it being agreed that, notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Lessor or persons other than the Vendor.

3. To protect the security afforded by this Assignment the Lessor agrees that, without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease, and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void; provided, however, that the Lessor may amend or supplement the Lease to provide for an increase or decrease of amounts due as rentals under Section 2 thereof and/or Casualty Values under Section 6 thereof provided that no such decrease shall reduce such amounts below that which are necessary to satisfy the obligations of the Lessor under the RCSA.

4. The Lessor does hereby constitute the Vendor the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to ask, require, demand, and receive any and all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Vendor may deem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Lessor's obligations under the RCSA and the Participation Agreement (without giving effect to any limitations of liability contained therein), this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Lessor.

6. If an event of default under the RCSA shall occur and be continuing, the Vendor may declare all sums secured hereby immediately due and payable and may apply all such sums against the amounts due and payable under the RCSA.

7. The Lessor will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file, register, deposit and record (and will refile, reregister, rerecord or redeposit) any and all further instruments required by law and reasonably requested by the Vendor in order to confirm or further assure the interests of the Vendor hereunder.

8. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder; provided, however, that the Lessor and the Lessee shall not be bound to honor such assignment until they have received written notice thereof. Payment to the assignee of any Payments shall constitute full compliance with the terms of this Agreement and the Lease. The Lessor and the Lessee may rely on instruments and documents of assignment which they believe in good faith to be true and authentic.

9. The Lessor will pay or discharge any and all taxes, claims, liens, charges or security interests (other than those created by the RCSA) on the Lease or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Lessor or its successors and assigns (other than the Vendor) (a) not arising out of the transactions contemplated by the RCSA or the Lease which, if unpaid, might become a claim, lien, charge or security interest on or with respect to the Lease or such rentals or other payments, and (b) liens for gross receipts taxes (except gross receipts taxes in the nature of or in lieu of sales or use or rental taxes), taxes measured by net income, excess profits taxes and similar taxes to the extent that the same arise out of the rentals and other payments under the Lease and any other proceeds from the Units unless the Lessor shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect such interests of the Vendor.

10. This Assignment shall be governed by the laws of the State of Connecticut, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

11. The Lessor shall cause copies of all notices received by it in connection with the Lease and all Payments hereunder to be promptly delivered or made to the Vendor at its address set forth in Article 20 of the RCSA, or at such other address as the Vendor shall designate.

12. The Vendor hereby agrees with the Lessor that the Vendor will not, so long as no Event of Default under the Lease or event of default under the RCSA has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Lessor to the Vendor by this Assignment, except the right to receive and apply the Payments as provided in Paragraph 1 hereof, and that, subject to the terms of the Lease and the RCSA, the Lessor may, so long as no event of default under the RCSA or Event of Default under the Lease has occurred and is continuing, exercise or enforce, or seek to exercise or enforce or avail itself of, such rights, powers, privileges, authorizations or benefits; provided, however, that the Lessor shall not, and shall not have any authority to, take any action which would terminate the Lease without the prior written consent of the Vendor. The Vendor hereby further agrees with the Lessor that, so long as no Declaration of Default shall be continuing under the RCSA,

it will not without the prior written consent of the Lessor, waive any Event of Default under the Lease.

13. Notwithstanding any other provision of this Assignment (including, but not limited to, any provision of the first paragraph of Paragraph 1 and Paragraph 3 hereof), (a) the terms of this Assignment shall not impose any obligations on the Lessor in addition to the obligations of the Lessor under the Lease or under the RCSA or in any way limit the effect of the last paragraph of Article 3 of the RCSA or Article 21 of the RCSA, (b) so long as there is no event of default under the RCSA, and to the extent that the Vendor does not seek to receive and collect any Payments under the Lease in excess of the amounts required to discharge the obligations of the Lessor under the RCSA, the terms of this Assignment shall not limit or in any way affect the Lessor's right to receive and collect any Payments under the Lease in excess of the obligations of the Lessor under the RCSA, or empower the Vendor in any way to waive or release the Lessee's obligation to pay such excess amounts, and the Lessor shall continue to be empowered to ask, demand, sue for, collect and receive any and all of such excess amount but shall not, and shall not have any power to, take any action under the second subparagraph (b) of Section 9 of the Lease without the prior written consent of the Vendor and (c) each and all of the warranties, representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, warranties, undertakings and agreements by The Connecticut Bank and Trust Company, or for the purpose or with the intention of binding such bank personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Assignment is executed and delivered by such bank solely in the exercise of the powers expressly conferred upon such bank as trustee under the Trust Agreement, and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against such bank, except for wilful misconduct or gross negligence on the part of said Bank, or against the Owner hereunder (except pursuant to Section 1.03 and the last paragraph of Section 5.01 of the Trust Agreement) or on account of any representation, warranty, undertaking or agreement of such bank or the Owner, either expressed or implied, all such personal liability (except as aforesaid), if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the

Vendor or any person claiming by, through or under it, making claim hereunder, may look to such Trust Estate for satisfaction of the same.

14. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Vendor shall be deemed to be the original counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by officers thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

LASALLE NATIONAL BANK,
not in its individual capacity
but solely as Agent,

[Corporate Seal]

by

Attest:

Assistant Vice President

Corporate Trust Officer

THE CONNECTICUT BANK AND TRUST
COMPANY, not in its individual
capacity but solely as Trustee
as aforesaid,

[Corporate Seal]

by

Attest:

Authorized Officer

The undersigned hereby consents to the foregoing Assignment of Lease and Agreement as of the 1st day of June 1979.

TWENTY-SECOND HFC LEASING
CORPORATION,

[Corporate Seal]

by

Attest:

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

On this day of October 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Vice President of LASALLE NATIONAL BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of such Corporation and that such instrument was signed and sealed on behalf of such 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 such Corporation.

Notary Public

[Notarial Seal]

My Commission expires

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On this day of October 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of such Corporation and that such instrument was signed and sealed on behalf of such 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 such Corporation.

Notary Public

[Notarial Seal],

My Commission expires

LESSEE'S CONSENT AND AGREEMENT

The undersigned, SEABOARD COAST LINE RAILROAD COMPANY, a corporation duly incorporated under the laws of the Commonwealth of Virginia, the Lessee (the "Lessee") named in the Lease (the "Lease") referred to in the foregoing Assignment of Lease and Agreement (the "Assignment"), hereby (a) acknowledges receipt of a copy of the Assignment and (b) consents to all the terms and conditions of the Assignment and agrees as follows:

(1) the Lessee will pay all rentals, casualty payments, liquidated damages, indemnities and other moneys provided for in the Lease, other than amounts not assigned to the Vendor (as hereafter defined) pursuant to the Assignment, due and to become due under the Lease or otherwise in respect of the Units (as defined in the Lease) leased thereunder, directly to LaSalle National Bank, as Agent (the "Vendor"), the assignee named in the Lease Assignment, by 11:00 a.m. Chicago time, on the date such payment is due, by bank wire transfer of Federal or other immediately available funds to LaSalle National Bank, 135 South LaSalle Street, Chicago, Illinois 60690, attention of Michael Mikesic, for credit to Account No. 61-5532-90-0 (or at such other address as may be furnished in writing to the Lessee by the Vendor);

(2) the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the undersigned under the Lease as though the Vendor were named therein as the Lessor;

(3) the Vendor shall not, by virtue of the Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) the Lease shall not, without the prior written consent of the Vendor, be amended, terminated or modified, nor shall any action be taken or omitted by the undersigned the taking or omission of which might result in an alteration or impairment of the Lease or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement shall be construed in accordance with the laws of the Commonwealth of Virginia.

Dated as of June 1, 1979

SEABOARD COAST LINE RAILROAD
COMPANY,

by

Vice President and Treasurer

[Corporate Seal]

Attest:

Assistant Secretary

The foregoing Consent and Agreement is hereby accepted, as of the 1st day of June 1979.

LASALLE NATIONAL BANK,
not in its individual capacity
but solely as Agent,

by

Vice President

[Corporate Seal]

Attest:

Corporate Trust Officer

EXHIBIT D TO THE
RECONSTRUCTION AND
CONDITIONAL SALE AGREEMENT
[CS&M Ref. No. 2043-929]

HULK PURCHASE AGREEMENT

Seaboard Coast Line Railroad Company

As of June 1, 1979

The Connecticut Bank and Trust
Company, not in its individual capacity,
but solely as trustee (the "Buyer") under a
Trust Agreement (the "Trust Agreement") dated
as of the date hereof with Twenty-Second HFC
Leasing Corporation (the "Owner")
One Constitution Plaza
Hartford, Connecticut 06115

Attention of Corporate Trust Department

Gentlemen:

Seaboard Coast Line Railroad Company, a corporation organized under the laws of the Commonwealth of Virginia (the "Seller"), owns the used railroad equipment described in Annex I hereto (collectively the "Hulks" and individually a "Hulk"). The Seller desires to sell the Hulks and the Buyer desires to purchase the Hulks for the Purchase Price set forth in Annex I hereto (the "Purchase Price").

The Seller will, from time to time, prior to delivery thereof to the Builder for reconstruction, as provided in the Reconstruction and Conditional Sale Agreement (the "RCSA") dated as of the date hereof among the Buyer, LaSalle National Bank, not in its individual capacity but solely as agent (the "Agent") under a Participation Agreement (the "Participation Agreement") dated as of the date hereof, and Seaboard Coast Line Railroad Company, in its capacity as builder (the "Builder"), deliver to the Buyer a Bill or Bills of Sale transferring title to a group or groups of Hulks and warranting that at the date of such Bill or Bills of Sale the Seller had legal title to such Hulks and good and lawful right to sell the same and that title to such Hulks transferred to the Buyer by such Bill or Bills of Sale was free of all claims, liens, security interests, security titles and other encumbrances of any nature whatsoever. On or after the date of

such Bill or Bills of Sale, the Seller will deliver the Hulks in such group or groups to an authorized representative of the Buyer at such point or points within the United States of America as shall be specified by the Seller. The Buyer hereby appoints the Seller (and any employee thereof designated by the Seller) as its agent for acceptance of the Hulks. The sale and delivery of the Hulks pursuant to this Agreement shall commence as soon as practicable and shall be completed on or before June 13, 1980.

If and to the extent that any Hulks are not reconstructed and accepted pursuant to the RCSA on or before June 30, 1980 (the "Noncompleted Hulks"), the Seller agrees, as agent for the Buyer, to sell the Noncompleted Hulks to a party other than the Seller or any affiliate of the Seller, on or before July 31, 1980, at the best cash price obtainable under the circumstances on an "as is, where is and with all faults" basis in accordance with the Lessee's normal procedures. On July 31, 1980, the Seller will pay to the Buyer the net proceeds from such sale up to the Purchase Price of such Noncompleted Hulks. Any further net proceeds up to the amount of the Seller's reasonable reconstruction expenses (plus a reasonable overhead factor) with respect to such Noncompleted Hulks shall be retained by the Seller. Any net proceeds in excess of the Purchase Price and the Seller's reasonable reconstruction expenses (plus a reasonable overhead factor) with respect to such Noncompleted Hulks shall be paid to the Buyer. If the net proceeds of such sale are less than the Purchase Price of the Noncompleted Hulks, the Seller will, as liquidated damages for failure to complete the reconstruction of the Noncompleted Hulks as provided in the RCSA, pay to the Buyer on July 31, 1980, an amount equal to the difference. The Buyer agrees to furnish to the Seller all such bills of sale, without recourse or warranty, to enable the Seller to effect the sale of the Noncompleted Hulks for the account of the Buyer as aforesaid.

Notwithstanding anything to the contrary contained herein, the Buyer shall have no obligation to accept any Hulk which is delivered hereunder after (i) any event of default as defined in Article 14 of the RCSA or any event (including the commencement of any proceeding or the filing of any petition of the nature specified in subparagraphs (c) and (d) of Article 14 thereof) which, with lapse of time, failure to take affirmative action and/or demand, could constitute an event of default thereunder shall have occurred or (ii) the Buyer shall have delivered written notice to the Seller that any of the conditions contained in Paragraph 8 of the Participation Agreement have not been met or waived.

The Buyer at the times hereafter specified will pay to the Seller the Purchase Price of each Hulk in each group subject to all the terms and conditions of this Agreement, including without limitation the receipt by the Buyer within 10 business days after the delivery and acceptance of such Hulk of (a) the Bill or Bills of Sale with respect thereto specified in the second and sixth paragraphs hereof, (b) a certificate or certificates of acceptance and delivery ("Certificate of Acceptance") signed by the Buyer's authorized representative stating that the Hulks in such group have been delivered to and accepted on behalf of the Buyer and (c) a written opinion of counsel for the Seller dated the date of such Bill or Bills of Sale, addressed to the Buyer and stating that such Bill or Bills of Sale are valid and effective to transfer and upon delivery will transfer the Seller's title to such Hulks to the Buyer, and that on such date title to such Hulks was free of all claims, liens, security interests and other encumbrances of the Seller or anyone claiming through the Seller.

Each such Bill of Sale shall contain the following information with respect to each type of Hulk included in the group of Hulks covered thereby: quantity, description, the Seller's identifying numbers and place of delivery. Subject only to the conditions set forth in this Agreement and in Paragraph 8 of the Participation Agreement, the Buyer will pay the Purchase Price of each Hulk delivered and accepted as aforesaid to the Seller either on (i) the Closing Date relating to such Hulk fixed as provided in the RCSA or (ii) June 30, 1980, whichever is earlier.

The Buyer may assign and/or transfer any or all of its rights under this Agreement and/or any or all of its rights to possession of any of the Hulks. Any such assignment or transfer may be made by the Buyer without the assignee or transferee assuming any of the obligations of the Buyer hereunder. The Buyer and the Seller acknowledge that such assignment or transfer is contemplated. All of the rights of the Buyer hereunder shall inure to the benefit of the Buyer's assigns.

Notwithstanding the delivery of any Bill or Bills of Sale hereunder, the Seller agrees that all responsibility with respect to any Hulk covered by such Bill or Bills of Sale, and its use and operation and risk of loss thereof, shall remain with the Seller until such Hulk is delivered to and accepted by the authorized representative of the Buyer, as provided above, and the Seller agrees to indemnify and

hold the Buyer harmless (in both its individual and fiduciary capacities) from any claim made against the Buyer solely by reason of the transfer of title to the Hulks or with respect to the validity of such titles, free from all claims, liens, security interests, security title or encumbrances of any nature other than those of the Buyer at the time of such delivery and acceptance. Upon such delivery and acceptance, all responsibility and risk of loss with respect to such Hulk shall pass to the Buyer. As of the date of such delivery and acceptance, the Buyer shall be unconditionally obligated to purchase such Hulk, without any right to a reduction in or setoff against the price thereof by reason of any past, present or future claims against the Seller under this agreement, the RCSA, the Participation Agreement, the Lease (as defined in the Participation Agreement) or otherwise.

In the event that any Hulk is not so delivered to the Buyer after the date of any Bill or Bills of Sale with respect thereto, the Buyer will assign to the Seller, without warranty of any kind, whatever right, title and interest the Buyer may then have in such Hulk and such Hulk shall thereafter be excluded from the provisions of this Agreement.

The Seller hereby represents and warrants to the Buyer, its successors and assigns, that this Agreement was duly authorized by it and lawfully executed and delivered for a valid consideration. Annex I and the footnotes thereto are an integral part of this Agreement and are incorporated by reference herein.

It is expressly agreed, anything herein to the contrary notwithstanding, that each of the representations, warranties, undertakings and agreements herein made on the part of the Buyer are made and intended not as personal representations, warranties, undertakings and agreements by The Connecticut Bank and Trust Company or for the purpose or with the intention of binding such bank personally but are made and intended for the purpose of binding only the Trust Estate, as such term is used in the Trust Agreement, and this Agreement is executed and delivered by such bank 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 wilful misconduct or gross negligence by such bank, no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against such bank or the Owner hereunder

Accepted as of the date
first set forth above:

THE CONNECTICUT BANK AND
TRUST COMPANY, acting not
in its individual capacity
but solely as Trustee,

[Corporate Seal]

Attest:

by

Authorized Officer

Receipt of the executed counter-
parts of the foregoing is hereby
acknowledged as of this 1st day
of June 1979.

LASALLE NATIONAL BANK,
as Agent,

by

Assistant Vice President

Hulk Purchase Agreement

ANNEX I*

<u>Quantity</u>	<u>Description</u>	<u>Railroad Road Numbers</u>	<u>Hulk Purchase Price</u>	
			<u>Per Unit</u>	<u>Total</u>
900	70-ton box cars	SCL 20000-20749	\$9,073	\$8,165,700
	70-ton box cars	20771-23149		
	70-ton box cars	23160-25699		
	70-ton box cars	60000-60299		
	90-ton box cars	95000-95349		
	90-ton box cars	99100-99349		
	70-ton box cars	635000-636199		
	70-ton box cars	637000-638299		
	70-ton box cars	638305-638789		
	70-ton box cars	815000-815499		
	70-ton box cars	816000-816299		
	70-ton box cars	816550-816749		
	70-ton box cars	828000-828799		
	70-ton box cars	40000-41149		
	70-ton box cars	80000-80599		
	70-ton box cars	615000-615399		
	70-ton box cars	815500-815599		
	70-ton box cars	816300-816549		
	70-ton box cars	860000-860024		
200	100-ton hopper cars	420000-422399	9,073	1,814,600
	100-ton hopper cars	689200-689799		
	100-ton hopper cars	830750-832499		
	100-ton hopper cars	240000-242699		
	100-ton hopper cars	260000-260079		
	100-ton hopper cars	689000-689199		
	100-ton hopper cars	835805-835999		
<u>1,100</u>				<u>\$9,980,300</u>

* It is agreed that, notwithstanding anything to the contrary contained in this Annex I or in the Hulk Purchase Agreement to which this Annex I is annexed ("this Agreement"), this Agreement will only cover Hulks delivered by the Seller and accepted by the Buyer on or after the First Delivery Date (as defined in the Participation Agreement), and on or before June 13, 1980, having an aggregate Purchase Price (as defined in the RCSA) when reconstructed not in excess of the Maximum Purchase Price (as defined in the RCSA). After delivery of all the Hulks covered by this Agreement, this Annex I will be appropriately amended to describe only those Hulks covered by this Agreement and will designate the particular road numbers thereof.